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Executive Summary

Building Upgrade Finance is a type of finance available to building owners to upgrade and improve the energy, water and environmental efficiency or sustainability of existing non-residential buildings, that is repaid via a council's rates processes. These types of building upgrades include solar photovoltaic (PV), LED lighting, efficient air conditioning, wastewater treatment systems, water efficient fixtures and fittings, waste management systems and much more.

In NSW, Building Upgrade Finance is the type of finance, and the Environmental Upgrade Agreement (EUA) is the contract that facilitates the repayment of the finance through the local council.

Through Building Upgrade Finance, a local council, a building owner and a finance provider can voluntarily enter into an EUA, where:

- the building owner undertakes the building upgrade works and repays the finance through a quarterly local government charge, known as an Environmental Upgrade Charge (EUC),
- the finance provider funds the upgrade works, and
- the council levies the EUC against the land on which the building is situated through the rates system, and collects the quarterly repayments from the building owner, remitting the funds received to the finance provider.

Building Upgrade Finance has been specifically designed to overcome common barriers to financing environmental upgrades and bring forward investment that will result in an environmental improvement. These barriers are:

- Split incentives, whereby the building owner pays for the upgrade whilst the tenants benefit in reduced operating costs. Building Upgrade Finance enables the building owner to fairly share the costs and benefits with tenants.
- Financing, whereby environmental upgrades generally with longer payback periods (>2years) struggle to get capex funding. Building Upgrade Finance provides the building owner with long term finance for projects that result in an environmental benefit, increasing the likelihood that the resulting energy savings will cover the finance repayments.

NSW councils can voluntarily decide to offer Building Upgrade Finance to businesses in their Local Government Area (LGA). A council can also decide to fully administer Building Upgrade Finance through council staff and resources (**council administered** service) or engage the services of a private service provider to assist with service administration.

Choosing to offer Building Upgrade Finance is a way for councils to support local businesses and deliver economic and environment outcomes for the community.

1. Purpose

The purpose of this document is to provide:

- An overview of Building Upgrade Finance, including legislative requirements and the role of local councils, suitable for council staff, executive and Councillors (sections 1 – 7), and
- Procedural information for councils to consider, establish and administer Building Upgrade Finance in their Local Government Area (LGA), suitable for council staff (sections 8 – 11).

An alternative to a council administered Building Upgrade Finance service is the use of a private service provider to support council's administration of Building Upgrade Finance processes. Further information is provided on this in Section 8.4.1.

2. What is Building Upgrade Finance?

Building Upgrade Finance is a type of finance available to building owners to improve the energy, water and environmental efficiency or sustainability of existing non-residential buildings that is repaid via a council's rates processes.

In NSW, Building Upgrade Finance is the type of finance, and the Environmental Upgrade Agreement (EUA) is the contract that facilitates the repayment of the finance through the local council. A template *Environmental Upgrade Agreement contract (EUA contract)* has been prepared by the NSW Government in consultation with stakeholders from the property, finance and local government sectors, for transactions in NSW.

Through Building Upgrade Finance, a local council, a building owner and a finance provider can voluntarily enter into an EUA, where:

- the building owner undertakes the building upgrade works and repays the finance through a local government charge, known as an Environmental Upgrade Charge (EUC),
- the finance provider funds the upgrade works, and
- the council levies the EUC against the land on which the building is situated through the rates system, and collects the quarterly repayments from the building owner, remitting the funds received to the finance provider.

2.1 Enabling legislation

In New South Wales, Building Upgrade Finance has been enabled through amendments to the [Local Government Act 1993](#) (Part 2A – Environmental Upgrade Agreements) (LG Act) which allows any local council in NSW to offer EUAs, and the [Local Government \(General\) Regulation 2005](#) (Part 5A- Environmental Upgrade Agreements) which enables council's to delegate to the General Manager the authority to make or amend an EUCs. The [Guidelines for Environmental Upgrade Agreements 18 February 2011](#) support the legislation and provide details on the mandatory provisions for councils.

