

Proposed Fit-out of Refurbished Leased Premises
at 121-125 Henry Street, Penrith, New South Wales

Submission 1.0

Statement of Evidence and Supporting Documents
to the
Parliamentary Standing Committee on Public Works

May 2015

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1. Proposed Works

1.1 Introduction

- 1.1.1 This submission is referred to the Committee in regards to a fit-out of approximately 10,000 square metres of refurbished accommodation for the Australian Taxation Office (ATO) at Penrith, New South Wales. The accommodation is the ATO's current location which is proposed to undergo a full refurbishment and upgrade to the base building services and facilities.
- 1.1.2 The ATO will relinquish approximately 4,476m² of excess accommodation and undertake a new fit-out on a reduced footprint to in accordance with the ATO fit-out brief and guidelines. This approach meets the ATO's excess accommodation reduction strategy. The current fit-out has been in place since 1994, has reached its end of life and is in need of upgrading.
- 1.1.3 The cost benefit analysis supported the project as the best whole-of-life cost option available for the ATO's accommodation in Penrith. The business case noted the early surrender and reduction of the existing area from 14,476 to 10,000 square metres with negotiated reductions in property expenditure through to lease expiry.
- 1.1.4 It is envisaged that project fit-out costs will be in the order of \$19.6 million (excluding GST), which equates to a rate of approximately \$1,960 per square metre (excluding GST). This is considered to be in the medium range for costs associated with ATO and Commonwealth fit-outs.
- 1.1.5 As the fit-out is regarded as Public Works under the *Public Works Committee Act 1969*, this submission is brought before the Committee for consideration. The following information is provided in support of this submission.

1.2 Background

- 1.2.1 The ATO has had a substantial presence in the Penrith CBD since 1994 fully occupying the office accommodation at 121-125 Henry Street. The lease on the premises expires on 7 December 2016.
- 1.2.2 The building was purpose built for the ATO in 1994. The building provides a total net lettable area of approximately 14,476 square metres. The facility is structurally sound but requires extensive upgrades to all plant and equipment, which have reached their end of life. A new fit-out is required to meet the ATO's current building and accommodation guidelines. The current lease over nine (9) floors provides approximately 1,200 work points for ATO staff. The building in its current condition meets the minimum National Australian Built Environment Rating Scheme (NABERS)

energy rating of 4.5 stars and therefore complies with the Energy Efficiency in Government Operations (EEGO) policy. However, it is anticipated that post refurbishment, the building will exceed these minimum requirements of the EEGO policy.

- 1.2.3 Due to a change in business function and operations, ATO propose to retain the accommodation and reduce the occupied footprint to approximately 10,000 square metres over six (6) floors with a small portion of the Ground floor retained.
- 1.2.4 This reduction in size and number of occupied floors coincides with a proposed upgrade and refurbishment of the base building services, which are nearing the end of their acceptable life cycle.
- 1.2.5 In return for the refurbishment works the Landlord will undertake at their cost, ATO propose to renew the lease over the refurbished premises for a further period of 10 years from 1 September 2016. The ATO will also take this opportunity to refurbish the fit-out on the occupied floors, improve floor densities and provide a better work environment for staff.
- 1.2.6 The building offers considerable operational savings through the implementation of increased energy efficient technologies, and maintaining a single site for ATO staff located in the Penrith CBD.

2. Need for the Works

2.1 Project Objectives

- 2.1.1 The general intent is for the ATO to retain the existing accommodation at 121-125 Henry Street, Penrith. ATO will reduce the size of the tenancy and consolidate accommodation by relinquishing whole floors of excess space on Ground and Levels 1 & 2. This approach will improve occupancy densities and upgrade the fit-out to meet current standards.
- 2.1.2 In addition, ATO will upgrade the fit-out on the remaining floors to modernise the standard of accommodation and to meet current legislative and efficiency standards. The building owner will undertake a substantial upgrade to the base building services and facilities to modernise the building.
- 2.1.3 The current lease expires on 7 December 2016. The ATO propose to renew the lease early under revised terms for a term of 10 years from 1 September 2016. The table below refers.

Table 1: ATO Penrith Lease Details

Property name/ address	Current		Proposed	
	Area (m ²)	Lease Expiry	Area (m ²)	Lease Expiry
121-125 Henry Street, Penrith	14,476	7 December 2016	10,000	31 August 2026
Total area	14,476		10,000	

- 2.1.4 Whilst the building currently meets the EGO policy of 4.5 star NABERS energy rating, the standard of accommodation and facilities is poor compared to modern accommodation. Once refurbished, the fully revamped premises and fit-out are targeted to exceed the minimum NABERS energy rating.
- 2.1.5 The objective to remain in the building enables the collocation of staff in the Penrith CBD, giving the ATO opportunity to implement more collaborative work practices, uniformity and more efficient use of the workspace. There will also be some administrative efficiencies given the smaller tenancy size.
- 2.1.6 The ATO fit-out works will be undertaken in a staged approach running independently to the base building refurbishment works. The ATO fit-out works are proposed to commence in July 2015 with an anticipated completion date of late March 2016.
- 2.1.7 Fit-out works will be undertaken two floors at a time with the Landlord to install an external elevator to transport material and contractors to the floors during construction. This is designed to minimise disruption to staff during construction

works. The base building upgrade works will start in March 2016 and be completed by September 2016.

2.1.8 The recommended proposal for this strategy meets the ATO accommodation guidelines, providing:

- (a) Modern, A-Grade office space for ATO staff, accommodating like-for-like staff numbers;
- (b) Reduced footprint reflecting change of business functions and future ATO accommodation requirements for the site;
- (c) Close proximity to public transport, being 150 metres from the Penrith train, bus and shopping centre hub;
- (d) Sound environmental credentials that meet the requirements set out in the EEGO policy;
- (e) Fit-out that meets Department of Finance density requirements;
- (f) Value for money, and a good financial outcome for the ATO;
- (g) Alignment with the endorsed ATO property strategies that recognise the long-term business need to maintain a presence in Penrith; and
- (h) A maintained skilled, settled workforce in the area to continue to provide business functionality and offer appropriate services to clients.

2.1.9 The ATO has committed to an ongoing business requirement to maintain a presence in Penrith. This proposal is considered the most cost effective and low risk solution available to the ATO.

2.2 Market Test

2.2.1 With an impending lease and given the age of the facility, ATO approached the market in early 2014 to provide sufficient time to assess suitable lease proposals for new and existing lease development opportunities that were available in the Penrith CBD.

2.2.2 After a lengthy assessment and evaluation process that was undertaken in line with Commonwealth Procurement Rules (CPRs), the procurement exercise was finalised in June 2014.

2.2.3 The preferred proposal being the retention of the existing facility with upgraded facilities, modernised base building services and the opportunity to relinquish accommodation to achieve ATO's future accommodation requirements.

2.3 Evaluation Process and Methodology

2.3.1 An Evaluation Committee (EC) was established to consider, in detail, final submissions and a methodology was designed to objectively assess the best option on a value for money basis.

2.3.2 The EC assessed all RFP's against essential criteria such as location, floor plate size, overall area, building quality, suitability for client operations, and indicative rental. EOI's failing to meet any of the essential criteria were excluded from further consideration.

2.3.3 The evaluation methodology of the RFP's considered:

- (a) A non-financial assessment of individual proposals that incorporated technical and non-technical matters (e.g. compliance to building specifications, building performance, efficiency of floor plate, commercial terms etc). This was evaluated on a scale of one to ten and weighted across the various categories, with ten being the best and one being the lowest;
- (b) A comparative assessment of the financial terms of each proposal on a Net Present Value (NPV) basis. The underlying assumptions for the NPV analysis were:
 - i. It was considered appropriate to review the options based on a 15 year lease as this seemed most appropriate operationally.
 - ii. Car Parking and storage were included in these requirements.
 - iii. NPV analysis only includes Lease payments, incentives and professional fees on fit-out and make good where required.

- iv. For NPV purposes, incentives were treated as cash inflows in the first year.
 - v. NPV calculations based on the Net Lettable Area (NLA) supplied in the proposals.
- (c) A best value for money assessment taking into consideration both financial and non-financial aspects detailed at (a) and (b) above.

2.4 Preferred Proponent

2.4.1 Following the RFP process, the EC recommended the Sandran proposal be selected as the preferred respondent for the 121-125 Henry Street submission. This proposal was considered the best value for money option and held significant advantage on a financial and non-financial basis with a higher score, including:

- (a) Current landlord with a good working relationship and understanding of the ATO's operational and business needs;
- (b) Best whole of life cost and low risk option;
- (c) The facility was purpose built for the ATO and retains the advantages of large floorplates that provide flexibility and functionality for future ATO business needs;
- (d) Opportunity to relinquish excess space through a managed refurbished and building upgrade consolidation program to deliver a modern ATO fit-out that meets current accommodation standards;
- (e) Joint agreement to upgraded facilities, improve building performance and infrastructure that will generate savings in running and energy, security and cleaning costs in the long term; and
- (f) The provision of a long-term solution for the ATO's property requirements for the next 10-20 years.

2.4.2 Other proposals were excluded for a range of reasons including:

- (a) comparative cost of the proposals;
- (b) technical response levels of the proposals;
- (c) compliance to legal documentation; and
- (d) compliance with ATO base building requirements.

