

Chapter 4 - Security Bonding

3.4.1 Purpose

- (1) To outline the minimum requirements for security bonds and the standards with which to properly administer the receipt, control and return of bonds.
- (2) The purpose of security bonding is to achieve security for satisfactory completion of works.

3.4.2 Applicability

- (1) The policy applies to -
 - (a) all infrastructure external to the premises;
 - (b) all public infrastructure contained within the premises;
 - (c) landscaping works;
 - (d) areas of particular performance during completion of works under a development permit;
 - (e) As-Constructed information.

3.4.3 Definitions

- (1) Bill of Quantities - means a fully priced list, certified by a Registered Professional Engineer of Queensland, of the development works and maintenance responsibilities that will be transferred to the local government at the end of the On-Maintenance period.
- (2) Maintenance Bond - means a type of security bond submitted to the local government by the applicant as a defects liability bond during the On-Maintenance period to cover the costs of maintenance works on the development works or to landscaped areas that are to be transferred to the local government after the satisfactory completion of the On-Maintenance period.
- (3) On-Maintenance - means a period specified by the local government, for the maintenance of works that are to be transferred to the local government. This period of time commences after the formal acceptance of the works completed by the local government.
- (4) Off-Maintenance - means the formal acceptance by the local government of the transfer of works and maintenance responsibility to the local government by the applicant after the satisfactory completion of the On-Maintenance period.
- (5) Performance Bond - means a type of security bond submitted to the local government by the applicant prior to the commencement of development works to secure the completion and fulfillment of specific conditions of a development permit inclusive of any works carried out on-site and in the public realm.
- (6) Significant Vegetation - means 'significant vegetation' as defined in Redland City Council *Local Law No. 6 Protection of Vegetation*, as amended.
- (7) Significant Vegetation Protection Bond - means a type of security bond submitted to the local government by the applicant prior to the commencement of works on site, to secure and protect significant vegetation which may be affected by development works.
- (8) Uncompleted Works Bond - means a type of security bond submitted to the local government by the applicant prior to the completion of all development works to cover the cost of uncompleted works where the applicant wished to obtain from the local government the early signing and sealing of Survey Plans.

3.4.4 Security Bonds

3.4.4.1 Types of Security Bonds

- (1) The five broad categories of security bonds adopted by the local government are -
 - (a) Performance Bonds;
 - (b) Significant Vegetation Protection Bonds;
 - (c) Uncompleted Works Bonds;
 - (d) As-Constructed Information Bonds;
 - (e) Maintenance Bonds.

3.4.4.2 Performance Bonds

- (1) Performance Bonds are security bonds submitted to the local government by the applicant before development works commence, to secure the completion and fulfillment of specific conditions of a development permit or performance requirements of the planning scheme, inclusive of any development works carried out on-site and in the public realm.
- (2) The particular bond amount is subject to the type and scale of development works carried out on-site and in the public realm, and is indicated as a condition of development approval.
- (3) Performance Bonds are refundable after formal acceptance by the local government of the compliant condition of development works carried out, generally at the beginning of the On-Maintenance period. It should be noted that a Maintenance Bond might be required after the completion of works and the refund of the Performance Bond.

3.4.4.3 Significant Vegetation Protection Bonds

- (1) Significant Vegetation Protection Bonds are security bonds submitted to the local government by the applicant before development works commence, to secure and protect significant vegetation which may be affected by development works.
- (2) The particular bond amount is subject to the type of vegetation, the scale of vegetation protection, and the level of risk to the significant vegetation.
- (3) The On-Maintenance period is subject to the particular vegetation type, seasonal effects and the type of risk the vegetation is exposed to.
- (4) The bond amount and On-Maintenance period is indicated as a condition of development approval.
- (5) The monetary amount required for a Significant Vegetation Protection Bond is calculated on a site- and vegetation-specific basis.
- (6) The bond amount is calculated by estimating the cost to cover the removal of the vegetation and replacement of the same species or maturity of vegetation where this is possible or at the discretion of the local government.
- (7) Significant Vegetation Protection Bonds are refundable after formal acceptance by local government of the satisfactory protection of significant vegetation Off-Maintenance.

3.4.4.4 Uncompleted Works Bonds

- (1) Uncompleted Works Bonds are security bonds submitted to the local government by the applicant before completion of all works and the satisfactory completion of all conditions of development approval, in order to cover the costs of uncompleted development works where the applicant wishes to obtain from the local government the approval of survey plans.

- (2) The local government will accept Uncompleted Works Bonds to release the approval of survey plans subject to, but not limited to, completion of the following level of works as detailed in Table 1 - Level of Completion of Works.

Table 1 - Level of Completion of Works

Type of Works	Level of Completion of Works
Construction and Earthworks	<ul style="list-style-type: none"> (1) 100 percent of earthworks are completed and stabilised to the local government's satisfaction; (2) 100 percent of the kerb and channel are completed to the local government's satisfaction; (3) Roads are certified by an authorised surveyor that the roads are within the correct alignment, where applicable; (4) 50 percent of the total value of construction works are completed to the local government's satisfaction.
Sewerage and Water Supply Works	<ul style="list-style-type: none"> (1) 100 percent of the total value of sewerage and water supply works, both external and internal reticulation and drainage works, are completed to the local government's satisfaction; (2) All testing results and preliminary As-Constructed information is provided to the local government.

