



<b>POLICY NO</b>	<b>CP/OPS-3656</b>	
<b>POLICY</b>	<b>Construction Security Deposits</b>	
<b>RESPONSIBLE DIRECTORATE</b>	Infrastructure	
<b>RESPONSIBLE OFFICER</b>	Director Infrastructure	
<b>COUNCIL ADOPTION</b>	Date: 29 March 2016	Resolution No: 11290
<b>REVIEWED/MODIFIED</b>	Date:	Resolution No:
	Date:	Resolution No:
<b>REVIEW DUE</b>	Date: March 2020	
<b>LEGISLATION</b>	<i>Building Act 2011</i> , Section 27(1)	
<b>RELATED POLICIES</b>	N/A	
<b>RELATED ORGANISATIONAL DIRECTIVES</b>	OD-OPS-4648 Construction Security Deposits	

#### **PURPOSE:**

The purpose of this policy is to provide a mechanism for the Shire to ensure repair of any of its infrastructure damaged as a result of development construction works.

#### **DEFINITIONS:**

**Defect** means something that in the opinion of the Shire is damage or a maintenance problem caused as a result of the construction works.

**Damage** means physical harm that impairs the value, usefulness, or normal function of something

**Security Deposit** is a monetary guarantee provided to the Shire in cash or bank guarantee against damage to Shire assets. The amount of the security deposit is prescribed in the Council's Fees and Charges schedule.

**Significant Improvements** are works costing over \$20,000 (excluding GST) in value (considered significant structures in accordance with the *Building Act 2011* – requiring a registered builder to carry out works).

#### **POLICY STATEMENTS:**

##### Reason for Security Deposits

During site works and construction a wide range of damage and maintenance issues to Shire assets in road reserves can arise. It is therefore necessary that a Security Deposit be available to the Shire to recoup repair costs should damage occur to Shire assets during construction and the applicant does not affect repairs acceptable to the Shire.

##### Where Security Deposits are Applied

A Security Deposit is required to be lodged with the Shire for construction on all commercial, residential and industrial developments within the Shire for both new and Significant Improvements.

### What is Covered by a Security Deposit

During construction (including site preparation works) a wide range of damage and maintenance issues to adjacent Shire assets can arise. Any damage to Shire assets within the road reserve caused as a result of the construction works is covered under the Security Deposit.

### Use of Security Deposit by Council

Should damage or a maintenance issue in a road reserve be observed and the Shire is of the opinion that the damage or maintenance issue was a result of the construction works, the deposit will be withheld.

If the defect is not rectified by the applicant within twenty-one (21) days of notification the Security Deposit will be used to fund the repairs.

Should the repairs exceed the value of the Security Deposit the Shire may seek the balance of the repair costs in accordance with the conditions of the building permit.

### Reimbursement of Security Deposits

If no damage or maintenance issues are observed after the completion of the development works the Security Deposit (without interest) will be refunded to the applicant.

### **EXPLANATORY NOTES:**

During site works and construction a wide range of damage and other maintenance issues within the road reserve can arise. It is therefore necessary that should damage occur to Shire assets during construction a Security Deposit is available to the Shire to enable recoupment of repair costs if the applicant does not affect repairs acceptable to the Shire.

### **RISK:**

#### **Risk:**

Inability to deliver levels of service expected by the community.

#### **Control:**

Develop agreed standards of service and communicate with the community