Performance Bonds

NCI have negotiated the ability to place unconditional surety facilities with an AA- insurer for companies with a turnover in excess of only $20m. These surety facilities will include bank guarantees issued for principals who will not accept bonds.

A Performance Bond (Surety Bond) provides a financial security to the beneficiary, the project principal, against a contractor not performing, or defaulting, on a contract during the construction phase or defects period.

The bond facility limit is typically $2m plus, against which individual performance bonds are issued.

Bonds are widely accepted by the private and public sectors, (including federal, state and local government departments), as an alternative to bank guarantees.

Typical industry sectors include:

- Construction
- Engineering
- Mining
- Oil and gas
- Building

Who can qualify for a bond?

- Turnover in excess of $20 million (an average of $20m, over a 3 year period)
- Must have a minimum net tangible worth of $3m
- Strong industry experience, track-record and reputation
- Positive cash flow
- Positive working capital
- At least 3 years of continuous profitability
- Operating for at least 5 years"

Key benefits:

- Improves your balance sheet and liquidity
- Unsecured, no tangible asset or collateral required
- Release your cash for growth (i.e. take on more contracts), acquisitions or debt reduction
- Allows for greater flexibility and opportunities
- Works alongside your existing bank facilities
- Risk mitigation, less exposed to bank credit decisions or reviews

"Bond facilities can compliment existing bank guarantees"

Other types of bonds

- Bid / tender bonds
- Advance payment bonds
- Retention bonds
- Off site materials bonds

Talk to us today

NCI
p | 0439 118 875
e | archana.chawla@nci.com.au
w | nci.com.au

Risk Mitigaters
p | 02 9615 9833
e | admin@riskmitigaters.com.au
w | riskmitigaters.com.au

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