This guide, the sample documents and internal processes, and the *EUA contract* have been prepared to help councils meet their legislative requirements for entering into and administering EUAs. **Attachment 1** includes tables of Council's legislative requirements, cross referenced with the relevant sample document for compliance.

It is important to note that under the LG Act **Council is never liable for any failure by a person to pay an EUC or part of an EUC to the financier**

Building Upgrade Finance is also available in Victoria and South Australia.

3. Benefits to councils

Building Upgrade Finance is a way for councils to support local economic development by assisting building owners and businesses to invest in improving their non-residential buildings, reduce operating costs and attract tenants. Upgraded assets, with solar PV, new lighting and air conditioning, can help to revitalise and activate commercial precincts and generate local employment.

Some of the benefits of Building Upgrade Finance to a council and its LGA are:

- Attract business investment,
- Support local businesses to operate efficiently, reduce operating costs and improve business competitiveness,
- Activate and rejuvenate business and community precincts,
- Support climate change adaptation to build resilience,
- Assist with the transition to a low carbon economy,
- Support local employment,
- Encourage building revitalisation and reactivation,
- Deliver environmental improvements.

Supporting local businesses through Building Upgrade Finance can also help councils achieve their strategic priorities and deliver economic and environmental outcomes in the community.

4. Benefits of Building Upgrade Finance to building owners

Securing the finance via a local council charge (the Environmental Upgrade Charge or EUC) provides finance providers with greater security. This added security means finance providers are able to offer more attractive finance features that are better suited to environmental upgrades, when compared to traditional commercial finance.

Building Upgrade Finance	Traditional commercial finance
10-20 year term	2-3 year term
Fixed interest rate	Variable interest rate
Transferable on sale	Non-transferable on sale
Recover costs from tenants through outgoings provisions in existing leases	Recovery through lease negotiations with tenants
No deposit required – 100% financed	Deposit required

4.1 Designed to address barriers to upgrades

Building Upgrade Finance has been specifically designed to overcome two common barriers to financing environmental upgrades:

- Split incentives, where the building owner incurs the cost of the upgrade but the tenant receives the benefits, and
- Finance, where environmental upgrade projects with longer payback periods (>2 years) struggle to get capex funding

Under many commercial leases' tenants pay local government charges. Under the legislation the repayment is called the Environmental Upgrade Charge (EUC), which is a local government charge. By enabling building owners to share the building upgrade costs and resulting utility savings with tenants, Building Upgrade Finance helps to address the split incentive between landlords and tenants.

The tenant contribution process is a matter for the building owner and a tenant and does not involve a local council.

Environmental upgrades often have long payback periods (>2 years) and are competing for capex funding with shorter payback projects or those that build the profitability of the business. Building Upgrade Finance can be a cashflow neutral or positive solution for building owners to fund these types of upgrades.

Building Upgrade Finance's unique features can help to unlock investment in building upgrades that may not otherwise occur and realise the associated economic and environmental benefits.

5. Eligible buildings and works

To be eligible the building must be an existing, non-residential building, located in a participating council area.

Eligible works are those that improve the energy, water or environmental efficiency or sustainability of a building. Typically projects funded fall into three categories:

- I. Generation of renewable energy and emissions reduction (e.g. solar PV, end of trip facilities etc.)
- II. Improvement of energy and/or water efficiency (e.g. efficient plant and equipment – lighting, air conditioning, boilers and lifts; rainwater tanks, water efficient fixtures and fittings etc.)
- III. Minimisation of waste (e.g. waste infrastructure systems).

The broad definition of eligible works is a feature of Building Upgrade Finance, one that will enable the product to evolve and respond to emerging environmental and sustainability challenges over time.

Strata (>20 lots) building upgrades are also eligible under the legislation in New South Wales. The current template EUA contract is for single title/ownership property EUAs and is not designed to facilitate strata EUAs. A contract for strata EUAs would need to be developed to facilitate strata transactions in New South Wales through Building Upgrade Finance.

6. What do Councils need to do to offer Building Upgrade Finance?

To offer Building Upgrade Finance a *Council report* with recommendations to offer EUAs broadly in the LGA, must be endorsed by the Council.

