
Bonding of Works

1. Background

Sydney Water occasionally imposes requirements on applicants who wish to deviate, adjust or extend its services. Applicants may ask Sydney Water if they can lodge a guarantee (bond) as security that they will meet these requirements in order to get early certification.

2. Purpose and Objectives

The purpose of this policy is to enable Sydney Water staff to assess and administer bonding arrangements by:

- (a) defining the circumstances in which bonding arrangements are acceptable; and
- (b) outlining the criteria used to assess bonding applications.

Bonding arrangements should be regarded as an exception rather than the rule. In the majority of cases Sydney Water's statutory obligations require compliance with the relevant Notice of requirements prior to issue of a compliance certificate.

This policy seeks to appropriately balance customer service with financial, public health and environmental risk management objectives outlined in the *Sydney Water Act 1994* and the Operating Licence.

3. Scope

This policy applies to all bonding arrangements between Sydney Water and developers and applicants deviating, adjusting or extending Sydney Water's services.

4. Definitions

Act: the *Sydney Water Act, 1994* and any regulations in force under it. Also known as *the Act*.

Bond: money given to Sydney Water before the applicant meets Sydney Water's conditions. The money covers the cost of the construction of works and related fees and charges. It is usually in the form of a bank guarantee or cash.

Developer: a person who has been given an approval as defined in Division 9 of the *Act*.

Developer Charges: a contribution towards the cost of systems (e.g. treatment plants) that serve a development. They are calculated using base charges that are registered with the Independent Pricing and Regulatory Tribunal (IPART). Sydney Water cannot waive or change these charges.

Easement: a document that sets out the rights of one party to use land owned by another party.

Guideline: a Sydney Water document that sets out how a Sydney Water policy is applied.

Infrastructure: the pipes (usually less than DN 375), pumps, reservoirs and other items that make up all of Sydney Water's systems.

Notice of Requirements: the Notice of Requirements that is issued by Sydney Water when a developer applies for a Section 73 (Compliance) Certificate.

Operating Licence: a licence issued under the Act that explains how Sydney Water should do its work.

Policy: a Sydney Water document that sets out a plan of action for Sydney Water in a distinct area of its business. A Policy is read in conjunction with the related Guideline.

Recovery (also Recovery Charges): the process of charging developer applicants for part of the construction of works by either Sydney Water or a previous developer.

Section 73 Compliance Certificate (also Section 73 Certificate): a compliance certificate referred to in Division 9 of the Act.

Sydney Water: Sydney Water Corporation constituted by the Act.

Works: as specified in Sections 3 (2) and 69 of the Act.

5. Policy Statement

5.1 Types of Bonding Arrangements

Sydney Water may enter into bonding arrangements with an applicant to:

- (a) allow the "early" issue of a Section 73 Compliance Certificate - after the completion of design and before the construction of reticulation works;
- (b) allow Sydney Water to suspend its objection to a road closure application; or
- (c) make sure that any existing Sydney Water services being adjusted/deviated/extended are satisfactorily reinstated and that other customers' rights are protected during construction.

Bonding arrangements are not accepted for:

- (i) developer charges and reticulation recovery charges, because Sydney Water's objective is to recover its past expenditures;
- (ii) minor works, as actual completion of work is a reasonable requirement;
- (iii) early issue of the certificate in advance of completion of the works in a Community Title development, because the works must be completed before an associated easement can be defined; or
- (iv) any other circumstances not covered here.

5.2 Criteria for Acceptance

Works being constructed by applicants **may be bonded if** allowing the bond:

- (a) will require minimal administration by Sydney Water; and
- (b) does not involve Sydney Water in increased financial exposure or any other significant risk, such as undue delays to new customers wishing to connect

and

if the applicant can assure Sydney Water that the works:

- (c) will comply with its standards and requirements; and
- (d) can be constructed within an agreed time frame

and

- (e) if appropriate, Sydney Water is assured that any other major infrastructure items being supplied by a third party will be completed within that time frame.

6. Responsibility

Manager, Development Operations

7. Regulatory Context

Sydney Water Act 1994

Sydney Water Corporation Operating Licence 2005-2010

Sydney Water Customer Contract

Protection of the Environment Operations Act 1997

Public Health Act 1991

Independent Pricing and Regulatory Tribunal Act 1992

State Owned Corporations Act 1989

Environmental Planning & Assessment Act 1979

8. Associated Documents

Bonding of Works (Guidelines).