2.5 Lease Negotiations for Preferred Proponent

2.5.1 Following the rigorous assessment process which identified 121-125 Henry Street as the option which provided the best value for money, the ATO Executive instructed DTZ to enter into negotiations with Sandran to negotiate suitable commercial terms that would be agreeable to both parties.

2.5.2 Consequently, agreement was reached for the provision of up to 10,000 square metres of office accommodation in the current site, with several floors surrendered

under the new deal. The appointment is subject to the gaining the necessary Government approvals, including Public Works Committee endorsement.

- 2.5.3 All financial aspects, including approval pursuant to [Public Governance, Performance and Accountability Act 2013](#) have been resolved. All commercial terms and conditions have been successfully negotiated and a Lease Agreement has been executed.

2.6 Proposed Outcome

- 2.6.1 The outcome from this approach will provide ATO with renewed and refurbished accommodation at the current site. The proposal enables ATO to surrender excess space and consolidate staff over a smaller footprint.
- 2.6.2 The building facilities, base building services and general amenity will be refurbished to provide a modern Grade A standard of accommodation commensurate with the standard of accommodation across the ATO property portfolio. The improvements to the base building services will further enhance the already environmental efficiency of the current premises.
- 2.6.3 The reduction in occupied floors and fit-out of the refurbished premises will enable ATO to further improve occupational densities that will likely exceed the Department of Finance's density targets for such accommodation.

2.7 Environmental Impact Assessment

- 2.7.1 The proposed building works will comply with and exceed the Commonwealth guidelines relating to energy efficient buildings and meet a 4.5 star NABERS rating and a 5 star Green Star rating. Fit-out of the building will also be designed to meet at least a 4.5 star NABERS rating.
- 2.7.2 The Green Lease Schedule applies and is attached at Annexure C.
- 2.7.3 Refurbishment of the site will:
- (a) have no significant impact on the natural or human environment;
 - (b) encourage improved utilisation of existing public facilities and transport infrastructure;
 - (c) make use of existing engineering services including water, sewerage and storm water in the area; and
 - (d) have a positive effect on the local economy via the creation of jobs during base building construction and fit-out works.

2.7.4 The following are specified in the building brief to minimise energy usage and operating costs without a reduction in accommodation standards:

- (a) The building will equal or exceed the required NABERS rating of 4.5 stars;
- (b) Floor plan layouts are configured to enhance the level of natural daylight into office floors;
- (c) The Building Management System will monitor and control lighting, mechanical services, energy, lifts and water supply;
- (d) High efficiency glazing is to be provided;
- (e) High efficiency low temperature VAV air conditioning technology;
- (f) Fluorescent lighting is to have electronic ballasts and high efficiency tubes;
- (g) Lighting is to be controlled by an electronic system to reduce energy use, especially in unoccupied areas and out-of-hours; and
- (h) Acoustic efficient levels that meet or exceed current standards.

2.7.5 Water usage reduction measures to be provided in the building refurbishment include:

- (a) Rain water collection and re-use;
- (b) Dual flush low volume cisterns for all toilets;
- (c) Flow restriction devices to be fitted to all fixtures; and
- (d) Auto flushing urinals.

2.7.6 The lessor's responsibility for ongoing environmental management of the building is specified in the lease.

2.7.7 Individual after-hours air-conditioning zones will be operated by push on/off buttons. This allows the system to provide only as much heating/cooling as required outside standard operating hours (7:00am to 7:00pm business days).

2.8 Heritage Considerations

2.8.1 There are no known heritage issues that are required to be addressed with this proposal.

2.8.2 The building will conform to the requirements of the Environmental Protection Biodiversity Conservation Amendment Act 2003.

2.9 Details of Organisations Consulted

2.9.1 A formal consultative approach has been adopted to provide expert advice in relation to various aspects of the project. The following agencies and businesses have been consulted to date:

- (a) Department of Finance;
- (b) Clayton Utz (Legal Services);
- (c) DTZ (Property Leasing, Project Management and Facilities Management);

- (d) PTID (Architects);
- (e) pvh (Architects);
- (f) Intelle (Services Engineers);
- (g) Corporate Scorecard; and
- (h) Donald Cant Watts Corke (Quantity Surveyors).

2.10 Amount of revenue, if any, derived from the project

2.10.1 The operating cost benefits from the reduction in occupied space, energy consumption and maintenance of aging fit-out will also contribute to the overall savings.

2.10.2 There is no direct revenue from this project.

3. Technical Information

3.1 Location

3.1.1 The ATO fit-out and base building upgrade plans are included at Annexure B.

3.2 Scope of work

3.2.1 The Landlord, as part of the incentive under the lease renewal provisions, will carry out a number of upgrades to the base building including:

- (a) Amenities upgrade;
- (b) Refurbished building façade;
- (c) Separated and secure ATO tenancy;
- (d) Lift upgrade;
- (e) Lift lobby upgrade;
- (f) Surrounding pavement upgrade;
- (g) Services upgrade;
- (h) Rainwater harvesting;
- (i) Solar panels to roof deck (option); and
- (j) Solar hot water services.

- 3.2.2 All refurbishment works undertaken by the Landlord will be carried out after hours ensuring no disruption to ATO staff.
- 3.2.3 The ATO will take the opportunity to refurbish and fit-out floors to improve floor densities and provide a better work environment for their staff.
- 3.2.4 The works to be undertaken by ATO are both architectural and service related, including:
- (a) Compliance with DDA legislation notwithstanding that the building is an existing structure constructed more than 20 years ago;
 - (b) Acoustic provisions will be made for workstations, offices and meeting room and breakout areas;
 - (c) Existing workstations will be replaced with 120 degree workstations under ATO's contract with their incumbent supplier;
 - (d) The existing computer room will be relocated to level 6; and
 - (e) Modifications to the mechanical services (fire, mechanical) will be required due to the reconfiguration of the floors including re cabling, rewiring, new power and Data.
- 3.2.5 Fit-out specifications are being developed in consultation with the relevant experts to ensure that all essential ATO and legislative requirements are met. Fit-out design and specification will meet the disabilities legislation both in respect of access for clients and staff including wheel chair access to the building and office areas, door widths and height, lift arrangements, parking, toilets and access to counter facilities.
- 3.2.6 The fit-out design is predominantly open plan with modular workstations supported by enhanced meeting capacity, breakout areas and support facilities. Wherever possible, offices and formal meeting areas will be located in the core of the building to maximise the use of natural light for the majority of staff. These offices and meeting areas are modular and fully interchangeable as business requirements dictate.
- (a) Tenant fit-out above base building will be undertaken to conform to the ATO's operational requirements including security. These include door hardware and electronic access control at the main entrances, other entrances, exits, vehicle access points and internal areas with higher than normal security needs;
 - (b) Supplementation of the base building fire services where required as a result of the fit-out works to ensure compliance with relevant codes. These services include additional exit lights, fire detection and sprinkler supplementation as necessary. Highly sensitive fire detection equipment will be installed in the computer rooms;
 - (c) Architectural designed office accommodation including construction of reception areas, a security alarm system, an electronic control system, general office fit-out and open plan work areas;

- (d) Standardised office sizes of:
 - 30 m²
 - 15 m²
- (e) Generic workstations;
- (f) Wherever possible, offices and meeting rooms to be constructed in the central cores so as not to limit natural light from external windows;
- (g) Breakout spaces, quiet rooms and casual meeting space;
- (h) Computer rooms built to specification;
- (i) Storage facilities;
- (j) Conference and training facilities;
- (k) First Aid rooms; and,
- (l) Amenities areas;
 - i. Kitchens;
 - ii. Showers and lockers; and
 - iii. Secure areas (to conform to ASIO T4).

3.2.7 Space allowances for individual work points will be reviewed as part of a full requirement analysis to bring the ATO standard workstation design to meet the requirements of the Department of Finance.

3.2.8 The fit-out will enable the ATO considerable flexibility to meet its ever-changing accommodation requirements. This will be achieved through:

- (a) Work points that can easily and quickly be reconfigured without disturbing productivity;
- (b) Maximising the use of open plan areas;
- (c) Ensuring the enclosed areas are capable of being altered easily to allow for future change, e.g. the utilisation of modular meeting room design so that 2 small meeting rooms will also satisfy the requirements of 1 medium meeting room with minimal additional building works;
- (d) Building services that are located to allow for repositioning of walls, work point layouts and accommodation changes in technology; and
- (e) A robust security system that protects ATO information, people, other assets and operations.

3.3 Zoning and approvals

- 3.3.1 Planning and development responsibility for the site rests with the Penrith City Council.
- 3.3.2 The Landlord has sought Development Approval for the works. This is currently with the Penrith City Council for approval.
- 3.3.3 Approval from other relevant authorities for works approval will be sought as required.
- 3.3.4 Fit-out of the building will be integrated with base building refurbishment and managed by Sandran. Provisions have been made for the cost of the fit-out in the ATO Budget in the 2014-15 and 2015-16 financial years. A recommendation to Parliament to proceed with the fit-out of the building is thereby sought from the Public Works Committee.

3.4 Land acquisition

- 3.4.1 The site is owned and controlled by Sandran Pty Ltd.

3.5 Codes and standards

- 3.5.1 The fit-out will comply with all statutory requirements including the Building Code of Australia (BCA), and the relevant Australian Standards. The ATO will ensure that all relevant codes and standards are included in design and building briefs, including the National Code of Practice for the Construction Industry, and the guidelines from the Office of the Federal Safety Commissioner.

