



FORMS OF CONTRACT PAYMENT POLICY

1.0 Policy Statement.....	2
2.0 Purpose.....	2
3.0 Scope	2
4.0 Roles & Responsibilities.....	2
5.0 Policy Requirements.....	3
Cash and securities as exchange deposits for sales contract.....	3
6.0 Evaluation.....	4
7.0 Review	5
8.0 Related Legislation, Policies and Standards	5
Document Governance	5
Version History	5
Attachments.....	6

<i>Doc Title</i>	<i>Issued</i>	<i>Review Date</i>	<i>Area Responsible</i>	<i>Page</i>
Forms of Payment Policy	September 2019	Every two years	Finance	1 of 6



1.0 Policy Statement

The Suburban Land Agency’s (the Agency) Forms of Contract Payment policy (the Policy) articulates the Agency position on the acceptable forms of payment required under Contracts for Sale (Contracts).

2.0 Purpose

The Policy outlines the forms of payment that can be accepted by the Agency from a purchaser on exchange of a Contract, including Project Delivery Deeds (PDD) or other associated agreements and at settlement.

3.0 Scope

The Policy relates to all payments to the Agency in accordance with the terms of a Contract, including PDD’s or other associated agreements. It includes payments required under both Residential First Grant Contracts and Commercial Contracts.

4.0 Roles & Responsibilities

The following table outlines the roles and responsibilities undertaken in this policy.

Position/Business Area/Committee	Responsibility
Chief Executive Officer	Has the overall responsibility for approving the Policy.
Chief Financial Officer (CFO)	Has responsibility for implementation and monitoring of performance against the Policy.

<i>Doc Title</i>	<i>Issued</i>	<i>Review Date</i>	<i>Area Responsible</i>	<i>Page</i>
Forms of Payment Policy	September 2019	Every two years	Finance	2 of 6



5.0 Policy Requirements

Cash and securities as exchange deposits and security

Section 39 of the *City Renewal and Suburban Land Agency Act 2017* stipulates the Agency's core functions which includes buying and selling leases of land on behalf of the Territory. Land can be purchased from the Agency through a standard Residential First Grant Contract which is for land that is zoned for single residential development and/or a standard Commercial Contract for sale which is for land that is zoned for other uses including mixed use, multi-unit development, industrial and community facilities.

The following options may be available for the payment of exchange deposits, PDDs or other associated agreements:

1. Cash;
2. Electronic Funds Transfer (EFT);
3. Electronic Funds Transfer Point of Sale (EFTPOS);
4. Bank cheque;
5. Personal Cheque;
6. Bank Guarantee; and
7. Deposit or Insurance Bonds.

1. **Cash** – is not a preferred method of payment for the Agency and payment by cash is not normally permitted under the terms of the Contract.
2. **EFT** – payment by EFT is permitted under the term of the Contract. The payment is to be paid into the Agency’s Bank Account. EFT is acceptable for deposits and security under PDD’s and other agreements, however confirmation of receipt of payment must be received before the payment is confirmed and any subsequent rights or privileges under the Contract are granted. Settlement payments by EFT will only be accepted with prior agreement from the Chief Financial Officer (CFO) or Chief Executive Officer (CEO).
3. **EFTPOS** – payment by EFTPOS is permitted under the term of the Contract. EFTPOS is acceptable for deposits and security under PDD’s and other agreements, however confirmation of receipt of payment must be received before the payment is confirmed and any subsequent rights or privileges under the Contract are granted.
4. **Bank cheque** – payment by Bank Cheque is permitted under the term of the Contract and is acceptable for all payments under the Contract and is the preferred method of payment at settlement. Bank Cheques should be made out to the Suburban Land Agency.
5. **Personal cheque** – payment by Personal Cheque is permitted under the term of the Contract for the deposit only. Cheques should be made out to the Suburban Land Agency. The personal cheque is to be honoured on first presentation or the purchaser risks being penalised for related dishonoured fees and any other fees incurred by the Agency and/or having the sales contract terminated.
6. **Bank Guarantee** – payment by Bank Guarantee is permitted under the term of the Contract for deposits and security under PDD’s and other agreements, and the acceptance of a bank guarantee as a form of payment will be determined on a case by case basis.

