



Brighton Council

POLICY NAME: Subdivision, Building Estate Bonds & Guarantees **POLICY No: 6.4**

POLICY:

- 1.00 A bond and guarantee will be required for all construction work for building estates and subdivisions for which the owner requires to be sealed prior to practical completion. The guarantee shall be:-

Value of Work (\$)	Value of Guarantee
0 - 10,000	No bonds accepted - all works to be completed before Final Survey Plan is sealed.
10,000 - 50,000	1.5 x the total value of works.
50,000 +	\$75,000 plus 1.25 x the excess over \$50,000.

- 2.00. Bonds and guarantees are to be called in automatically by the Municipal Engineer at the expiration of the time allowed for completion under the relevant Act.
- 3.00 When works are at the stage of practical completion, in accordance with plans, specification and Council conditions, the guarantee may be reduced to 10% of the total value of the approved works. Minimum amount to be \$5,000.
- 4.00 The total value of work to include the agreed estimated cost of works as per approved engineering drawing, plus a 10% contingency sum, plus 5% Council engineering fees.
- 5.00 The cost of establishing the bond and guarantee to be the sole responsibility of the Developer.
- 6.00 Council's administration cost for the establishment of the bond and guarantee is \$100.00. This includes only one request for reducing the amount of the guarantee. Additional request for reduction will cost \$30.00.

ADMINISTRATION:

- 1.00 A request for a bond and guarantee to be in writing from the Developer or representative and requiring fee paid.
- 2.00 In order to initiate a bond and guarantee, the following procedure is recommended.
- Approved engineering drawings.
 - A full schedule of cost to be provided by the Developer.
 - Estimated cost of work completed to be provided by the Developer's engineer.
 - Site visit by Council Officer to determine accuracy of Item (c).
 - Agree with Developer on value of works.
 - Determine total value of works which includes agreed value, 10% contingency to include "works as executed" drawings and 5% Council engineering fees.
 - Calculate guarantee amount.
 - Advise Developer or representative of the amount; including with letter, bond and guarantee forms and a copy of Council's policy.

3.00 Request for reduction.

- a) All requests for reduction of guarantee to be in writing and to include value of outstanding work prepared by Developer's engineer.
- b) Site visit by Council Officers to determine accuracy of (a).
- c) Same as (e), (f) and (g) above.
- d) Advise Developer and Finance Officer who will in turn advise the financial institution providing the guarantee.

ADMINISTRATIVE DETAILS:

Policy compiled: August 1993

Adopted by Council: 16/08/1993

To be reviewed:

A handwritten signature in black ink, appearing to be 'J. Smith', written over a horizontal line.

GENERAL MANAGER