Mackay REGIONAL COUNCIL

DEVELOPMENT SERVICES

Development Bonds

CONTENTS

Contents 2
Introduction 2
Definitions 2
Development Bond Types 3
Lodging a Development Bond 4
Payment of Bond with Cash 4
Payment of Bond with Bank Guarantee 5
Standard Construction Works Schedule 6

INTRODUCTION

Development Bonds provided to Council act as a financial security for numerous reasons whilst works are still being undertaken as part of an Operational Works (OW) application. The bonds are held by Council for a specified period or until certain works are satisfactorily completed and the works formally accepted by Council.

DEFINITIONS

Bank Guarantee – means a financial security issued by an approved financial institution that allows Council to draw down on the specified funds should the developer fail to complete the works within a specified timeframe.

Trust Bond – means a cash payment to Council which is held in Trust until the works have been accepted by Council.

Development Bond – means either a Trust Bond or Bank Guarantee.

Operational Works (OW) – as outlined in Section 10 of the *Sustainable Planning Act 2009.*

On-Maintenance – all works have been completed to Council standards and a successful inspection has been held to accept the works. On-Maintenance is for a standard period of 12 months unless otherwise advised.

Off-Maintenance – all works have been completed to Council standards and a successful inspection has been held to accept the works as Off-Maintenance and release the bonds held.

Prior to On Maintenance Subdivision Plan – means an approval of the Subdivision Plan application prior to the OW works being formally accepted as On-Maintenance.

RPEQ – means a Registered Professional Engineer of Queensland.

Cost of Works – means an itemised estimate of the costs involved to complete the required works.

Bond Amount – means the amount shown on the completed Operational Works Bonding Summary Sheet.

EFT – means Electronic Funds Transfers or a direct deposit into another parties bank account

DEVELOPMENT BOND TYPES

Maintenance Bond – provided for all OW applications that have infrastructure with a required maintenance period. This is to be provided prior to the application being accepted as On-Maintenance and is held for the duration of the maintenance period.

Early Release Bond – provided to Council for all OW applications that have been approved for 'prior to On-Maintenance' completion of the subdivision plan endorsement. This is to be provided prior to the subdivision plan submission and is held until the works are accepted as On-Maintenance.

Deferred Works Bond – provided to Council for OW works that are expected to be completed after the application is accepted as On-Maintenance and is held until the deferred works have been completed and accepted as Off-Maintenance.

Incomplete Works Bond – provided to Council for OW applications that have been approved for 'prior to On-Maintenance' completion of the subdivision plan endorsement. The value is based on the value of the OW works that are incomplete at the time of subdivision plan endorsement. This is to be provided prior to the subdivision plan submission and is held until the works are accepted as On-Maintenance.

Landscaping Bond – provides security that any defects or maintenance requirements for installed street trees will be maintained and repaired or rectified during the maintenance period.

Contribution Bond – provides security to ensure certain works are constructed in lieu of a contribution payment.

Private Works Bond – provides security that any deferred private works are completed by the current or future owners of the property. Refer to the Development Services Private Works Bond Guidelines for further detail on this bond type.

***Disclaimer* – All of the abovementioned bond types (except Maintenance Bonds) require prior approval from Council before lodging.**

LODGING A DEVELOPMENT BOND

Council accepts two forms of payment for Development Bonds – bank guarantee or cash which is held in Trust (also referred to as a Trust Bond).

All Development Bonds submitted to Council must be accompanied by the following mandatory documentation, signed by a RPEQ. Failure to provide this documentation will result in delays with the issue of the On Maintenance acceptance:

- A Bonding Summary Sheet – Operational Works form completed electronically & signed by a RPEQ;
- Cost of works (*Multiple bonds require separate costs of works*);
- Bond payment *(either a trust bond or a bank guarantee).*

PAYMENT OF BOND WITH CASH

Please bear in mind when submitting a cash bond that due to legislative requirements, funds must be refunded to the party shown on the Council Tax Receipt.