- (3) Before releasing the survey plans, the local government is satisfied that all works and services will be completed and operational within 3 months of receiving an Uncompleted Works Bond or by the time the initial development is completed, whichever is sooner.
- (4) For all uncompleted works the local government requires certification from a registered professional engineer of Queensland in the form of a fully priced bill of quantities, detailing works completed and works remaining to be completed.
- (5) The applicant is required to lodge a formal request with the local government for the particular bond amount.
- (6) The local government will notify the applicant of the relevant security bond amount.
- (7) The Uncompleted Works Bond is to the greater value of either -
- (a) 120 percent of the estimated uncompleted works costs; or
 - (b) \$5000.
- (8) Uncompleted Works Bonds are refundable after formal acceptance by the local government of the satisfactory completion of works 'On-Maintenance.' It should be noted that a Maintenance Bond will also be required after the completion of works and the refund of the Uncompleted Works Bond.

3.4.4.5 As-Constructed Information Bonds

- (1) As a result of the local government review of the As-Constructed information and On-Maintenance inspection of the completed works, the As-Constructed information and/or documentation may require amendment. If this is necessary and it is appropriate to place the development On-Maintenance, then the As-Constructed Information Bond is applicable before the On-Maintenance approval is issued.
- (2) Before the local government formally accepts the development works On-Maintenance where amended As-Constructed information is required, the applicant is to lodge a bond for the security of the preparation of As-Constructed information, as applicable, of -
- (a) \$2000 per additional lot for reconfigurations; or

- (b) \$1000 per additional dwelling unit for a material change of use; or
 - (c) 2.5 percent of the construction costs of a building for a material change of use, whichever is the greater.
- (3) Amendments to As-Constructed drawings or documentation required by the local government are completed and the information resubmitted to the satisfaction of the local government.
 - (4) Once the As-Constructed information is resubmitted, 60 percent of the As-Constructed Information Bond is returned. The remaining 40 percent of the bond is returned after the final As-Constructed information is approved by the local government.
 - (5) The resubmission of the As-Constructed information is required within one month of the development going On-Maintenance.
 - (6) Non-compliance with resubmission of amended As-Constructed information within this period may result in -
 - (a) the On-Maintenance period being extended for the time that the As-Constructed data is outstanding; or
 - (b) the As-Constructed information bond being forfeited to cover all costs incurred by the local government in the capture and presentation of information.

3.4.4.6 Maintenance Bonds

- (1) Maintenance Bonds are security bonds submitted to the local government by the applicant to cover the costs of maintenance works on development works or landscaped areas during the On-Maintenance period as a defects liability bond.
- (2) All works and landscaped areas that are to be transferred to the local government are maintained by the applicant for a period specified in Part 11 - Planning Scheme Policy 9 - Infrastructure Works or other period advised by the local government.
- (3) The On-Maintenance period commences following inspection by the local government of the completed and compliant condition of the works.
- (4) The particular bond amount is indicated as a condition of development approval.
- (5) The Maintenance Bond is the greater value of either -
 - (a) 5 percent of the agreed development works obligations; or
 - (b) \$2500.
- (6) Where there is possibility for dispute over the Maintenance Bond amount a bill of quantities is required.
- (7) A fully priced bill of quantities certified by a professional engineer of Queensland is submitted to the local government detailing the development works obligations that are to be transferred to the local government and are to be maintained by the applicant for a period specified in Part 11 - Planning Scheme Policy 9 - Infrastructure Works or other period advised by the local government.
- (8) Maintenance Bonds are refundable after formal acceptance by the local government of the works Off-Maintenance and the transfer of the applicable works to the local government.

3.4.5 Special Consideration for a Place of Worship

- (1) Works between the kerb and channel and the property alignment are not bonded if the place of worship can demonstrate the works have been designed, documented and included in the contract to construct the place of worship.

- (2) A written statement provided by the place of worship indicating a commitment to construct these works before the place of worship is used.
- (3) A bond is required for unconstructed work outside the 40 metre frontage before building approval.

3.4.6 Form of Security Bonds

- (1) Security bonds submitted to the local government may be in the form of either -
 - (a) cash; or
 - (b) bank guarantees.
- (2) Cash security bonds may be paid in the form of a cheque. However, in the case of the personal cheque, the security bond will not be processed and approved until the cheque amount is cleared.
- (3) The local government will not accept any other form of security bonds other than those outlined above unless detailed in an infrastructure agreement or conditioned under a development permit.
- (4) The local government requires security bonds to be submitted to the local government in the form of cash for the following development works -
 - (a) road cleaning;
 - (b) road opening;
 - (c) vegetation protection on a reconfiguration for amounts of \$10 000 and less.
- (5) The local government requires bank guarantees that -
 - (a) are irrevocable guarantees from a recognised trading bank;
 - (b) are open ended with no expiry date;
 - (c) are unconditional;
 - (d) detail the full and correct name of the customer/applicant;
 - (e) detail the full and correct real property description to identify the property for which the security bond is for;
 - (f) where applicable, detail the different types of bonds, the relevant amounts covered by the guarantee, and a statement describing the specific purpose(s) of the bond;
 - (g) give the development permit number and date;
 - (h) are for the total secured sum.