3.6 Planning and design concept

- 3.6.1 The quality of building finishes and services shall be designed to a combination of Property Council of Australia "A" and "Premium" grade standards in accordance with the Property Council of Australia Office Quality Grade Matrix.
- 3.6.2 Security and Data Cabling advice from relevant security experts will be sought and incorporated into the design concept.
- 3.6.3 Carpet tiles will be fitted to general office areas. High quality ceramic tiles to the entry lobbies.
- 3.6.4 General engineering service installations will specifically address the following criteria:
 - (a) Proven reliability and performance;
 - (b) Ease of maintenance and replacement;
 - (c) Energy efficient;
 - (d) Environmental responsibility and cost effectiveness;

- (e) Flexibility for churn works; and
- (f) Minimum noise and vibration characteristics.

3.6.5 Work points will be based on individual modular workstations that preserve views and light penetration into the building. Work points will allow for the future installation and operation of new technologies. They significantly utilise the floor areas more effectively and provide opportunities for accommodating additional facilities such as open meeting areas and common spaces.

3.7 Mechanical Services

3.7.1 Mechanical Engineering Services will be based on the following principles:

- (a) Minimum noise and vibration characteristics;
- (b) Reasonable maintenance costs;
- (c) Proven design;
- (d) Reliability;
- (e) Durability;
- (f) Ease of maintenance without entry to tenant areas;
- (g) Ease of replacement;
- (h) Efficiency of operation; and
- (i) Environmentally sustainable principles.

3.7.2 The base building air conditioning system will be utilising low temperature VAV technology to provide high energy efficiencies.

3.8 Hydraulic Services

3.8.1 Hydraulic Engineering Service requirements will include the following provisions:

- (a) Domestic cold water reticulation serving all fixtures and required back flow prevention in each case;
- (b) Domestic hot water with energy efficient pre heat independent of the system serving the mechanical services installation;
- (c) Suspended sanitary drainage to all base building wet areas;
- (d) Branched metered valve connections for cold water supply at service core areas for tenant future connection;
- (e) Provisional sanitary drainage stacks on floor plate to service the net lettable area;
- (f) Metering of incoming water supplies;
- (g) Natural gas service for base building and retail tenant provision;
- (h) Trade waste drainage and grease arrestor for base building and retail tenant provision;
- (i) Harvested roof water reused for landscape irrigation;
- (j) Roof drainage; and

- (k) Water efficient tap ware and flushing devices.

3.9 Electrical

- 3.9.1 The electrical installation includes electrical supply, metering, distribution, lighting and special purpose power in compliance with Statute and Regulations.
- 3.9.2 The building will employ tenancy sub-metering; a highly efficient automated lighting system with provision for a diesel standby generator.
- 3.9.3 Category 6 data cabling will be utilised throughout the building.
- 3.9.4 Vertical power and data distribution is provided through riser ducts.

3.10 Lifts

- 3.10.1 The building is serviced by four passenger lifts and one stand-alone goods lift that will services all floors.
- 3.10.2 The basements will be serviced by one separate passenger shuttle lift and the goods lift.

3.11 Fire protection

- 3.11.1 The building brief requires provision of fire services in accordance with BCA and the requirements of the NSW Fire Brigade, including:
- (a) Fire protection, detection systems, smoke hazard management and fire egress travel distances in accordance with the Building Code of Australia (BCA) and AS1668 and AS2118.1;
 - (b) Fire suppression systems;
 - (c) Battery operated self-contained emergency lights and exit signs connected to a computerised automatic testing system. Coverage is to include toilets, plant rooms and switch rooms, the office area and car park;
 - (d) Emergency Warning and Intercommunication System complete with additions to cater for hearing impaired requirements;
 - (e) Extinguishers, fire blankets;
 - (f) External and internal hydrant system;
 - (g) Internal fire hose reel system; and
 - (h) Ancillary alarm outputs to various building sub systems.

3.12 Security

- 3.12.1 A security risk assessment will be conducted during the refurbishment. A security design brief will be developed by a SCEC Approved Security Consultant. The building fit-out will incorporate the ATO's security requirements. All staff are provided with security passes which will interface with electronic proximity card readers at

specified locations at the perimeter of the premises to control access. Electronic access control points include:

- (a) Vehicle and pushbike access to the parking areas;
- (b) Loading area and after-hours access doors; and
- (c) Entry to the building through security racers.

3.12.2 Internal areas with higher than normal security requirements will also have proximity card readers installed at the entrance doors to restrict access to authorised staff only.

3.12.3 A security desk will be located in the foyer of the building and staff will be required to sign in and escort visitors.

3.12.4 The ATO will continue to consult appropriate security experts with regard to the development of additional security requirements for the building.

3.13 Acoustics

3.13.1 The refurbishment incorporates measures to reduce noise in the work environment including insulated glazed external windows, acoustic ceiling tiles in offices and meeting rooms, fabric panelling and carpeted floors. Attention will also be paid to air-conditioning detailing to reduce noise from moving air and mechanical plant.

3.13.2 Acoustic performance criteria has been incorporated into the fit-out brief to ensure adequate noise insulation between offices, meeting rooms, training rooms and other works spaces.

3.13.3 Design criteria and building performance for ambient noise ratings shall be in accordance with the requirements and recommendations of AS1055 Acoustics.

3.14 Landscaping & Other Civil Works

3.14.1 Landscaping surrounding the works will meet Authority standards for aesthetics and crime prevention, including vandal resistant lighting and finishes where possible.

3.15 Provisions for People with Disabilities

3.15.1 The Landlord is required under current legislation to upgrade the base building facilities, or provide suitable alternate solutions, to assist people with disabilities. The requirements address:

- (a) the building shall be designed to comply with AS1428.2 and comply with the mandatory provisions of the Building Code of Australia;
- (b) provision of disabled parking for staff;
- (c) access for disabled toilet areas for the office will be provided in accordance with the following:

- **AS 1428.1-2001** Design for access and mobility - General requirements for access - New building work.
 - **AS 1428.2-1992** Design for access and mobility - Enhanced and additional requirements - Buildings and facilities.
 - **AS 1428.3-1992** Design for access and mobility - Requirements for children and adolescents with physical disabilities.
 - **AS 1428.4 – 2002** External landscaping and layout to ensure wheelchair access is available to main entry.
- suitable access to the building; and
 - all lifts to be accessible and provide facilities in accordance with relevant Australian Standards, including AS1735.12 and AS 1428.

3.15.2 Lifts, access ways, doorways and accessible toilets and showers will be designed to comply with Australian Standards and the Building Code of Australia.

3.16 Child-Care Provisions

3.16.1 It is not proposed to provide any child care facilities in the accommodation. It is worth noting there are a number of registered childcare facilities in the precinct and in vicinity of the building.

3.17 Workplace health and safety

3.17.1 The ATO project team will work closely with recognised Workplace Health and Safety consultants to advise on the Design and Construction of the new fit-out. Further the ATO will work closely with its Property Service Provider, DTZ to ensure that the fit-out design complies with the relevant codes.

3.17.2 Additionally, through DTZ the relevant consultants and architects will assist in the selection of internal furniture and fittings including adjustable desks, shelving, work tables and compactus units to ensure they are suitable for a wide range of staff to use safely and with minimised risk of injury.

3.17.3 Characteristics of the proposed work space will be:

- (a) Modular work points that provide functional support, storage and a level of privacy;
- (b) Low profile to preserve views;
- (c) Feeling of light, airy, healthy openness; and
- (d) Capacity for visual variation.

3.17.4 The design, materials and finishes used in the furniture and fit-out construction will take into account Workplace Health and Safety (WH&S) aspects and avoid sharp edges, furniture legs which cause obstructions and highly reflective surfaces.

3.17.5 All contractors and sub-contractors shall comply with WH&S legislation appropriate to the building site.

3.17.6 A design review of the base building will be completed to ensure any potential risks to users, occupants and maintenance personnel are not exposed to potential work place injury.

3.17.7 Lighting and window treatments are specified to reduce glare and provide appropriate lighting levels for the tasks being performed together with preserving natural light and views.

3.18 Consultation

3.18.1 The ATO has adopted a number of communication strategies for internal and external consultation. This includes direct consultation with representatives from the various functional areas of the office and by staff bulletins. The ATO will also continue to conduct formal consultation with managers and staff. This strategy incorporates:

- (a) Briefings for managers and staff;
- (b) Briefings for staff representatives and unions;
- (c) Work area involvement in the development of the requirements;
- (d) The display of a prototype work area so that all staff can familiarise themselves and raise questions about the proposed fit-out;
- (e) Information sessions for staff through site consultation group;
- (f) Establishing a joint reference group with the Project Leaders to provide advice on more significant specialist aspects of the project; and
- (g) All staff e-mails and dedicated intranet website reporting.

3.19 Local Impact, eg Employment

3.19.1 There is not expected to be any significant impact on the local community, as the building is existing and there are no significant changes proposed to the nature and/or use of the building.

3.19.2 The project is however expected have a positive effect on the local economy via creation of jobs during the refurbishment and fit-out construction.

3.20 Project Costs

3.20.1 A budget of \$19.6 million (excluding GST) has been established for the tenant fit-out based on the ATO's cost estimates and confirmed by the consulting quantity surveyor, Donald Cant Watts Corke. This cost estimate includes contingency, project

management, design, trade packages and documentation. The estimate excludes the pre-fit-out works the Landlord will undertake as part of the base building refurbishment.