The legislation allows the Council to delegate authority to the General Manager/Chief Executive Officer (CEO) to enter into EUAs, and to make or amend EUCs under an EUA. It is recommended that the *Council report* includes a recommendation to delegate authority to the CEO so that council can manage EUAs efficiently.

To support the CEO delegation, Council should consider developing and adopting the following. These may be endorsed in the *Council report* to offer Building Upgrade Finance or prepared under the CEO's delegation.

- *Application form* – an eligibility check for the building owner, building and upgrade works (not required by the legislation, but created to confirm eligibility against the legislative requirements).
- *Enforcement procedure* – outlining council's best endeavours to recover unpaid EUCs (required as an annexure to the *EUA contract*).
- *Fees (service/administration and late payment fees)* – representing council's cost recovery for entering into, processing and administering an EUA (optional – the legislation allows councils to recover administrative costs).
- *Policy* – providing the framework for when council will enter into EUAs (optional not required by the legislation).

Council may also consider reviewing and endorsing the use of the *EUA contract* template, developed by the NSW Government, in the *Council report*. Endorsing the contract upfront helps to streamline the EUA process and reduce legal costs for each transaction.

Attachment 2 is a list and description of the Building Upgrade Finance key documents.

7. What is Council's role in Building Upgrade Finance?

Council's role in Building Upgrade Finance is aligned to roles typically undertaken by local councils (e.g. processing forms, rate notices and payments), and includes:

- processing application forms and EUAs,
- levying the EUC, issuing notices to recover the charge on the four rates instalment dates,
- remitting payments to the finance provider,
- using best endeavours to recover any unpaid repayments and using the enforcement procedure in the event of non-payment of the charge.

Councils are not responsible for marketing and deal generation. However, council may wish to promote Building Upgrade Finance and include information on their council website and in other council materials.

A council can either administer Building Upgrade Finance internally (**council administered service**) or choose to engage a private service provider to assist with the administration of the service. Further information on private service providers is included in Section 8.4.1.

8. Council considerations to participate

The decision whether to offer Building Upgrade Finance will be determined by a number of factors. For some it will be straightforward - significant industrial and commercial building stock combined with clear economic and environmental goals and priorities and demand from local businesses and building owners. For others it may be more local, i.e. a smaller council with only a small number of commercial properties. These properties contain businesses that support local employment. Building Upgrade Finance in this case may be a way for council to support local businesses to keep providing jobs for locals.

Staff from the following teams will need to be included in the discussions:

- Rates and finance
- Environment
- Executive
- Economic development
- Strategic planning
- Governance
- Development & building

8.1 Strategic priorities

Understanding council's strategic priorities is important when considering if Building Upgrade Finance is right for your council. Key Council strategic documents like the Community Strategic Plan, Economic Development Plan, Environment Strategy, will contain council's priorities.

For example, the City of Parramatta Community Strategic Plan adopts environmental and economic goals to help achieve the vision

*Sydney's central city, sustainable, liveable and productive –
inspired by our communities*

Specific environmental goals are also adopted in the City of Parramatta *Environmental Sustainability Strategy 2017*:

- 60% reduction in energy use by 2038 (based on 2015 levels)
- 50% of electricity demand to be met from renewable energy by 2038
- No net increase in potable water consumption by 2038 (based on 2015 levels).

For the City of Parramatta, Building Upgrade Finance is a way to support private sector investment in environmental upgrades that will help council to achieve their strategic priorities, and deliver environmental and economic outcomes for the community.

8.2 Scale

The potential scale of Building Upgrade Finance opportunities in your LGA can be better understood by reviewing a number of sources within council:

- Number and type of commercial rated properties
- Commercial and industrial land use zones
- Connections with building owners and businesses
- Knowledge of the local economic drivers, barriers and trends
- Energy and other environmental sustainability programs, including renewable energy.

8.3 Demand

Discussing Building Upgrade Finance with local business chambers and groups directly will help council to gauge potential demand. Some councils conduct regular surveys of local businesses. Environmental finance, including Building Upgrade Finance, information and questions could be asked in the survey to consult directly with local businesses. Enquiries received by council on Building Upgrade Finance will also give council an indication of local demand.

