Frequently Asked Questions

North Sydney Council has a range of programs to assist property owners and businesses to reduce carbon emissions, lower the cost of utility bills and encourage economic development.

Environmental Upgrade Agreements (EUAs) help building owners make environmental improvements to existing commercial buildings.

What is an Environmental Upgrade Agreement (EUA)?

An Environmental Upgrade Agreement (EUA) is an agreement between a building owner, a finance provider and North Sydney Council.

The finance provider lends funds to the building owner for an environmental upgrade project, with the funding repaid over time via Council charges on the land (so called “Environmental Upgrade Charge”).

Why undertake environmental upgrades to your buildings?

• Sustainable buildings deliver greater financial returns, and have lower vacancy rates and greater value than non-sustainable buildings (source: Building Better Returns by the Australian Property Institute and the Property Funds Association & Green Property Investment Index produced by IPD (Investment Property Databank)).

• With the introduction of the Federal Government’s Commercial Buildings Disclosure program, the efficiency of your building may need to be disclosed at point of lease.

• Greener buildings have the added benefit of lowering utility bills in the present and providing protection against rising energy prices in the future.

What is the NSW Environmental Upgrade Agreements Legislation?

The Local Government Amendment (Environmental Upgrade Agreements) Act 2010 which commenced on 18 February 2011, facilitates upgrading or retrofitting of non-residential or multi-residential buildings (of more than 20 lots).

The purpose of the Act is to allow councils to enter into environmental upgrade agreements with owners of certain buildings and finance providers as a way of funding works to improve the energy, water or environmental efficiency or environmental sustainability of those buildings.

What is the benefit of financing works through an EUA?

• The EUA program was designed to enable building owners to have access to capital to undertake upgrades at competitive rates and over a longer term than may be available under other financial arrangements.
The design of the loan allows a longer time to recover the cost of the environmental upgrade through the savings achieved by improved energy efficiency.

EUAs enable the cost of an upgrade to be shared with the tenant. Under the agreement, a building owner may pass on part of the cost of the upgrade to the tenant, provided the amount passed on does not exceed the financial saving that the tenant will receive from reduced outgoings.

Who can enter into an EUA?

North Sydney Council will currently enter into EUAs if:

- The building owner has an Australian business address or uses an Australian agent;
- The building owner seeks to carry out environmental upgrade works to a building (see examples below) – subject to satisfying Development Application requirements;
- The building is an existing non-residential building that is not strata titled located within the North Sydney local government area;
- The building owner agrees to be bound by Council’s EUA Policy;
- An EUA application has been submitted and the works proposed have been accepted by Council as being environmental upgrade works; and
- Building owners and/or existing buildings do not have outstanding rates payable or are the subject of any Orders issued under the Local Government Act 1993, the Environmental Planning and Assessment Act 1979, or the Protection of the Environment Operations Act 1997. This extends to tenants occupying this property who are in breach of their consent.

What type of work can be done?

Environmental upgrade works are works that improve the energy, water or environmental efficiency or sustainability of the building. These may include activities to:

Reduce energy consumption

- Lighting upgrades – re-lamping (incl. car park, foyer)
- Building management system improvements;
- Upgrading lift motors;
- Improvements to heating, ventilation and air-conditioning – variable speed drives on ventilation motors, floor by floor shut-off valves for chilled or heated air, and installation of energy-efficient chiller systems;
- Glazing improvements;
- Boiler improvements and installation of energy-efficient fixtures; and
- Improvements to energy efficiency of data centres and information and communication technology.

Reduce water consumption

Installation of water-saving equipment:

- rainwater harvesting systems,
- cooling towers,
- evaporative condensers,
- blackwater treatment system,

Replacement of:

- Toilets and urinals,
- Water fixtures.

Prevent or reduce pollution

Eliminate or reduce discharge of waste

Enable the recovery or recycling of materials

Encourage walking and cycling

- Installation of bicycle racks and storage

Enable monitoring of environmental quality
Reduce greenhouse gases
- Installing renewable energy solutions – solar and wind
- Solar thermal heat installation
- Cogeneration/trigeneration

How does the “tenant recovery” clause of the EUA work?
Building owners are entitled to ask the tenants to pay a contribution towards repaying the loan. The charge cannot, however, exceed the savings that the tenants will receive from lower energy or water bills (for instance).

To calculate this, the EUA provides for an audit process to be undertaken annually by a building owner. Building owners will report actual savings versus estimated on an annual basis to the tenants. Should the difference be significant and the estimate no longer be reasonable, building owners will resubmit their cost saving estimates and review tenants’ contributions.

How can EUAs benefit tenants?
Whether it is an energy or water systems upgrade or some other environmental upgrade, tenants are likely to directly benefit through improvements to the building’s quality and utility.

Over time, once the loan has been repaid in full, tenants are also likely to benefit from reduced operating costs such as electricity bills from energy-efficiency upgrades.

If there is an EUA on the property do I need Council’s consent to sell the property?
Yes. No party may assign its rights under an EUA without the prior written consent of each party. North Sydney Council cannot unreasonably withhold or delay giving its consent to an assignment, but it will not do so unless the purchaser agrees to comply with Council’s EUA Policy.

Further, the building owner and purchaser must enter into a deed through which the purchaser becomes bound by the terms of the EUA and Council’s EUA Policy.

Alternatively, the selling owner may elect, with 14 days’ prior notice in writing, to pay out the balance owed by the EUA either before or on settlement of the sale of the property.

Can an EUA exceed the value of the land?
No. An EUA cannot exceed the land value.

How does an EUA co-exist with a mortgage on the land?
An EUA is not like a mortgage in that it does not get registered on the title to the land.

To ensure transparency, North Sydney Council’s EUA Policy stipulates that the Council will not enter into an EUA unless the building owner warrants that it has notified all existing secured financiers of its intention to enter an EUA.

Is GST applied to an EUA?
GST applies to North Sydney Council’s administration service fee that is charged to recoup costs incurred by the Council in entering into and administering the agreement.

The “Environmental Upgrade Charge” does not, however, incur a GST liability.
What if I want to find out more about the EUA legislative framework?


How do I get more information?

If you would like more information about North Sydney Council’s Environmental Upgrade Agreement program, contact 9936 8100 or email eua@northsydney.nsw.gov.au

A detailed Fact Sheet is available from the Office of Environment and Heritage. This can be accessed at environment.nsw.gov.au/sustainbus/eua.htm).

For more information about EUA funding contact Low Carbon Australia on 1300 661 678

For more information about doing an environmental audit of your building to uncover upgrade opportunities contact the NSW Office of Environment and Heritage Energy Saver program on 1300 361 967

To join North Sydney Council’s retrofitting revolution and benefit from this opportunity, contact the Customer Service Centre on 9936 8100 or email: eua@northsydney.nsw.gov.au or visit www.northsydney.nsw.gov.au/eua