3.20.2 The estimated cost of the works equates to a rate of approximately \$1,960 per square metre. This is considered to be within the medium range of industry standards for new fit-outs.

3.20.3 Funding for the project will come from within the existing departmental Budget.

3.20.4 A breakdown of the project cost estimate is detailed in Annexure A – Submission 1.1.

3.21 Project Delivery Methodology

3.21.1 The ATO has engaged an independent Principal Design Consultant to complete concept designs. The design services are then novated to the Landlord to complete the detailed design documentation, tender drawings and construction drawings. Tenders are called for each trades with the ATO engaged QS reviewing the costings to ensure all costs are within current market rates.

3.21.2 An integrated fit-out is expected to provide the ATO with the following benefits:

- (a) Costs will be less because the fit-out-related work will be done at the same time as the base building refurbishment work and hence there is less need for re-work in modifying the base building to accommodate the fit-out after the base building is completed;
- (b) Time will be saved because the ATO does not have to wait until the base building refurbishment is completed before the fit-out works commence;
- (c) Coordination is easier because the same project team manages all aspects of the work, including work for the building owner and the ATO. There are fewer over-laps in responsibilities and less potential for disputes over matters such as interference; and
- (d) There is less duplication of resources with one team of design, supervision and management personnel for both aspects of the work.

3.21.3 The ATO has engaged its own Project Manager through DTZ to ensure its interests are protected throughout the process.

3.21.4 On behalf of the ATO, DTZ will engage an Architect for the fit-out component of the project, and will novate this provider to the builder for the remainder of the project at Concept Design approval stage.

3.21.5 On behalf of the ATO, DTZ will engage a Quantity Surveyor and Services Engineers for peer reviews to ensure the ATO's interests are protected throughout the process.

3.22 Construction Program

3.22.1 The ATO fit-out design and procurement will be undertaken in stages running independently to the base building refurbishment works. Practical completions will be achieved for various stages as follows:

- Fit-out Concept Design January 2015
- Fit-out Detail Design May 2015
(subject to PWC approval)
- Procurement Phase June/July2015

3.22.2 The ATO Fit-out Construction Phase will occur in stages as follows:

- Stage 1 (Lvl 7 & 8 including stairs) 8 October 2015
- Stage 2 (Lvl 5 & 6 including stairs) 6 January 2016
- Stage 3 (Lvl 3 & 4, plus stairs & Ground) 29 March 2016

3.22.3 The base building upgrade works will commence 30 March 2016 and be completed by 14th September 2016.

3.22.4 The brief for the ATO's Project Manager places a high priority on monitoring the program to ensure that any potential program delay is identified at an early stage so that it doesn't impact on the completion date.

3.23 The Lease Agreement contains the necessary provision and risk mitigation strategies to protect ATO's interest in the event delays occur with the achievement of practical completion.

3.24 Sketch Designs

3.24.1 The site plan and floor plans are attached at Annexure B.

Annexure B – Site Plan & Indicative Floor Plan

Schedule 2 - Site Plan

Annexure C – Draft National Green Lease Schedule from the Deed of Agreement

Please note the Draft Green Lease Schedule has been provided herein. The final version will be executed at the conclusion of the works and in conjunction with the execution of the Lease Agreement.



Australian Government
**Department of Climate Change
and Energy Efficiency**

GREEN LEASE SCHEDULE

SCHEDULE B2

EDITION 1 REVISION 1

FOR USE IN A NET LEASE WHERE THE PREMISES ARE 2,000 SQUARE METRES OR MORE
AND THE TENANT OCCUPIES 50% TO 99% OF THE BUILDING



Australian Government
**Department of Climate Change
and Energy Efficiency**



Australian Government Solicitor

Precedent template prepared by the Australian Government Solicitor

More information regarding the Green Lease Schedules can be obtained from
<http://www.climatechange.gov.au/government/initiatives/EEGO:ASPX>

Note on use of Green Lease Schedule

This Green Lease Schedule (GLS) is a general template for use in lease transactions involving Australian Government agencies or bodies. It does not replace the need to fully consider the implications of the base lease clauses and the GLS and the need to check the interaction of the base lease with the GLS to ensure consistency and compatibility and to give efficacy to the particular circumstances and the requirements of individual transactions. Apart from use by GLS participants (being the Commonwealth of Australia including departments, agencies, statutory bodies and corporations of the Commonwealth) or for educational purposes the GLS should not be reproduced in whole or in part without permission.

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GREEN LEASE SCHEDULE

This Green Lease Schedule applies where the rent is net, the net lettable area of the Premises is 2,000 square metres or more and where the Tenant occupies 50% to 99% of the net lettable area of the Building.

PART 1 - INTRODUCTION

1. Context

1.1. Background

- A. This Green Lease Schedule is incorporated into and forms part of the Lease.
- B. The Green Lease Schedule reflects the Parties' desire to improve and be accountable for energy efficiency in the Premises and the Building wherever possible. It is part of the wider policy of the Commonwealth of Australia reflected in the Australian Government Operations Energy Efficiency Policy to reduce the environmental impact of Government operations, and by so doing, lead the community by example.
- C. As part of the Parties' commitment to improve energy efficiency the Landlord and the Tenant wish to promote the reduction of greenhouse emission and ensure the environmental sustainability of the Building resources by implementing the measures in this Green Lease Schedule.
- D. The parties have agreed that they will act in good faith and take a co-operative attitude to issues arising under the Green Lease Schedule.

1.2. Interpretation and Operational Provisions

- 1.2.1. In this Green Lease Schedule unless the contrary intention appears:

NABERS Energy Rating	means a rating relating to energy for offices certified by an Accredited Assessor under NABERS
NABERS	means the National Australian Built Environment Rating System (including any system or scheme updating or replacing it from time to time) administered by the Department of Environment, Climate Change and Water, acting for and on behalf of the Crown in right of the State of New South Wales, (or by any successor or other body administering NABERS from time to time) in the form in which it applies at the Commencement Date ^or insert other date which fixes the version of NABERS applicable for term of the lease^

Accredited Assessor	means an Accredited Assessor under NABERS who is independent of both Parties
Accredited Rating Certificate	means a certificate issued by the NABERS National Administrator evidencing a NABERS Energy Rating
Adjusted NABERS Energy Rating	means a NABERS Energy Rating determined by the Expert in accordance with clause 9.2.2 and being an adjustment to the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating or both
Australian Government Operations Energy Efficiency Policy	means the Policy entitled "Energy Efficiency in Government Operations" as amended from time to time
Building	means the building in which the Premises are located as described in the Lease and includes the Premises
Building Management Committee	means the Building Management Committee established under Part 2 of this Green Lease Schedule which comprises the Tenant's Energy Representative and the Landlord's Energy Representative from time to time
Commencement Date	means the commencement date of the Lease
day	means calendar day
Energy Intensity	means megajoules of energy consumed per square metre of the net lettable area of the Building or the Premises (as the case may be)
Energy Intensity Improvements	means any act, matter or thing which has the effect of reducing Energy Intensity (as expressed in megajoules) or which will result in the NABERS Energy Rating (on a base building rating basis) being higher than the Target NABERS Energy Rating and/or the NABERS Energy Rating (on a tenancy basis) being higher than the Tenancy NABERS Rating
Energy Management Plan	means the plan developed under clause 6 of this Green Lease Schedule
Expert	means an expert who is appointed in accordance with clause 10 of this Green Lease Schedule
Green Lease Schedule	means this Schedule and includes any attachments to this Green Lease Schedule

Improved NABERS Energy Rating	means a rating under NABERS which is a. higher than the Target NABERS Energy Rating, or b. higher than the Tenancy NABERS Energy Rating
Landlord	means the Party described as Landlord or Lessor or other equivalent word under the Lease
Landlord's Energy Representative	means the person appointed by the Landlord and notified to the Tenant under clause 3.1.6
Lease	means the lease for the Premises made between the Parties
Major Refurbishment	means any refurbishment, renovation or restoration involving any replacement, upgrade or repair of a material nature which involves the base building services and which affects the base building services in or servicing 50% or more of a. the net lettable area of the Premises, or b. the net lettable area of the Building, or c. the common areas
month	means calendar month
NABERS National Administrator	means the national administrator from time to time under NABERS
Outgoings	means all those costs or expenses payable by the Tenant under the Lease other than the Rent
Outgoings Provisions	means the terms and conditions of the Lease requiring the Tenant to pay or reimburse the Landlord in respect of the Outgoings
Parties	means the parties to the Lease
Premises	means the premises leased to the Tenant under the Lease and as described in the Lease
Remedial Notice	means a notice given under clause 9 by a Party where the other Party has breached an obligation under the Green Lease Schedule
Remedial Plan	means a plan agreed or determined under clause 9
Rent	means the net rent or rental as defined in the Lease but does not include any payment of or contribution to Outgoings or other payments for which the Tenant is responsible under the Lease
Requirements	means the common law, all statutes, ordinances and

	by-laws and any requirement, notice, order or direction of a competent authority
Target NABERS Energy Rating	means a 5 star base building NABERS Energy Rating certified by an Accredited Assessor under NABERS
Tenancy NABERS Energy Rating	means a 5 star tenancy NABERS Energy Rating certified by an Accredited Assessor under NABERS
Tenant	means the Party described as Tenant or Lessee or other equivalent word under the Lease
Tenant's Energy Representative	means the person appointed by the Tenant and notified to the Landlord under clause 3.1.6
Working Day	means a day other than a Saturday, Sunday or public holiday in the state or territory where the Premises are located

