

PROJECT AGREEMENT FOR THE GREEN SQUARE TRUNK STORMWATER PROJECT (REDACTED VERSION)

DATED

2014

COUNCIL OF THE CITY OF SYDNEY

AND

SYDNEY WATER CORPORATION

PROJECT AGREEMENT

FOR

GREEN SQUARE TRUNK STORMWATER PROJECT

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THIS AGREEMENT is made the

day of

2014

ATTACHMENT A

BETWEEN SYDNEY WATER CORPORATION ABN 49 776 225 038 of 1 Smith Street, Parramatta NSW (Sydney Water)

AND COUNCIL OF THE CITY OF SYDNEY ABN 22 636 550 790 of 456 Kent Street Sydney NSW (City)

BACKGROUND

- (A) The Green Square urban renewal area is identified as Australia's largest urban renewal project, delivering 20,000 residential dwellings, housing 40,000 new residents and catering for a permanent workforce of around 20,000. This development will make a major contribution to achieving the housing targets in the NSW Government's Metropolitan Strategy.
- (B) One of the key issues that is hindering development in the Green Square urban renewal area is the risk of stormwater causing flooding.
- (C) Flood risk management for the Green Square Town Centre and adjoining redevelopment areas requires amplification works to one section of Sydney Water's existing stormwater system and the delivery of new and interconnected stormwater infrastructure. The parties are committed to delivering this stormwater infrastructure to enable development at Green Square Town Centre and adjoining redevelopment areas.
- (D) In addition to reducing local area flooding and the risk of flooding in stormwater events, augmenting Sydney Water's stormwater assets to accommodate development at Green Square Town Centre and adjoining redevelopment areas will benefit the broader Sydney community.
- (E) The parties are seeking the approval of Sydney Water's Board and the Council of the City of Sydney to procure the Project.
- (F) The parties have prepared a Program for the staged delivery of the Project by 31 December 2017, with completion of construction of the section between Portman Street (east side) to Botany Road (east side) for the new Green Square Town Centre by 31 January 2016.
- (G) Sydney Water will assume the lead role on the delivery of the project and act as the project manager for the Project.
- (H) The Project Cost is currently estimated and is based on the Preliminary Tender Reference Design dated [XX]. The Project Cost may vary as a result of detailed design.
- (I) As at the date of this Agreement, the parties consider the Preferred Procurement Option to be the appropriate vehicle to deliver the Project.
- (J) Subject to the approval of Sydney's Water Board and the Council of the City of Sydney, the parties acknowledge the importance of the Project to the Green Square Town Centre and adjoining redevelopment areas and both parties have a strong commitment to the Project.
- (K) The parties agree to work together to deliver the Project in accordance with the terms of this binding Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

Agreement means this agreement and any schedules, annexures and attachments hereto, and any amendments agreed in writing between the parties.

Agreement Material means all material brought or required to be brought into existence as part of, or for the purpose of, the Project, including but not limited to documents, equipment, information and data stored by any means.

Approval means any licence, permit, consent, approval, determination, certificate, notice or other requirement of any Commonwealth, State, Territory or local authority, body or other organisation having any jurisdiction in connection with the Project or under any other applicable law, which must be obtained or satisfied to carry out the Project.

Associates means any officer, employee, agent, subcontractor, supplier or consultant of a party and includes their respective officers, employees, agents, subcontractors, suppliers and consultants.

Business Day means any day other than a Saturday, a Sunday, a public holiday in New South Wales or 27, 28, 29, 30 or 31 December.

City Demolition Work means:

- (a) demolition and removal of the building structures and the ground floor slabs; and
- (b) disconnection of all utility services to building structures which are identified in paragraph (a),

affected by the Project, at the sites described in the Demolition Plan.

City Material means all material provided to Sydney Water by the City for the Project, including documents, equipment, machinery and data (stored by any means).

City Ownership Allocation means the same percentage as the City Share of the Project Cost.

City Share means 53.79%.

City Work Site means the area coloured green, and the compounds coloured yellow, on the Works Site Plan.

Claims includes claims, suits, actions, demands, proceedings, penalty, costs, charges or expenses.

Confidential Information means information that:

- (a) relates to the business, assets or affairs of either party; and
- (b) is made available by or on behalf of one party to the other party or any third party Service Provider to deliver the Project; and
- (c) is marked 'confidential', is by its nature confidential or the recipient knows, or ought to know, is confidential.

Demolition Plan is at Annexure B and is comprised of:

- a plan showing the City Demolition Work; and (a)
- (b) a plan showing the land described in clause 12.2(b)(ii).

