

Council Policy Name: Defects Liability Bonds for Subdivisions

Responsible Directorate: Engineering and Works Services

Version: Current

1. PURPOSE

1.1. The purpose of this Policy is to set out Council’s requirement that a bond be taken with respect to the developer’s liability for the repair of all defects of subdivision works.

2. SCOPE

2.1. This Policy applies to works for new subdivision developments relating to roads, drainage, paths, and associated earthworks; and all other associated incidental works.

2.2. The Policy does not apply to landscaping, where a landscape maintenance agreement is in place between the City and the developer.

3. DEFINITIONS

Term	Meaning
Policy	this City of Busselton Council Policy entitled “Defects Liability Bonds for Subdivisions”
Defects Liability Bond	A bond held in trust by the City that is applied to the value of roads, drainage, paths and associated earthworks, and all other associated incidental works
Defects Liability Period	The period of time after Practical Completion of the works wherein the contractor or developer remains responsible for the maintenance and repair of defects of subdivision works.
Practical Completion	An inspection of the completed works by the City to confirm that all the relevant construction has been completed as per the approved drawings; meets the minimum construction requirements as set out in the City’s Engineering Technical Specifications and Standards; and meets related conditions of subdivision approval.

4. STRATEGIC CONTEXT

4.1. This Policy links to Key Goal Areas 2 and 3 of the City’s Strategic Community Plan 2017 and specifically the following Community Objective/s:

- a. 2.1 – Planning strategies that foster the development of neighbourhoods that meet our needs as we grow;
- b. 3.1 – Development that is managed sustainably and our environment valued.

5. POLICY STATEMENT

5.1. A Defects Liability Bond is to be applied to subdivision works and will be held for a minimum Defects Liability Period of 12 months.

5.2. The CEO, or their delegate, may extend the Defects Liability Period for an additional 12 months at the City's discretion.

5.3. The Defects Liability Bond will be calculated using the rates as set out in the following table:

Value of Works	Rate
\$0 to \$100,000	5.0%
\$100,001 to \$200,000	4.0%
\$200,001 to \$400,000	3.5%
\$400,001 to \$600,000	3.0%
\$600,001 and over	2.5%

5.4. The Defects Liability Bond may be in the form of cash to be held in trust by the City, or an unconditional bank guarantee from a financial institution approved by the City.

5.5. Refund of the Defects Liability Bond is subject to repair, maintenance correction, adjustment, re-alignment or clean-up of works deemed to be the responsibility of the contractor or the developer.

5.6. Where identified defects have not been completed by the contractor or developer within a reasonable timeframe, the City may draw on the Defects Liability Bond to complete required works. If the end of the Defects Liability Period has not been reached, the contractor or developer will be required to top up the bond to the original value.

6. RELATED DOCUMENTATION / LEGISLATION

6.1. City of Busselton Engineering Technical Specifications and Standards.

6.2. Institute of Public Works Engineers Australia (WA) 'Local Government Guidelines for Subdivisional Development', October 2017.

6.3. City of Busselton Schedule of Fees and Charges.

7. REVIEW DETAILS

Review Frequency	3 yearly			
Council Adoption	DATE	27 February 2019	Resolution #	C1902/030
Previous Adoption	DATE	13 April 2016	Resolution #	C1604/077