Payment of a cash bond can be made to Council via one of the following methods:

ELECTRONIC FUNDS TRANSFER	*Electronic Bank Transfer only*	Submit a Development Application Electronic Funds Transfer Payment Request to Development Services. If you are eligible for this payment type, you will receive payment details via email within 2 business days.
PHONE	*Credit Card payment only*	Phone 1300 622 529 to make payment through Development Services, during the hours of 8:30am to 4:00pm, Monday-Friday.
IN PERSON	*Cash, Cheque or Eftpos payments available*	Visit one of Mackay Regional Council's Service Centres during office hours, 8:30am to 4:30pm, Monday-Friday.
MAIL	*Cheque only*	Mail a cheque and a cover letter outlining the application details to: Mackay Regional Council ATTN: Development Services PO Box 41, Mackay, QLD 4740
Please Note: Council does not offer B-Pay services for this type of payment or accept American Express/Diners credit cards or money orders. Council also does not issue invoices for this type of payment.		

PAYMENT OF BOND WITH BANK GUARANTEE

The requirements for all bank guarantees supplied for Development Bonds are outlined below. Bank guarantees that do not follow the below requirements will be rejected and a new bank guarantee will need to be produced by the issuing bank, causing delays in the Operational Works application being accepted as On-Maintenance until a new, correct guarantee is supplied.

INSTITUTION RATING	All guarantees must be submitted using a financial institution only. Guarantees from Insurance Companies are not accepted by Council.
AMOUNTS	All guarantee values must match those shown on the Bonding Summary Sheet exactly.
FAVOUREE/BENEFICIARY	Mackay Regional Council (ABN 56 240 712 069) 73 Gordon St, Mackay, QLD, 4740
DESCRIPTION	The description should read as follows (replacing the wording suit your guarantees requirements) – Application Number - Bond Type - Estate Name & Stage # or Property Address (if there is no estate name) - Bond Amount
EXPIRY DATE	All bank guarantees submitted to Mackay Regional Council must be open ended with no expiry date.

Bank Guarantees will be returned to the issuing financial institution noted on the submitted bank guarantee unless prior written arrangements have been made to collect the guarantee.

If you wish to collect the guarantee from Council, you must outline this within the Development Service Bond Release Request Form. If this form is incorrectly completed, the guarantee will be posted to the issuing financial institution.

Upon release, a letter is emailed/posted to the issuing financial institution advising them that the guarantee is no longer required. The bank should cease all securities from the date of Council's release letter.

STANDARD CONSTRUCTION WORKS SCHEDULE

STEP 1	▸ Submission of OW Compliance Certificate application
STEP 2	▸ OW Compliance Certificate assessment
STEP 3	▸ Pre-Start meeting held
STEP 4	▸ Construction Phase ▸ Request approval for Early Endorsement & any incomplete works or deferred works (if required) ▸ Request for On-Maintenance documentation submitted. ▸ All required bonds are to be submitted with this documentation.
STEP 5	▸ On-Maintenance Inspection Held
STEP 6	▸ If works accepted - Proceed to next step ▸ If works have not been accepted - rectify defects before proceeding
STEP 7	▸ Application accepted as On-Maintenance and a formal letter issued
STEP 8	▸ Lodge Subdivision Plan application (if applicable)
STEP 9	▸ Subdivision Plan assessed and endorsed once compliant (if applicable) ▸ Developer to register plan with Titles (if applicable)
STEP 10	▸ All works are subject to a 12 month maintenance period
STEP 11	▸ Request for Off-Maintenance documentation submitted, including a Bond Release Request form
STEP 12	▸ Inspection scheduled with Development Engineering Construction Inspectors
STEP 13	▸ Off-Maintenance inspection held
STEP 14	▸ If works accepted - Off-Maintenance letter is issued confirming which bonds will be released ▸ If works have not been accepted – defects are to be rectified prior to Off-Maintenance acceptance and bond release
STEP 15	Trust Bonds ▸ If you have requested that the refund be processed via EFT, you will receive an email from Council's Accounts Payable Team once your Bond Release Request form has been processed. This email will contain an EFT Details Confirmation form. If that form is not completed & returned to Accounts Payable prior to close of business on the following Thursday, the refund will automatically be processed and returned via cheque to the postal address shown on the original receipt. Please allow 3-4 weeks to receive the funds. Should you not receive the funds after this time, please contact Council and request to speak with the Subdivision & Development Charges Officer regarding a Private Works Bond release. Bank Guarantees ▸ Please allow 3-4 weeks for the issuing bank to receive the original bank guarantee via post. Should the issuing bank not receive the original bank guarantee after this time, please contact Council and request to speak with the Subdivision & Development Charges Officer regarding a Private Works Bond release.