<i>Doc Title</i>	<i>Issued</i>	<i>Review Date</i>	<i>Area Responsible</i>	<i>Page</i>
Forms of Payment Policy	September 2019	Every two years	Finance	3 of 6



Noting cash flow and other risks related to a bank guarantee, the bank guarantee must:

- be from an Australian institution;
- have the Agency listed as the beneficiary;
- have the purchaser listed as the customer;
- have the block(s) and agreement the security is for clearly listed;
- the amount must be equal or greater than the payment required under the contract; and
- the term of the bank guarantee is for a period the Agency deems adequate and does not expire before the date of the relevant agreement.

The purchaser is to seek approval from the Agency prior to presenting a bank guarantee as a form of payment for a Contract. The request to utilise a bank guarantee must be approved by the CFO of the Agency.

7. **Deposit or Insurance Bonds** – payment by Deposit or Insurance Bond may be permitted under the term of the Contract for the deposit only however is not a preferred form of payment for security under PDD’s and other agreements. The acceptance of a deposit or insurance bond as a form of payment will be determined on a case by case basis. Similar to a bank guarantee, deposit or insurance bonds must:

- be issued by an Australian institution;
- have the Agency as the beneficiary;
- have the purchaser listed as the customer;
- have the block(s) and agreement the security is for clearly listed;
- the amount must be equal or greater than the payment required under the contract;
- the term of the deposit bond is for a period the Agency deems adequate and does not expire before the date of the relevant agreement;
- accessibility of the deposit bond should be on the same terms as if it were a cash deposit; and
- the minimum rating requirement for the deposit bond is A- as defined by Standard and Poor’s (S&P) classification of credit worthiness. Credit worthiness as defined by credit rating agencies, Moody’s, Fitch and S&P is included in Attachment 1.

The purchaser is to seek approval from the Agency prior to presenting a deposit or insurance bond as a form of deposit for a sales contract. The request to utilise a deposit or insurance bond must be approved by the CFO of the Agency.

6.0 Evaluation

Outcome Measures	Method	Responsibility
The Agency’s forms of contract payment practices are consistent with industry standard and provide flexibility for the Agency to consider various forms of payment.	Regular review of the forms of contract payment practices to ensure they reflect industry practice and Agency staff adhered to the policy.	Chief Financial Officer
Ensure the Policy is relevant.	Review of the Policy as required to ensure continued relevance.	Finance

Doc Title	Issued	Review Date	Area Responsible	Page
Forms of Payment Policy	September 2019	Every two years	Finance	4 of 6



7.0 Review

The Policy will be reviewed as required, at a minimum biennially, to ensure relevance and currency.

8.0 Related Legislation, Policies and Standards

- *City Renewal and Suburban Land Agency Act 2017*
- Suburban Land Agency – Sales Contract

Document Governance

Position/Business Area/Committee	Role	Responsibility
Chief Executive Officer	Document Approver	Responsible for approving the Policy.
Chief Financial Officer	Document Custodian	Responsible for implementing the Policy.

Version History

The following table details the published date and amendment details for this document.

Version	Date	Amendment details
1.0	03/09/2019	First publication of this policy

<i>Doc Title</i>	<i>Issued</i>	<i>Review Date</i>	<i>Area Responsible</i>	<i>Page</i>
Forms of Payment Policy	September 2019	Every two years	Finance	5 of 6



Attachments

Attachment 1 – Credit rating agencies definition of credit worthiness.

Moody's	Fitch	S&P	Credit worthiness
Aaa	AAA	AAA	Extremely strong capacity to meet financial commitments.
Aa1	AA+	AA+	Very strong capacity to meet financial commitments.
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Strong capacity to meet financial commitments, but somewhat susceptible to adverse economic conditions and changes in circumstances.
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Adequate capacity to meet financial commitments, but more subject to adverse economic conditions.
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Less vulnerable in the near-term but faces major ongoing uncertainties to adverse business, financial and economic conditions.
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	More vulnerable to adverse business, financial and economic conditions but currently has the capacity to meet financial commitments.
B2	B	B	
B3	B-	B-	
Caa	CCC	CCC	Currently vulnerable and dependent on favourable business, financial and economic conditions to meet financial commitments.
Ca	CC	CC	Highly vulnerable; default has not yet occurred but is expected to be a virtual certainty.
	C	C	Currently highly vulnerable to non-payment, and ultimate recovery is expected to be lower than that of higher rated obligations.
C	D	D	Payment default on financial commitment or breach of an imputed promise; also used when a bankruptcy petition has been filed or similar action taken.

<i>Doc Title</i>	<i>Issued</i>	<i>Review Date</i>	<i>Area Responsible</i>	<i>Page</i>
Forms of Payment Policy	September 2019	Every two years	Finance	6 of 6