8.4 Operational considerations

Council's role in Building Upgrade Finance centres largely on the processing of forms and contracts, the creation of the EUC and the processing the quarterly payments through the rates and finance systems.

Knowledge of the rating and finance systems used by council is required to understand how the EUC could be created and the quarterly payments processed. Pathways is used by a number of councils in New South Wales, South Australia and Victoria, and there are well established processes on setting up and processing EUC payments. Civica Authority and Technology One are two other ratings systems with processes established for Building Upgrade Finance.

The sample *Internal procedures* document, included in the [Sample Council Documents](#), details the process steps for all EUA related operations, including EUC setup and quarterly repayments in Pathways.

8.4.1 Private service provider

An alternative to a **council administered** service is the use of a private service provider to assist with the establishment and administration of Building Upgrade Finance. At least one private service provider has been supporting Victorian councils with Building Upgrade Finance for a number of years and is now offering services to councils in New South Wales and South Australia.

Whether Building Upgrade Finance is solely administered by a council or supported through the services of a private service provider, the council is still responsible for a number of tasks in administering Building Upgrade Finance, including levying the EUC, eligibility checks, contract execution, disclosure on s603 certificates, enforcement.

In deciding whether to engage a private service provider for administration support, consideration and clarity should be sought on the:

- roles and responsibilities of the tasks for both council and the private service provider,
- fees charged to council and/or the building owner for the administration services, and council's ability to recover costs.

8.5 Risk

The main perceived risks to councils offering EUAs are risks that relate to the council's role in administering Building Upgrade Finance, and in processing repayments of the loan to the finance provider. The legislation, *EUA contract* and key documents, program delivery design, and internal procedures help council to manage these risks. A fourth risk is included regarding the setting of council fees to recover costs to administer Building Upgrade Finance.

8.5.1 Service administration risk

The risk relates to the council's ability to administer Building Upgrade Finance in accordance with the legislative requirements. Building Upgrade Finance is a new function for councils, one that requires the input from a number of internal teams to be successfully implemented in accordance with the legislation.

The *EUA contract* is a template contract that is part of the EUA legislative package, that is to be used for all transactions in New South Wales. The *EUA contract*, prepared by specialist lawyers for the NSW Government in consultation with the property, finance and local government sectors, covers the legislative requirements for entering into EUAs.

Key EUA documents, including the *Application form*, *Enforcement procedure*, *Internal procedures*, *Internal checklist*, *Policy*, are documents used by councils that administer the service to further embed internal systems to meet the legislative requirements. Copies of these documents are included in the *Sample Council Documents* download.

Councils particularly concerned about this risk can also engage the services of a private service provider to guide and assist with the administration of Building Upgrade Finance.

8.5.2 Financial risk

This risk is associated with the council not meeting obligations to collect EUC repayments and transfer them to the financier. Internal council processes and systems, which are set up to meet the requirements under the EUA, minimise this risk to councils.

The EUC billing and payment collection processes are designed to fit within existing council processes and capabilities, to make this function transactional and less likely for error. EUC payments are only accepted via direct debit, with funds remitted to the financier via electronic funds transfer, which further minimises the risk.

Importantly, under the legislation Council is not liable for non-payment from the building owner.

8.5.3 Enforcement risk

This risk relates to the council having to carry out enforcement actions to recover payments in arrears and any penalty interest for a financier. A number of strategies minimise this risk.

In offering EUAs, the council is required to carry out enforcement for non-payment, comprising various options including the potential to sell the property, if any payment of the EUC is more than 5 years in arrears. Council's *EUA Enforcement procedure* sets out the processes to recover unpaid repayments. The *Enforcement procedure* is part of the EUA, agreed to by all parties with contract execution.

Council can choose not to enter into an EUA if the building owner is regularly in arrears with rate payments or is in dispute with council for another matter. The financier's credit checking process will also minimise the likelihood of default, as they will not offer finance unless the building owner is capable of meeting repayments.

