

Building Practice Note GE-03: Guarantees and Bonds

This Practice Note provides guidance on guarantees or bonds that may apply to the issuing of a building permit in accordance with Building Regulations 2018 (the Regulations).

The context below provides guidance on:

- Guarantees and bonds
- What is the maximum guarantee or bond amount
- Refund of guarantee or bond

Abbreviations & Definitions

The abbreviations and definitions set out below are for guidance only. They are not intended to vary those set out in the Building Act 1993 (the Act), Building Regulations 2018 (the Regulations) or the National Construction Code (NCC).

- **Act** – The Building Act 1993
- **Authority** – Victorian Building Authority
- **Bond** – money deposited with the council or VBA
- **Guarantee** – a guarantee provided by a bank to the council or the Authority
- **MBS** – Municipal Building Surveyor
- **PBS** – Private Building Surveyor
- **RBS** – Relevant Building Surveyor
- **Regulations** – Building Regulations 2018

Guarantees and Bonds

Section 22 of the Act provides that in some circumstances a building permit may be issued with a condition that the building permit applicant provides a guarantee or bond to the Authority if the permit is issued by a PBS. If the building permit is issued by the MBS as the RBS, then the guarantee or bond may be given to the council.

For the purpose of section 22 of the Act, the prescribed circumstances under regulation 48 of the Regulations are the demolition, removal or re-erection of a building.

The purpose of the guarantees and bonds is to secure the complete and satisfactory carrying out of the building work authorised by the building permit.

What is the maximum guarantee or bond amount

The maximum amount of the guarantee or bond is set out by regulation 48 of the Regulations.

If the building work is the demolition or removal of a building, the maximum amount must not exceed the lesser of:

- i. The estimated cost of the building work under the building permit; or
- ii. The sum of \$100 for every 1 m² of floor area of the building.

If the building work is the re-erection of a building, the maximum amount must not exceed the lesser of:

- i. The estimated cost of the building work under the building permit; or
- ii. \$10,000.

Refund of guarantee or bond

Once the building work has been completed and a certificate of final inspection or occupancy permit issued, the building permit applicant should notify the council or the Authority of completion of the building work and complete any necessary forms for a refund of the guarantee or bond.

The VBA's refund request form can be found on the [VBA's website](#).

Related Documentation

- Building Act 1993
- Building Regulations 2018

Contact Us

If you have a technical enquiry, please email technicalenquiry@vba.vic.gov.au or call 1300 815 127.

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