- 1.2.2. The singular includes the plural and vice versa.
- 1.2.3. Unless otherwise provided references to clauses are a reference to clauses of this Green Lease Schedule.
- 1.2.4. Unless otherwise defined or provided for in this Green Lease Schedule words and phrases used in this Green Lease Schedule will have the meaning ascribed to them in the Lease.
- 1.2.5. Unless the context otherwise requires the phrase "Lease term" or "term of the Lease" will be interpreted to include any renewal or extension of or overholding under the Lease.
- 1.2.6. Reference to a right includes a remedy, authority or power.
- 1.2.7. Headings are for convenience only and do not form part of this Green Lease Schedule or affect its interpretation.
- 1.2.8. As far as possible all provisions must be construed so as not to be invalid, illegal or unenforceable.
- 1.2.9. If anything in this Green Lease Schedule is unenforceable, illegal or void then it is severed and the rest of this Green Lease Schedule remains in force.
- 1.2.10. If a provision cannot be read down, that provision will be void and severable
- 1.2.11. Words of inclusion are not words of limitation.
- 1.2.12. No rule of construction will apply to disadvantage a Party on the basis that it put forward this Green Lease Schedule.
- 1.2.13. Reference to a thing is a reference to all or part of that thing.
- 1.2.14. Unless the context requires or is otherwise stated in this Green Lease Schedule a Party's obligations under this Green Lease Schedule:
- a. will be performed at its cost;

- b. will be performed throughout the term of the Lease;
- c. where the cost is incurred by the Landlord must not be passed on directly or indirectly to the Tenant including by way of reliance on the Outgoings Provisions; and
- d. where the cost is incurred by the Tenant must not be passed on directly or indirectly to the Landlord.

1.2.15. Unless otherwise stated, if a Party's consent or approval is required under this Green Lease Schedule:

- a. the requested Party will consider and respond to the request promptly;
- b. the consent or approval will not be unreasonably withheld;
- c. the requested Party may require the requesting Party to comply with reasonable conditions before giving its consent provided that
 - i. the requested Party is not entitled to require the requesting Party to pay its costs in connection with the request; and
 - ii. if the requested Party is the Landlord it will not pass on any cost incurred in connection with the request or consent directly or indirectly to the Tenant including by way of reliance upon the Outgoings Provisions; and
 - iii. if the requested Party is the Tenant it will not pass on any cost incurred in connection with the request or consent directly or indirectly to the Landlord; and
 - iv. all reasonable conditions accompanying or otherwise related to the consent or approval must be in writing.
- d. the consent or approval is not effective unless in writing.

1.2.16. If any conflict arises between the terms and conditions contained in the Lease and any clauses or parts of the clauses of the Green Lease Schedule, then unless the terms and conditions contained in the Lease expressly provide that they prevail over the Green Lease Schedule, the clauses (or the relevant parts of the clauses) of the Green Lease Schedule prevail to the extent necessary to resolve the conflict

1.2.17. If any conflict arises between any part of the Green Lease Schedule and any part of an attachment to it, the part of the Green Lease Schedule which does not comprise an attachment prevails.

1.2.18. A reference to the Green Lease Schedule or any provision of it includes the Green Lease Schedule or any of its provisions as amended or replaced from time to time by agreement in writing between the parties.

2. Green Lease Schedule forms Part of Lease

2.1. Green Lease Schedule incorporated into Lease

2.1.1. This Green Lease Schedule is incorporated into and forms part of the Lease.

PART 2 - BUILDING MANAGEMENT COMMITTEE

3. Building Management Committee

3.1. Building Management Committee

3.1.1. Within 10 Working Days of the Commencement Date the Landlord and the Tenant will establish the Building Management Committee which will operate for the term of the Lease.

3.1.2. The Building Management Committee will comprise the Landlord's Energy Representative and the Tenant's Energy Representative as notified under clause 3.1.6.

3.1.3. The Landlord's Energy Representative and the Tenant's Energy Representative do not need to be accredited experts or hold specialist qualifications but will have the competence and the authority of the respective Parties to

- a. properly and effectively administer the respective obligations of the Landlord's Energy Representative and the Tenant's Energy Representative as they relate to the Building Management Committee;
- b. make decisions on behalf of the relevant Party in relation to the Building Management Committee's functions and responsibilities;
- c. issue information and notices and communicate on behalf of the relevant Party in relation to the Building Management Committee; and
- d. take action on behalf of the relevant Party to facilitate performance of the Building Management Committee's functions and responsibilities.

3.1.4. For the avoidance of doubt, the Parties agree that the role of the Building Management Committee is one of discussion, consultation and recommendation. The Landlord's Energy Representative and the Tenant's Energy Representative are not entitled to exercise any legal rights or remedies of the Parties under this Green Lease Schedule including, but not limited to:

- a. any approval or variation of the Energy Management Plan;
- b. any alteration to the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating;
- c. enforcing the rights and remedies of the relevant Party;
- d. binding the relevant Party to doing or refraining from doing anything;
- e. engaging in any remedial action under clause 9 of this Green Lease Schedule, including issuing a Remedial Notice or agreeing a Remedial Plan; or
- f. determining the position of a Party in relation to any difference or dispute which may arise under this Green Lease Schedule.

- 3.1.5. Nothing in clause 3.1.3 is to be construed as entitling the persons performing the role of the Tenant's Energy Representative and the Landlord's Energy Representative to bind the respective Parties unless those persons
- a. are also the nominated representatives of the respective Parties under the Lease in a capacity other than as the Landlord's Energy Representative and the Tenant's Energy Representative; and
 - b. are empowered to bind the respective Parties by virtue of other provisions of the Lease.
- 3.1.6. Each Party will notify
- a. the other Party within 10 Working Days of the Commencement Date of the name and contact details of the Landlord's Energy Representative and the Tenant's Energy Representative; and
 - b. the other Party of the name and contact details of any replacement of the Landlord's Energy Representative or the Tenant's Energy Representative from time to time.
- 3.1.7. The Building Management Committee will meet quarterly or as otherwise recommended by the Landlord's Energy Representative and the Tenant's Energy Representative and approved by both Parties for the purposes of addressing any matters or issues which arise under the Green Lease Schedule. A preliminary protocol for the Building Management Committee appears at Annexure A and this will apply until it is otherwise varied by agreement between the Landlord's Energy Representative and the Tenant's Energy Representative.
- 3.1.8. The Building Management Committee will produce and maintain for the term of the Lease, written minutes of each meeting which will be approved and signed by the Landlord's Energy Representation and the Tenant's Energy Representative within 10 Working Days of each meeting.
- 3.1.9. The Parties agree that it is essential to maintain all information, including energy data for the Premises and Building (which for the avoidance of doubt includes the base building services), plans, documents, maintenance contracts, specifications, maintenance reports and maintenance schedules necessary to:
- a. enable an Accredited Assessor to assess, report on and authorise the issuing of:
 - i. an Accredited Rating Certificate for the Target NABERS Energy Rating; and
 - ii. an Accredited Rating Certificate for the Tenancy NABERS Energy Rating certificate; and
 - b. as far as reasonably practicable, enable a Expert appointed under clause 10 of this Green Lease Schedule to carry out any and all of his functions

and obligations in accordance with the terms of this Green Lease Schedule;
and

- c. establish the extent of compliance by the Landlord and the Tenant with their respective obligations under this Green Lease Schedule.

3.1.10. The Landlord and the Tenant:

- a. will be aware of and approve the location for the storage of the reports and other information held by the Building Management Committee;
- b. will take all necessary steps to ensure the security of those reports and information; and
- c. will keep the reports and information confidential except to extent necessary:
 - i. to comply with a Requirement, Commonwealth policy or Commonwealth direction (including the direction of a Minister or any officer or employee with appropriate authority of a relevant Commonwealth department, agency, corporation or other Commonwealth body);
 - ii. to enable the Parties to perform their roles and obligations under the Lease; or
 - iii. to enable an Expert to exercise his powers and perform his role and obligations under this Green Lease Schedule.

3.1.11. The Landlord and Tenant will provide to the Building Management Committee and give the Building Management Committee unfettered access to the information required by clause 3.1.9 which they hold or should hold according to their respective roles and responsibilities under the Lease (including this Green Lease Schedule). This clause does not require the Parties to disclose information which would otherwise be confidential. In the case of the Tenant this clause also does not require the Tenant to disclose information which is not to be disclosed because of a Requirement, Commonwealth policy or Commonwealth direction (including the direction of a Minister or any officer or employee with appropriate authority of a relevant Commonwealth department, agency, corporation or other Commonwealth body).

3.1.12. The Parties will provide to the Building Management Committee the information pertaining to their respective obligations under this Green Lease Schedule as required by clause 3.1.9 to the extent that it is practicable for each Party to do so. This clause does not require the Parties to disclose information which would otherwise be confidential. In the case of the Tenant this clause also does not require the Tenant to disclose information which is not to be disclosed because of a Requirement, Commonwealth policy or Commonwealth direction (including the direction of a Minister or any officer or employee with appropriate authority of a relevant Commonwealth department, agency, corporation or other Commonwealth body).