It is also highly likely that the building owner has other financial issues if they are five years in arrears with EUC payments, and that a mortgagee in possession will have assumed control of the sale of land for recovery of monies owed. As the EUC is a council charge, it ranks above other mortgages or liabilities upon sale of land for non-payment, but behind other liabilities to council and costs associated with enforced sale of land.

8.5.4 Fee risk

This risk relates to a council setting their EUA fee too high, discouraging the use of Building Upgrade Finance to fund lower value upgrades.

Participating councils can set fees to recover basic costs to administer Building Upgrade Finance to local building owners. It is up to the council to decide whether or not to charge a fee for the administration of an application and contract.

If a council does decide to set a fee it is recommended that processing times be recorded for the first 5 EUAs to help set a fee that is reflective of actual processing times.

Council may also wish to consider a graded fee system, whereby projects of a lower value (i.e. <\$50,000) are charged a lower fee so they are not disincentivised from using Building Upgrade Finance.

The [Sample Council Documents](#) download includes information on sample council fees.

8.6 Council champion

Every program needs a champion. Someone that will oversee and coordinate council's involvement in Building Upgrade Finance. Involvement in Building Upgrade Finance can deliver economic and environmental outcomes to council. In NSW and Victoria, the champions have largely been staff in the environment and sustainability teams. We are seeing this diversify in SA, with coordination coming from economic development and rates as well as the environment teams. Each council will need to consider where this is best placed internally.

9. Council set up

Once a council has resolved to offer Building Upgrade Finance in their LGA a number of tasks are required to establish systems to facilitate this. The tasks presented below are for a **council administered** service. Council's engaging a private service provider will be guided by the private service provider.

Task 1: Establish an Internal working group, consisting of the coordinator and staff from rates and finance, legal, economic development, health & building.

Task 2: Finalise the forms and documentation - *Application form*, *Enforcement procedure*, *Direct debit form*, *Fees (optional) Policy (optional)*. The timing of this task will depend on the approach taken by the council. Some may prepare these documents for adoption with the *Council report* to participate. Others may prepare these after the Council has resolved to offer Building Upgrade Finance, under the delegation to the CEO.

Task 3: Establish the *Internal procedures* to carry out the Building Upgrade Finance processes:

- Application assessment and contract,
- Creating the EUC,
- Managing the quarterly EUC notice and repayments,
- Managing enforcement (if required),
- Management amendments (if required).

Task 4: Create an *Internal checklist* to help the coordinator process the *Application form* and *EUA contract*.

Task 5: Update Councils website to include information on the availability of Building Upgrade Finance in the LGA.

10. Council operation – process and responsibilities

The following details the operational process and responsibilities for each party to the EUA under a **council administered** service, for each transaction.

Building Upgrade Finance is a two-stage process for each EUA transaction; eligibility stage and contract stage. The following provides an overview of integrating Building Upgrade Finance into the building upgrade process, with the responsible parties included in brackets:

1. Initial project scoping (consultant/suppliers for the building owner), including contacting the finance provider and council for advice and eligibility pre-screening.
2. Eligibility stage - confirming eligibility (building owner or representative) with a finance provider for in-principle approval and with council through lodgement of the *Application form*.
3. Building upgrade scope finalised and construction contracts prepared (building owner or representative)
4. Contract stage – the *EUA contract* is generally prepared by the finance provider with inputs from building owner or representative and council. All three parties to execute the EUA contract. The finance documents are usually prepared at the same time as the EUA contract.
5. Release finance and carry out the upgrade (finance provider and building owner).
6. Quarterly notices, repayments and remittance (council, building owner).

Attachment 3 details the role and responsibility of each party to the EUA, under a **council administered** service.

