

# Council Policy

**Council Policy Name:** Defects Liability Bonds for Subdivisions  
**Responsible Directorate:** Engineering and Works Services **Version:** Adopted

## 1. PURPOSE

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

## 2. SCOPE

- 2.1. This Policy is applicable 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 a developer.

## 3. DEFINITIONS

Term	Meaning
Defects Liability Bond	a bond 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
Policy	this City of Busselton Council policy titled “Defects Liability Bonds for Subdivisions”
Practical Completion	an inspection of the completed works by the City to confirm that all relevant construction has been completed as per approved drawings, and that it meets the minimum construction requirements set out in the City’s Engineering Technical Specifications and Standards, and related conditions of subdivision approval

## 4. STRATEGIC CONTEXT

4.1. This Policy links to the following themes and strategic priorities of the City’s Strategic Community Plan 2021:

Strategic Theme	Strategic Priority
Key Theme 1 ENVIRONMENT	1.1: Ensure protection and enhancement of environmental values is a central consideration in land use planning.
Key Theme 2 LIFESTYLE	2.8: Plan for and facilitate the development of neighbourhoods that are functional, green and provide for diverse and affordable housing choices.

## 5. POLICY STATEMENT

- 5.1. A Defects Liability Bond will apply to subdivision works and will be held for a minimum Defects Liability Period of 12 months.
- 5.2. The CEO, or an officer authorised by the CEO, may extend the Defects Liability Period for an additional

12 months.

- 5.3. The Defects Liability Bond will be calculated on the basis of 5% of the value of the subdivision works.
- 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 determined to be the responsibility of the developer or their contractor.
- 5.6. Where identified defects have not been remedied by the developer or their contractor within a reasonable timeframe, the City may draw on the Defects Liability Bond to complete required works, and if the end of the Defects Liability Period has not been reached, the 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.

## 7. REVIEW DETAILS

Review Frequency		3 yearly		
Council Adoption	DATE	13 December 2023	Resolution #	C2312/201
Previous Adoption	DATE	27 February 2019	Resolution #	C1902/030