- 3.1.13. The Parties will provide copies of all reports required by this Green Lease Schedule to the Building Management Committee. An indicative list of the reports typically required to be provided to the Building Management Committee is included in the Building Management Committee Protocol annexed to this Green Lease Schedule at Annexure A.
- 3.1.14. In addition to the specific functions specified in this Green Lease Schedule, the Building Management Committee may act as a vehicle for considering Energy Intensity Improvements and consultation on other issues arising from this Green Lease Schedule, and for proposing recommendations and solutions to the Parties on matters arising from or relevant to this Green Lease Schedule.
- 3.1.15. The Landlord and the Tenant will bear their own costs in connection with the establishment and operation of the Building Management Committee and will not pass on to each other directly or indirectly the costs for which they are each responsible under this clause 3.1.15 including in the case of the Landlord by way of reliance on the Outgoings Provisions.

PART 3 - GREEN LEASE PERFORMANCE

4. National Australian Building Environment Rating System

4.1. NABERS Rating

4.1.1. The Parties agree that:

- a. the Landlord will ensure that the Target NABERS Energy Rating is achieved within 3 months of the first anniversary of the Commencement Date and maintained for the term of the Lease; and
- b. subject to the Landlord complying with its obligations under the Lease (including this Green Lease Schedule) and to the Tenant's obligations and rights under the Lease (including this Green Lease Schedule), the Tenant will achieve the Tenancy NABERS Energy Rating within 3 months of the first anniversary of the Commencement Date and maintain it for the term of the Lease.

4.1.2. Within 3 months of each anniversary of the Commencement Date occurring during the term of the Lease the Landlord will deliver to the Tenant an Accredited Rating Certificate evidencing achievement of the Target NABERS Energy Rating.

4.1.3. Within 3 months of each anniversary of the Commencement Date occurring during the term of the Lease the Tenant will deliver to the Landlord an Accredited Rating Certificate evidencing achievement of the Tenancy NABERS Energy Rating.

Audit

4.1.4. If a Party:

- a. reasonably considers that there are circumstances which warrant the other Party providing evidence of the other Party's compliance with its obligations relating to or impacting on the achievement and maintenance of the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating (as the case may be); and
- b. requests the other Party in writing to provide this evidence

then the other Party will provide the evidence sought within 20 Working Days of the requesting Party's request (or within such other period agreed by the Parties). This clause 4.1.4 does not limit any other rights of the Parties relating to any failure of either Party to comply with its obligations under this Green Lease Schedule.

- 4.1.5. If the information provided under clause 4.1.4 demonstrates that there is a genuine possibility that the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating (as the case may be) will not be achieved or maintained, or if the relevant Party fails to supply the evidence sought within the time required by clause 4.1.4, then either Party may request an audit of the Energy Intensity of the Building.
- 4.1.6. The audit under clause 4.1.5 may not be requested more than once every 12 months and the Party requesting the audit will act reasonably and in good faith in making the request.
- 4.1.7. The audit under clause 4.1.5 will be undertaken by an Expert and the request for appointment of the Expert will be made by the Party requesting the audit..
- 4.1.8. The Expert:
 - a. will identify any non compliance with the requirements necessary for the achievement or maintaining of the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating by either Party, having regard to their respective obligations under the Lease (including this Green Lease Schedule);
 - b. advise who or what is responsible for the non compliance;
 - c. advise what needs to be done to rectify non compliance;
 - d. advise which Party is responsible for rectifying non compliance and who will bear the costs of rectification (or if both the Landlord and the Tenant in what proportions); and
 - e. if a Party is responsible for non compliance, will determine the costs (if any) which that Party is to reimburse to the other Party in respect of any additional costs incurred by the other party as a result of the non compliance.
- 4.1.9. The conclusions of the Expert under clause 4.1.8 will be final and binding on the Parties.

- 4.1.10. The cost of the audit is to be shared equally between the Parties or as determined by the Expert.
- 4.1.11. If the Expert determines that a Party is responsible for non compliance then:
- a. that Party will rectify the non compliance within the time specified by the Expert;
 - b. if costs are payable under clause 4.1.8.e the relevant Party will pay the cost determined within 30 days of receiving the Expert's written notice of determination; and
 - c. if the Party responsible for the non compliance is the Landlord, the Landlord will not seek to obtain reimbursement of the costs payable under clause 4.1.8.e from the Tenant directly or indirectly including by way of reliance on the Outgoings Provisions.

Improved NABERS Energy Rating

- 4.1.12. The Parties agree that:
- a. not later than 3 months after each anniversary of the Commencement Date; and
 - b. on any Major Refurbishment occurring during the term of the Lease
- the Parties will meet and will consider in a reasonable and cooperative manner whether an Improved NABERS Energy Rating can be achieved which is consistent with the Australian Government Operation Energy Efficiency Policy targets for new leases and Major Refurbishments applicable at that time.
- 4.1.13. If the Parties agree in writing under clause 4.1.12 that an Improved NABERS Energy Rating is to be achieved, the Parties will take the relevant steps within their respective areas of responsibility to ensure that the Building and/or the Premises satisfies the Improved NABERS Energy Rating requirements, and that a new Accredited Rating Certificate evidencing the Improved NABERS Energy Rating is issued.
- 4.1.14. The Improved NABERS Energy Rating will apply from the date agreed by the Parties in writing.
- 4.1.15. On and from the date referred to in clause 4.1.14 the Improved NABERS Energy Rating, as it applies to the Landlord or the Tenant, or to both (as the case may be) will be treated as the Target NABERS Energy Rating or the Tenant's NABERS Energy Rating (as the case requires) and this Green Lease Schedule will be deemed to be varied to reflect the Improved NABERS Energy Rating.

5. Energy Intensity Provisions

5.1. Improvements and Maintenance

- 5.1.1. For the purposes of this clause:

- a. **Responsible Party** means the Party who is obliged under the Lease to operate, repair and maintain the Building services or any part of them; and
- b. the obligations of the Responsible Party under this clause will apply only to the extent that it is obliged under the Lease to operate, repair and maintain the Building services or any part of them, and only in respect of those services.

5.1.2. The Responsible Party will ensure that all maintenance contracts for the Building services include:

- a. requirements that the Building services must perform in a way which will not hinder the Target NABERS Energy Rating (and where appropriate the Tenancy NABERS Energy Rating) from being achieved and maintained including that energy consumption of the base building services does not exceed that required to meet the Target NABERS Energy Rating);
- b. reasonable warranties by the contractor and supplier which support the Responsible Party's obligations and which do not have the effect of hindering the ability of the Tenant to maintain the Tenancy NABERS Energy Rating and the ability of the Landlord to maintain the Target NABERS Energy Rating;
- c. a requirement that maintenance contractors at all times maintain and provide to the Responsible Party manuals and other information relevant to the maintenance and performance of the Building services; and
- d. a requirement that on any change of contractor the outgoing contractor must assign to the Responsible Party all warranties (which have not already been assigned to the Responsible Party) relating to the Building services and provide all manuals and other information relevant to the maintenance and performance of the Building services to the incoming contractor and/or to the Responsible Party.

5.1.3. If at the Commencement Date the Responsible Party demonstrates to the other Party:

- a. that it already has in place maintenance contracts which do not comply with clause 5.1.2 (Non Compliant Contracts); and
- b. that is not feasible for it to amend the Non Compliant Contracts so that they comply with clause 5.1.2 (taking into account the remainder of the term of the relevant Non Compliant Contracts and the costs associated with seeking to amend them)

then the Responsible Party is relieved of its obligations under clause 5.1.2 (but only to the extent that the Non Compliant Contracts do not comply). Once the Non Compliant Contracts have expired the Responsible Party will ensure that any new maintenance contracts or any extension or renewal of the Non Compliant Contracts comply with clause 5.1.2.

5.1.4. The Responsible Party:

- a. within 3 months after each anniversary of the Commencement Date; or
 - b. at other times within 10 Working Days of a request by the requesting Party
- will produce to the requesting Party copies of all maintenance contracts in place for the Building services including evidence of compliance with clause 5.1.2. In the case of the Tenant this clause does not require the Tenant to disclose information which is confidential or which is not to be disclosed because of a Requirement, Commonwealth policy or Commonwealth direction (including the direction of a Minister or any officer or employee with appropriate authority of a relevant Commonwealth department, agency, corporation or other Commonwealth body).

5.1.5. The Parties will not pass on to the each other any costs (directly or indirectly) incurred by them in performance of this clause 5 and if the Responsible Party is the Landlord including by way of reliance on the Outgoings Provisions.

5.2. Energy Data Reports

5.2.1. By the 10th Working Day after the end of each quarter occurring during the term of the Lease the Landlord will provide to the Tenant quarterly energy data information (which show consumption data and cost) for the Building and common areas.

5.2.2. By the 10th Working Day after the end of each quarter occurring during the term of the Lease the Tenant will provide to the Landlord quarterly energy data information (which show consumption data and cost) for the Premises.

5.2.3. The energy data information required by this clause will be in a form agreed by the Parties and if the Parties do not agree then the form will be determined by an Expert appointed under clause 10.

6. Energy Management Plan

6.1. Energy Management Plan Development and Implementation

6.1.1. Without limiting any other obligation of the Parties the following provisions apply to the development and implementation of an Energy Management Plan.

6.1.2. Within 3 months of the Commencement Date the Landlord and Tenant will use their best endeavours to agree on and sign an Energy Management Plan which will support the achievement of the requirements and objectives of the Australian Government Operations Energy Efficiency Policy at the time and this Green Lease Schedule.