11. Participating NSW councils and contacts

Blacktown City Council

Contact: Justine Teo, Environmental Project Officer
Ph: (02) 9839 6191
E: justine.teo@blacktown.nsw.gov.au

Lake Macquarie City Council

Contact: Daniel Hartin, Senior Asset Optimisation Officer
Ph: (02) 4921 0712
E: dhartin@lakemac.nsw.gov.au

North Sydney Council

Contact: Dee Topic, Sustainable Business Officer
Ph: (02) 9936 8365
E: niki.carey@northsydney.nsw.gov.au
W: [North Sydney Council EUAs](#)

City of Parramatta Council

Contact: Rebecca Peacock, Project Officer
Ph: (02) 9806 5733
E: rpeacock@cityofparramatta.nsw.gov.au
W: [City of Parramatta Building Upgrade Finance](#)

City of Sydney Council

Contact: Kate Read, Sustainability Engagement Coordinator
Ph: (02) 9246 7826
E: kread@cityofsydney.nsw.gov.au
W: [City of Sydney Building Upgrade Finance](#)

Attachment 1 – Council related legislative provisions

The following summarises the legislative requirements for local councils for EUAs in NSW. The compliance method provides the EUA document cross reference that will facilitate council meeting these legislative requirements.

Local Government Act 1993 Part 2A Environmental Upgrade Agreements

Clause	Summary	Compliance method
54D (1)	Gives council the authority to enter into an EUA	Council report
54D (2)	Council agrees to levy a charge on the land to repay the finance advanced by the finance provider	EUA contract
54D(5)	The function of entering to an EUA can be delegated to the GM	Council report
54H (1)	Allows councils to deduct a fee (service fee and late payment fee)	EUA contract
54H(2)	The EUA must specify the amount or calculation method for the council fee	EUA contract
54I	Enables council to levy the charge (EUC) in accordance with an EUA	Internal procedures
54J	The EUC is to be levied the same way other charges are levied under the Act.	Internal procedures
54K	Specific to the EUC and strata properties	N/A contract not developed
54L	Covers the payment of the EUC to Council	EUA contract
54L (5)	Monies paid to council as an EUC does not form part of council's general income	Internal procedures
54M (1)	Council to use best endeavours to recover unpaid EUCs	Enforcement procedure
54M (2&3)	Council is not liable for the partial or full non-payment of the EUC to the finance provider.	EUA contract
54O	EUAs are voluntary	EUA contract
54P (1)	Requires Council to report on EUAs in the Annual Report	Internal procedure
54Q (4)	Requires Council to take the guidelines into consideration before exercising EUA functions	Council Report, Internal Procedures, EUA contract
54R	Relate to functions of a Council under an EUA in the case of changes to council area.	If relevant – Council report

Local Government Regulations Part 5A Environmental Upgrade Agreements

Clause	Summary	Compliance method
136B	A council may by resolution delegate authority to the GM the function of making or amending EUCs under an EUA	Council report
136J	Council is to include EUA details on the relevant land's 603 certificate	Internal procedures
136K	Sale of land for enforcement action and treatment from the proceeds of sale.	Enforcement procedure
136M	Sections 4-7 of the Guidelines are adopted as mandatory requirements. A council must comply with the mandatory requirements of the Guidelines in exercising its functions under Part 2A of the Act.	Internal procedures, EUA contract

Guidelines for Environmental Upgrade Agreements 18 February 2011 Mandatory Requirements 4-7

Clause	Summary	Compliance method
4.1	Prior to entering an EUA a council must: a. Pass a resolution that EUAs can be entered into generally in the LGA b. Adopt the mandatory provisions of the template EUA contract	Council report EUA contract
4.2.1 - 4.2.3	Specifies requirements for the finance and EUC	EUA contract
4.2.4- 4.2.5	Requirements for council's fee, including that this is for 'cost recovery', and that penalties will apply for late payment.	EUA fees EUA contract Internal procedures
4.3	Permits Energy Performance Contracts. If used, to be included in EUA.	EUA contract
5	Recovery of costs from lessees	N/A – building owner and tenant(s). EUA contract
6.1	Administration of EUAs, must include amendment procedures.	EUA contract
6.2	Additional details for sale and lease of land	EUA contract
7	Reporting requirements – building owner to provide a report by 1 August each year to the council. Council to forward onto the OEH (now Department of Planning, Infrastructure and Environment).	Internal procedures

Attachment 2 – Description of key documents

Application form - the council *Application form* confirms eligibility (building owner, the building, commercial use, upgrade works) for Building Upgrade Finance. Council application forms reflect the legislative requirements and are largely consistent with each other. A copy of a participating council's *Application form* is included in the [Sample Council Documents](#) download.

