District Council of ROBE

Subdivision Bonding Policy

Policy Reference Number:	Policy No 4.10
Classification:	Planning & Development
First Issued/Approved:	13 February 2018 (Res. 325/2018)
Review Frequency:	After the general election – every 4 years
Last Reviewed:	
Next Review Date:	February 2019
Responsible Officer:	Chief Executive Officer
Applicable Legislation:	
Relevant Policies:	
Related Procedures:	
Compliance Standard:	

1. POLICY STATEMENT

Council or its delegate may, in its absolute discretion, decide whether or not to enter into a binding agreement, supported by adequate security, for the completion of infrastructure works required by a Council condition of consent attached to a land division development approval (bonding).

In giving consideration to whether to enter into a bond, Council or its delegate shall have regard to:

- Previous performance of the developer and/or the performance of the appointed contractors.
- Compliance with the guidelines contained in this policy.

2. FEES

A fee of $200 plus $100 per $100,000 plus GST or part thereof of the contract value of the work being bonded shall be paid prior to Council signing any agreement. (The fee shall be refunded if the agreement is not entered into).

3. GUIDELINES

All relevant design work should be completed and approved by Council.

Tenders should be let and accepted, and the contract details including a start and finish date, value of the contract and names of contractors and subcontractors should be made known to Council.

Contracts should have a maintenance period of a minimum of 12 months from the date of practical completion.

The binding agreement should be in a form satisfactory to Council (Council's standard agreement will normally be expected to be used).

The works should be substantial (i.e. value greater than $20,000 and expected to take longer than 2 months to complete).

The financial security should be in the form of a bank guarantee from a bank operating in Australia, well known to local government and acceptable to Council or a mortgage over property. Bank guarantees should not have a 'use-by date'.

The value of the bond should be comprised of the following components:
    (a) Value of the works agreed by Council.
    (b) 10% contingency sum if not included in the value of works.
    (c) GST Calculated on the above two components.
    (d) 20% loading on the above 3 components.

The value of works accepted by Council may not necessarily be the contract amount. Where the contract price is regarded as low, an estimated medium tender value will be considered by Council. The contingency sum will be regarded as an amount intended to cover unforeseen expenses by the contractors such as delays caused by weather or excessive and unpredictable excavations through rock. The twenty percent loading is required to cover additional costs to Council should it become responsible for the completion of the works such as, administration of contracts, recalling tenders and inflation since the commencement of the bond.

Reductions
Reductions to value of a bond may be made at Council's discretion as parts of the works are completed. Reductions should be proportional to the value of works completed excluding the amounts for a minimum of 10% for the maintenance period and the 20% loading. Greater amounts may be retained at Council's discretion until Council accepts practical completion where there is concern with the works (e.g. where inspections have not been undertaken).

FURTHER INFORMATION
This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's internet site: www.robe.sa.gov.au

Royal Circus, Robe SA 5276

Copies will be provided to interested parties upon request. Email council@robe.sa.gov.au

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.

POLICY REVIEW
This policy may be amended at any time and must be reviewed at least every four years since its adoption (or latest amendment).