6.1.3. The Energy Management Plan will be consistent with the terms and conditions of this Green Lease Schedule and as a minimum will include (but need not be limited to)

- a. the strategies to be employed by the Landlord in achieving and maintaining the Target NABERS Energy Rating through the term of the Lease;

- b. the strategies for maintaining and upgrading the Building (including services, systems, plant and equipment) so as to effectively manage the Energy Intensity of the Building and achieve Energy Intensity Improvements in the Building;
 - c. the strategies to be employed by the Tenant in maintaining the Target NABERS Energy Rating for the term of the Lease.
- 6.1.4. The Parties acknowledge that the Energy Management Plan is an important tool for achieving the objectives of this Green Lease Schedule and to this end the Parties will use their best endeavours to agree the Energy Management Plan. If the Parties are unable to agree on any component of the Energy Management Plan in time for it to be signed within 3 months of the Commencement Date they agree that either or both may refer the issue (or the entire Energy Management Plan if the Parties have not agreed any of it) for determination under clause 10.
- 6.1.5. Subject to 6.1.7 the Energy Management Plan applies from the date it is signed by the Parties.
- 6.1.6. The Parties will not unreasonably delay the signing of the Energy Management Plan. If any component of the Energy Management Plan has not been agreed or has been referred for determination under clause 10 and the issue has not been agreed or determined within 3 months of the Commencement Date the Parties agree to sign the Energy Management Plan so that it contains the agreed components and to vary it in writing once any outstanding component has been agreed or determined.
- 6.1.7. A sample Energy Management Plan appears at Annexure B and if the Energy Management Plan is not agreed or not referred and determined under clause 10 the sample Energy Management Plan will be treated as the agreed Energy Management Plan with effect from the date which is 3 months after the Commencement Date until the Parties agree on an alternative Energy Management Plan or until a variation to the sample Energy Management Plan is determined by the Expert under clause 10.
- 6.1.8. The Parties will provide:
- a. a signed copy of the Energy Management Plan; or
 - b. where the sample Energy Management Plan applies under clause 6.1.7, a copy of that sample Energy Management Plan
- to the Building Management Committee.
- 6.1.9. The Landlord and the Tenant will bear their own costs in connection with the cost of producing, reviewing and implementing the Energy Management Plan and their respective obligations under the Energy Management Plan. The Parties will not pass on to each other their costs directly or indirectly including, in the case of the Landlord, by way of reliance on the Outgoings Provisions.

- 6.1.10. The Building Management Committee will review the Energy Management Plan from time to time but not less than once every 2 years and will refer any recommendations for amendment to the Landlord and the Tenant.
- 6.1.11. The Parties will act in good faith to reach agreement on the recommendations of the Building Management Committee and they will:
- a. record in writing any amendment to the Energy Management Plan agreed by the Parties from time to time; and
 - b. provide a signed copy of the Energy Management Plan incorporating any agreed amendments from time to time to the Building Management Committee.
- 6.1.12. The Parties will comply with their respective obligations under the Energy Management Plan. The Landlord will not pass on its costs of compliance with the Energy Management Plan either directly or indirectly to the Tenant including by way of reliance on the Outgoings Provisions.
- 6.1.13. Each Party will monitor its performance of the Energy Management Plan and within 3 months of each anniversary of the Commencement Date will report to the other Party on its performance against the Energy Management Plan.

7. Metering

7.1. Separate Metering

- 7.1.1. The Landlord:
- a. will ensure that from the Commencement Date the Premises are separately metered for electricity (with the meters being digital 30 minute on market status electricity meters), gas and water services (both hot and cold);
 - b. will ensure that the meters have an accuracy class suitable for customer billing and the meter register is readily accessible for billing;
 - c. agrees that if the Tenant requires, management of the meters will reside with the Tenant on installation; and
 - d. agrees that the Tenant is entitled to purchase its own electricity.
- 7.1.2. The Landlord will ensure that from the Commencement Date there is separate metering for electricity (with the meters being digital 30 minute on market status electricity meters), gas and water services (both hot and cold) for:
- a. central services in the Building including common areas; and
 - b. without limiting clause 7.1.1, all tenancy areas if this is required to achieve the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating.
- 7.1.3. The Landlord must not pass on any costs incurred under this clause 7 to the Tenant directly or indirectly including by way of reliance on the Outgoings Provisions.

PART 4 - GENERAL PROVISIONS APPLICABLE TO GREEN LEASE SCHEDULE

8. Reporting

8.1. Reporting

- 8.1.1. All reports provided in accordance with the provisions of this Green Lease Schedule will include the following information as a minimum:
- a. a reasonably detailed assessment or description of the progress and performance of the Party/Parties against the relevant target, strategy or plan arising from the respective obligations under this Green Lease Schedule;
 - b. how the progress and performance was monitored over the relevant reporting period;
 - c. if progress or performance has not met the target, strategy or plan (or it appears that the annual target, strategy or plan will not be met), reasons for this failure, and detailed explanation of how this will be rectified and progress and performance improved;
 - d. measures to be taken during the next reporting period to ensure targets, strategies and plans are achieved;
 - e. if the target, strategy or plan is due to be revised a suggested new target, strategy or plan that where feasible and practicable improves on the previous target, strategy or plan if possible drawing on experience detailed in the report and previous reports;
 - f. any cost savings that have been achieved for that reporting period; and
 - g. any other information relevant to the Parties' performance against the target, strategy or plan.
- 8.1.2. All reports must be written reports and a complete copy must be provided to:
- a. the Landlord (where the report is prepared by or for the Tenant);
 - b. the Tenant (where the report is prepared by or for the Landlord); and
 - c. the Building Management Committee (where the report is prepared by or for the Tenant or the Landlord or otherwise for the purpose of this Green Lease Schedule).
- 8.1.3. The costs of preparing the reports will be borne by the Party responsible under this Green Lease Schedule for preparing them. If that Party is the Landlord it will not pass on any costs incurred to the Tenant directly or indirectly including by way of reliance on the Outgoings Provisions.

9. Remedial Action

9.1. Remedial Action

9.1.1. If:

- a. a Party has breached an obligation under this Green Lease Schedule; or
- b. a Party repeatedly breaches its obligations under this Green Lease Schedule;

the other Party (Initiator) may give the defaulting Party (Recipient) a Remedial Notice. The Remedial Notice will be in writing and will request the commencement of dialogue or remedial action.

9.1.2. The Landlord and the Tenant will meet within 15 Working Days of the date of the Remedial Notice and will use their best endeavours to agree a Remedial Plan which:

- a. sets out remedial action; and
- b. contains a timetable for completion of the remedial action.

9.1.3. If the Parties fail to meet within 15 Working days and or fail to agree on a Remedial Plan, then subject to clause 9.3.2.a the Remedial Plan (or any parts of it which have not been agreed by the Parties) will be determined by an Expert in accordance with clause 10 on the application of either Party.

9.2. Adjusted NABERS Energy Rating

9.2.1. If a Party reasonably believes that the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating (as the case may be) cannot be achieved (taking into account the matters in clause 9.2.2.a to clause 9.2.2.d) and that it should be reviewed then it may give written notice to the other Party specifying the reasons why the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating (as the case may be) cannot be achieved and requesting an Adjusted NABERS Energy Rating. Once this notice is given, the request for an Adjusted NABERS Energy Rating must be referred by either or both Parties for determination by an Expert appointed under clause 10. The Expert must take into account the matters in clause 9.2.2.a to clause 9.2.2.d in making his determination.

9.2.2. If in considering a Remedial Plan or a referral under 9.2.1 the Expert determines that:

- a. the Landlord and the Tenant have taken all proper measures to achieve the Target NABERS Energy Rating and/or the Tenancy NABERS Energy Rating (as the case may be);
- b. the Landlord or the Tenant, or both as the case may be, has or have exhausted all reasonable avenues for Remedial Action in accordance with clause 9 of this Green Lease Schedule;

- c. the Landlord or the Tenant, or both as the case may be, has or have used best endeavours to comply with their respective obligations under the Lease (including all obligations under this Green Lease Schedule) which may in any way impact on or be relevant to the achievement of the Target NABERS Energy Rating and/or the Tenancy NABERS Energy Rating; and
- d. the inability to achieve the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating is not due to any misrepresentation regarding the condition or capacity or the Building, the base building services or the Premises or deterioration in or failure of relevant parts of the Building, the base building services or the Premises or to activities in the Building or the Premises

then, the Expert may make a determination that there will be an Adjusted NABERS Energy Rating for the Target NABERS Energy Rating and/or the Tenancy NABERS Energy Rating provided that the Adjusted NABERS Energy Rating must be not less than a 4.5 star Target NABERS Energy Rating and/or the Tenancy NABERS Energy Rating (as the case requires).