Council report - is the report to Council seeking resolution to offer EUAs to local businesses in the LGA. The Council may also delegate authority to the CEO to enter into EUAs and to levy or amend the EUC. Sample *Council Report* recommendations are included in the [Sample Council Documents](#) download.

Direct debit form - the council's *Direct debit form* is attached to the *Environmental Upgrade Agreement* contract as Annexure 2. This is completed by the building owner to facilitate the quarterly repayments of the finance, for remittance onto the finance provider. A copy of a participating council's direct debit forms is included in the [Sample Council Documents](#) download.

Enforcement procedure - the council *EUA Enforcement procedure* details the Council's processes for recovering unpaid EUCs and is attached to the *EUA contract* as Annexure 1. A copy of a participating council's *Enforcement procedure* is included in the [Sample Council Documents](#) download.

Environmental Upgrade Agreement - or *EUA contract* is the template contract prepared by the NSW Government for all transactions in NSW. The *EUA contract* is found [here](#).

Fees - Participating councils can set fees to recover basic costs to administer Building Upgrade Finance to local building owners. It is up to the council to decide whether or not to charge a fee for the administration of an application and contract. If a council does decide to set a fee it is recommended that processing times be recorded for the first 5 EUAs to help set a fee that is reflective of actual processing times.

A sample fee spreadsheet has been developed and is included in the [Sample Council Documents](#) download.

Internal procedures - details the tasks to be undertaken by a council in entering into EUAs in accordance with the legislative requirements. A sample internal process document is included in the [Sample Council Documents](#) download.

Internal checklist - Participating councils may wish to use an internal checklist to ensure that EUAs are processed in accordance with the internal procedures. A sample internal checklist document is included in the [Sample Council Documents](#) download.

Policy - a council may choose to adopt a policy, which would set the framework for when a council will enter into an EUA. A sample council Policy is included in the [Sample Council Documents](#) download.

Sample Council Documents - is a downloadable document that includes samples of the key EUA documents referenced in this Guide.

Attachment 3 - Roles and responsibilities of each party to an EUA, council administered service

The Council is responsible for:

- Process the *Application form*, confirming eligibility for the building owner, building, usage and upgrade.
- Providing the council *EUA contract* information (*Enforcement procedure, Direct debit form*, rates instalment dates for the full finance term, *Council fees*). Generally, the finance provider prepares the *EUA contract* with inputs from council and the building owner. This is to be confirmed with the finance provider for each transaction.
- Review and execute *EUA contract*.
- Levy the EUC and setup the finance repayments in council's rates systems.
- Notifying the building owner and finance provider within 2 days of levying the EUC, that the EUA has been levied.
- Issue quarterly notices to the building owner for payment via direct debit. Remit funds received to the finance provider via electronic funds transfer no later than 8 business days.

The sample internal procedure included in the *Sample Council Documents*, provides step by step details of the processes listed above.

The Finance Provider is responsible for:

- Confirming finance eligibility and issuing in-principle approval for the building owner and the upgrade.
- Preparing the financial schedules for the *EUA contract* (Schedule 2 - Funding Amount Schedule, Schedule 3 - Agreed Repayment Arrangements, Schedule 6 - Finance Provider Remittance details). Generally, the finance provider prepares the *EUA contract* with inputs from council and the building owner. This is to be confirmed with the council for each transaction.
- Execute the *EUA contract* and release funds.
- Notify the council when first drawdown has occurred.

The Building Owner (and/or representative) is responsible for:

- Scoping and identifying project works.
- Confirming Building Upgrade Finance eligibility with the finance provider.
- Completing and submitting to council the completed *Application Form*.
- Finalising the works and contracting.
- Providing the upgrade works details for Schedule 4 (Lessee cost savings estimation), Schedule 5 (description, costs, estimated savings, costs), and completed Direct Debit Authority for Annexure 2 of the *EUA contract*.
- Undertaking the upgrade.
- Paying the quarterly repayments to council in accordance with Schedule 3.
- Submitting the annual report to council by 1 August each year.