3.4.6.1 Deeds of Agreement

- (1) For security bond amounts -
 - (a) between \$250 000 and \$500 000 - the local government requires a standard deed of agreement approved by the local government to be signed by the applicant, specifying the required security bond amounts for performance security, uncompleted works, significant vegetation protection and/or maintenance works. The standard deed of agreement is required to include a delegation that is to be signed by the Mayor and the Chief Executive Officer on behalf of the local government; or
 - (b) greater than \$500 000 - the local government requires a security bond agreement, prepared by the local government's solicitors, to be signed by the applicant and any party holding a mortgage over the property, specifying the required security bond amounts for performance

security, uncompleted works, significant vegetation protection and/or maintenance works. The security bond agreement is required to include a delegation that is to be signed by the Mayor and the Chief Executive Officer on behalf of the local government. The cost of the preparation of the security bond agreement is to be borne by the applicant.

3.4.7 Calculation of Security Bond Amounts

- (1) The calculation of a bond amount is subject to the particular development and associated works, and is required to meet the reasonable and relevant requirements of the *Integrated Planning Act 1997*.
- (2) The bond amount is calculated by such factors as, but is not limited to -
 - (a) the category of bond required;
 - (b) the type and scale of development;
 - (c) the location of the development;
 - (d) the level of risk posed by the development works.
- (3) Performance Bond amounts are subject to the type and scale of development works carried out on-site and in the public realm. This bond amount is calculated at the discretion of the local government and required as a condition of a development permit.
- (4) Significant Vegetation Protection Bond amounts are generally based on the environmental, historic, social and/or cultural value, and are subject to the type of vegetation, the scale of vegetation protection, and the level of risk to the significant vegetation. This bond amount is calculated at the discretion of the local government and required as a condition of a development permit.
- (5) Uncompleted Works Bond amounts are calculated from the certification from a Registered Professional Engineer of Queensland and agreed upon by the local government. For uncompleted development works, the Bill of Quantities is to detail the completed development works and the remaining uncompleted works. The bond amount will be the greater value of either -
 - (a) 120 percent of the estimated uncompleted works costs; or
 - (b) \$5000.
- (6) Maintenance Bond amounts are calculated at the discretion of the local government and required as a condition of a development permit. Where there is possibility for dispute over the Maintenance Bond amount a fully priced and certified bill of quantities is required. The bill of quantities details the development works and maintenance responsibilities that will be transferred to the local government at the end of the On-Maintenance period. The bond amount will be the greater value of either -
 - (a) 5 percent of the agreed development works obligations; or
 - (b) \$2500.

3.4.8 Submission of Security Bonds

3.4.8.1 Lodgement of Performance, Significant Vegetation Protection and Maintenance Bonds

- (1) Where the applicant is required as a condition of a development permit to lodge a bond for development works, a formal statement is submitted to the local government to place a security bond on the specified works. The bond amount is submitted before the commencement of development works.

- (2) The formal submission consists of a written statement describing -
 - (a) the full and correct name of the applicant;
 - (b) the full and correct real property description of the development;
 - (c) the development permit number and date of issue;
 - (d) the type of security bond(s) being submitted;
 - (e) a written statement describing the specific purpose of the security bond.

3.4.8.2 Lodgement of Uncompleted Works Bonds

- (1) It is the applicant's responsibility to lodge a formal request with the local government for the relevant bond amount for uncompleted works.
- (2) The formal request for application for an Uncompleted Works Bond shall consist of -
 - (a) the full and correct name of the applicant;
 - (b) the full and correct real property description of the development;
 - (c) the development permit number and date of issue;
 - (d) a written submission outlining the reasons for the Uncompleted Works Bond;
 - (e) a bill of quantities, including a schedule of rates, a description of works completed, and those uncompleted.

3.4.9 **Return of Security Bonds**

- (1) It is the applicant's responsibility to lodge a formal request with the local government for the return of a security bond at the completion of works or end of the On-Maintenance period, or the staged return of a Significant Vegetation Protection Bond, where applicable.
- (2) This formal written request consists of the relevant development details -
 - (a) the full and correct name of the applicant;
 - (b) the full and correct real property description of the development;
 - (c) the development permit number and date of issue;
 - (d) the local government file reference for the development;
 - (e) the date the security bond was originally lodged with the local government;
 - (f) the form and amount of security bond originally lodged with the local government;
 - (g) a written statement outlining the reasons for the refund of the security bond;
 - (h) the name of the trading bank for bank guarantee security bond only;
 - (i) the local government receipt number for cash/cheque security bond only.

Contributions and Security Bonding - Chapter 4

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