- 9.2.3. On and from the date of the determination by the Expert under clause 9.2.2, the Adjusted NABERS Energy Rating, as it applies to the Landlord or the Tenant, or both, will become the Target NABERS Energy Rating or the Tenancy NABERS Energy Rating (as the case may be) under this Green Lease Schedule for such time as the Expert may determine and this Green Lease Schedule will be deemed to be varied to reflect the Adjusted NABERS Energy Rating during the relevant period..
- 9.2.4. At any time which is no less than 12 months after an Expert has made a determination and issued an Adjusted NABERS Energy Rating, either Party may seek to have the original Target NABERS Energy Rating or the original Tenancy NABERS Energy Rating reinstated by requesting an Improved NABERS Energy Rating. A Party will act reasonably in making a request for an Improved NABERS Energy Rating. If a request is made the Parties will meet within 15 Working Days of the request and will consider in a reasonable and cooperative manner whether an Improved NABERS Energy Rating can be achieved.
- 9.2.5. If the Parties cannot agree whether an Improved NABERS Energy Rating can be achieved or if the Parties fail to meet within the time specified in clause 9.2.4 then either Party may apply to have the issue determined by an Expert in accordance with the procedure set out at clause 10 of this Green Lease Schedule.
- 9.2.6. If the Parties agree in writing under clause 9.2.4 that an Improved NABERS Energy Rating is to be achieved or an Expert determines under clause 9.2.5 that an Improved NABERS Energy Rating is to be achieved, the Parties will take the relevant steps within their respective areas of responsibility to ensure that the base building and/or the Premises satisfies the Improved NABERS

Energy Rating requirements, and that a new Accredited Rating Certificate evidencing the Improved NABERS Energy Rating is issued.

9.2.7. The Improved NABERS Energy Rating will apply from the date agreed by the Parties in writing or, where it has been determined by the Expert, from the date determined by the Expert.

9.2.8. On and from the date referred to in clause 5.1.2 the Improved NABERS Energy Rating, as it applies to the Landlord or the Tenant, or to both (as the case may be) will be treated as the Target NABERS Energy Rating or the Tenant's NABERS Energy Rating (as the case requires) and this Green Lease Schedule will be deemed to be varied to reflect the Improved NABERS Energy Rating.

9.3. **Compliance with Remedial Plan**

9.3.1. The Parties will comply with the Remedial Plan.

9.3.2. If the Recipient does not comply with a Remedial Notice under clause 9.1.1 or with clause 9.3.1, the Initiator:

- a. may notify the Recipient in writing that it extends the period for remedial action; or
- b. may give written notice (Enforcement Notice) to the Recipient notifying it that the failure to comply with the Remedial Notice and/or the Remedial Plan is a breach of the Lease (including this Green Lease Schedule); and
 - i. if the breach is capable of rectification, that unless the breach is rectified within the period specified in the Enforcement Notice (which period will be reasonable in the circumstances), the Initiator will be entitled to rectify the breach and claim its reasonable costs of rectification;

or
 - ii. if the breach is not capable of rectification, that the Initiator claims compensation for loss or damage incurred by the Initiator as a direct result of the breach (and the Enforcement Notice in this case will specify in reasonable detail how the amount claimed has been computed).

9.3.3. If clause 9.3.2.b.i applies and the breach is not rectified in the time specified in the Enforcement Notice:

- a. the Initiator may rectify the breach;
- b. the Recipient will allow the Initiator or its contractors access to the relevant parts of the Building or Premises (subject to any prior notice requirements for access contained in the Lease) for the purpose of rectifying the breach; and

- c. the reasonable cost of rectification will be a cost due and payable by the Recipient to the Initiator following written demand from the Initiator specifying the amount claimed and reasonable detail on how the amount claimed has been computed.

9.3.4. Despite the Initiator's right to rectify the Recipient's breach under clause 9.3.3, if:

- a. the Initiator is hindered in doing so by the Recipient or any other person; or
- b. the Initiator decides that it is not practicable for it to rectify the Recipient's breach

the Initiator may demand compensation for loss or damage incurred by the Initiator as a direct result of the breach (including the cost of any reasonable endeavours in seeking to rectify the breach). The claim for compensation under this clause will specify in reasonable detail how the amount claimed has been computed.

9.3.5. If:

- a. an amount is claimed under clause 9.3.2.b.ii, and
- b. the Recipient has not objected in writing to the amount claimed within 10 Working Days of the giving of the demand

the Recipient will pay the amount claimed within 40 Working Days of written demand. If the Initiator is the Tenant and the amount is not paid by the Landlord within the 40 Working Day period the Tenant, without prejudice to any other rights and remedies, may set off the amount against payments due under the Lease until the debt has been satisfied in full.

9.3.6. If:

- a. an amount is demanded under clause 9.3.3.c or clause 9.3.4; and
- b. the Recipient has not objected in writing to the amount claimed within 10 Working Days of the giving of the Enforcement Notice

the Recipient will pay the amount claimed within 40 Working Days of written demand. If the Initiator is the Tenant and the amount is not paid by the Landlord within the 40 Working Day period the Tenant, without prejudice to any other rights and remedies, may set off the amount against payments due under the Lease until the debt has been satisfied in full.

9.3.7. If the Recipient objects to an amount claimed by the Initiator under clause 9.3.2.b.ii, clause 9.3.3.c or clause 9.3.4 within the prescribed time then the dispute will be referred for resolution under clause 10 and any amount determined by the Expert will be paid within 40 Working Days of the Expert's determination. If the amount determined is payable by the Landlord and is not paid within 40 Working Days of the Expert's determination the Tenant, without prejudice to any other rights and remedies, may set off the amount against payments due under the Lease until the debt has been satisfied in full.

- 9.3.8. If:
- a. an amount is payable and has not been paid by the time required by Clause 9.3.5 or clause 9.3.6; or
 - b. an amount payable has been referred for resolution in accordance with clause 9.3.7 and has not been paid by the time required by clause 9.3.7

then the Party to whom the amount is due may institute proceedings in a court of competent jurisdiction to recover the amount. This clause 9.3.8 does not limit the Tenant's rights of set off under clause 9.3.5, clause 9.3.6 and clause 9.3.7.

- 9.3.9. The rights in clause 9 are in lieu of any of the rights which the Parties may have under the Lease for breach of this Green Lease Schedule. Except for any remedies contained in this clause 9 or elsewhere in this Green Lease Schedule the Parties will not rely on any other remedies available under the Lease or otherwise for breach of this Green Lease Schedule.

10. Resolution of Green Lease Schedule Disputes`

10.1. Dispute Resolution

- 10.1.1. Any difference or dispute between the Parties arising under the provisions of this Green Lease Schedule which is not resolved within 10 Working Days after notice by one Party to the other of the nature of the difference or dispute may be referred by either Party for determination by an Expert who is an appropriate practising professional with the relevant expertise in the subject matter of the difference or dispute. For the avoidance of doubt any difference or dispute between the Landlord's Energy Representative or the Tenant's Energy Representative on the Building Management Committee and which needs to be resolved to give efficacy to this Green Lease Schedule is also covered by this clause 10.
- 10.1.2. The Expert will be appointed at the request of either Party by the President or senior official of the Australian Institute of Arbitrators and Mediators in the State or Territory where the Building is located. Production of this clause will be sufficient evidence of the right to make the request. The President or senior official will be asked to appoint the Expert within 10 Working Days of the request.
- 10.1.3. Each Party may make a submission either orally or in writing to the Expert within 10 Working Days after that appointment.
- 10.1.4. In making a determination the Expert will:
- a. act as an expert and not as an arbitrator;
 - b. consider any submission made to it by a Party; and
 - c. provide the Parties with a written statement of reasons for the determination.
- 10.1.5. The determination of the Expert is conclusive and binding on the Parties.

- 10.1.6. The costs of the Expert will be shared equally between the Parties.
- 10.1.7. If the Expert fails to deliver a determination within 10 Working Days after the last day on which the Parties are entitled to make submissions, either Party may require the appointment of a further Expert under clause 10.1.1 and clause 10.1.2 to determine the dispute.

ANNEXURE A - BUILDING MANAGEMENT COMMITTEE PROTOCOLS

- 1 Meetings will be held on ^insert day^ of each month occurring during the term of the Lease.
- 2 The first meeting will be held 1 month after the Commencement Date.
- 3 Meetings will be held at ^insert venue^ or as otherwise agreed by the Landlord's Environment Representative and the Tenant's Environment Representative.
- 4 Written minutes of each meeting will be taken and the responsibility or this will rotate between the Landlord's Environment Representative and the Tenant's Environment Representative ^or insert other agreed arrangement^.
- 5 ^Insert agreed arrangements for chairing^.
- 6 ^Insert agreed arrangements for minute taking^.
- 7 Any difference or dispute between the Landlord's Environment Representative and the Tenant's Environment Representative which needs to be resolved to give efficacy to this Green Lease Schedule may be referred for resolution under clause 10 by either Party.
- 8 Reports and other information held by the Building Management Committee will be stored at ^insert address^ and the Building Management Committee will take necessary steps to ensure the security of those reports and information in accordance with the Green Lease Schedule.
- 9 The Building Management Committee will provide to a Party on request any copies of any information or reports relating to the Building, Premises or the Lease (including this Green Lease Schedule) held by the Building Management Committee and will inform the other Party that it has done so.
- 10 ^These will vary from case to case - the following are examples.

*Reports **typically required** : Several building reports are produced to manage the building such reports include: Engineering, mechanical, electrical lifts, hydraulics, fault , capital works, minor works, OH&S if applicable, service, energy accounts 30 minute data, Tenant light and power and building services, mandatory maintenance and testing , BMS, planned maintenance, out of hours operation log, fault reports and energy 30 minute data and accounts.*

Identifying the key reports such as HVAC , maintenance and energy accounts that will need to be scrutinized. Building fault reports will also be a key indicator for energy efficiency issues^

- 11 The Landlord's Environment Representative and the Tenant's Environment Representative must familiarise themselves, be aware of and comply with the Building Management Committee Protocols and the Energy Management Plan.
- 12 ^Insert any other protocols required^.

ANNEXURE B - ENERGY MANAGEMENT PLAN