

Introduction

This info note provides a summary of the cash bond and bank guarantee process. It is not a definitive document but provides general, overview information to assist the public in understanding the requirements and processes applicable to development bonds and bank guarantees.

What is a Cash Bond?

A cash bond is an arrangement where a party gives an agreed amount of money to secure the fulfilment of an obligation.

What is a Bank Guarantee?

A bank guarantee is a written document undertaken by a bank or other lending to be answerable for payment of a sum of money in the event of non-performance by the party on whose behalf the guarantee is issued.

When is payment required?

A bond or bank guarantee is required as condition of approval of development works for subdivision maintenance, defects, revegetation, civil works, landscaping works, footpath / kerbing works, water quality monitoring, soil stabilisation, street tree implementation and bonds for extractive industry licences.

Acceptable forms of payment:

If the payment is being made through a cash bond, the amount required must be approved by a Shire Officer. Once the approval has been granted, the Shire will issue an invoice for the bond to be paid for the relevant works.

If a bond amount is for \$5,000 or under then a bank guarantee will not be accepted.

If a bank guarantee is being provided, the below information must be on the document;

- a) No expiry date
- b) Amount accepted by the Shire
- c) The name on the bank guarantee corresponds to the name liable to perform requirements set out by the Shire.
- d) The purpose of the security of performance, and the location (including stage release) it relates to.

Refunding / Returning of Bank Guarantee/Bond:

When the works have been completed to the relevant standards and to the approved development plans, a written request will need to be lodged to the Shire to release the bond or bank guarantee. The release of the bond or bank guarantee is to be determined by the Shire.

If a bank guarantee is being exchanged for a modified amount, or partial release of a bank guarantee a new bank guarantee must be received before the original will be released. Once the new amount has been authorised the finance officer will arrange the exchange and or partial release.

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