External Consultants Costs means the cost to the Project of work provided by Service Providers who are engaged by the parties under the terms of the Letter Agreement.

Intellectual Property means all present and future rights throughout the world conferred by statute, common law or equity in or in relation to copyright, trade marks, designs, patents, circuit layouts, plant varieties, business and domain names, inventions and confidential information, and other results of intellectual activity in the industrial, commercial, scientific, literary or artistic fields, whether or not registrable, registered or patentable.

Internal Project Costs means the internal costs incurred by the parties, during the period commencing on the date of this Agreement and until expiry of the term of this Agreement, in connection with the provision of the Project Management Services, estimated at:

- for Sydney Water -; and (a)
- (b) for the City -

Letter Agreement means the letter agreement between the parties dated 20 December 2013 in respect of the engagement of external consultants preparing reports and studies.

Loss means all liabilities, losses, damages, expenses and costs (including legal costs on a full indemnity basis and whether incurred or awarded) including in relation to any claim, demand, proceeding or complaint of any kind or nature.

Material Default means:

- a party commits a material breach of this Agreement; (a)
- the insolvency of a party; (b)
- (C) a failure by a party to make a payment under an indemnity contained in this Agreement;
- a failure by a party to comply with clause 14 (Intellectual Property); (d)
- a failure by a party to make a payment which has become due under this Agreement; (e)
- any act or omission by a party which is fraudulent or illegal in relation to this Agreement (f) or the Project; or
- a repudiation of this Agreement by a party. (g)

Performance Requirements are described in Section 4 of the Project Scope.

Preferred Procurement Option means, as at the date of this Agreement, a competitive alliance procurement model.

Preliminary Tender Reference Design dated [XX] forms part of the Project Scope, until it is replaced in accordance with clause 5.1(a).

Project means the delivery of the Works to alleviate high hazard flood conditions in the Green Square Town Centre and adjoining redevelopment areas.

Project Committee means the committee established in accordance with clause 17.4. Version dated 21 March 2014

Project Cost means the costs and expenses incurred by either party in connection with the planning, procurement, project management, oversight, design, construction, completion, hand over and commissioning of the Works.

PMP means the project management plan for the Project to be approved by both Sydney Water and the City under clause 10, including any alterations in accordance with clause 11.3.

Project Management Services means the services to be provided by Sydney Water and the City to the Project.

Project Management Team means the project management team established under clause 17.3.

Project Milestones are set out at clause 4.3.

Project Objectives includes the objectives outlined in clause 2.1.

Program means the program for the Project.

Project Scope is outlined in clause 4.1.

Records include, but are not limited to, both electronic and physical versions of records, accounts, ledgers, payroll, correspondence, tenders, minutes of meetings, notes, reports, instructions, plans, drawings, invoices, dockets, receipts, vouchers, computer programs but does not include any electronic or physical record that is subject to legal professional privilege.

Service Provider means any external third party consultant or contractor engaged to provide services in connection with the Project with the exception of the Project Management Services. A Service Provider does not include any subcontractor, sub consultant or in-house resource the City or Sydney Water may have as part of the project team.

Service Provider Costs means the costs to the Project of services provided by Service Providers, but excluding all External Consultants Costs.

Sydney Water Material means all material provided to the City by Sydney Water for the Project, including documents, equipment, machinery and data (stored by any means).

Sydney Water Ownership Allocation means the same percentage as the Sydney Water Share of the Project Cost.

Sydney Water Share means 46.21%.

Sydney Water Work Site means the area coloured blue and the area marked as "Sydney Water Easements" on the Works Site Plan.

Tender Process means the items identified in the Program as being required under the headings "Procurement – Preliminary Stage" and "Procurement – Tender Stage".

Tender Reference Design means the final tender design approved by the parties, and forming part of the Project Scope, in accordance with clause 5.1(a).

Variation includes any change, addition, increase, decrease, omission or deletion.

Works means the new trunk stormwater drain to be constructed as described in the Project Scope.

Work Site means the City Work Site and the Sydney Water Work Site as shown on the Works Site Plan.

Works Site Plan is at Annexure C.

1.2 Interpretation

In this Agreement:

- (a) headings are for convenience only and do not affect interpretation;
- (b) "person" includes an individual, the estate of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (c) a reference to a party includes that party's executors, administrators, successors and permitted assigns, including persons taking by way of novation;
- (d) a reference to a document (including this agreement) is to that document as varied, novated, ratified or replaced from time to time;
- (e) a reference to a statute includes its delegated legislation and a reference to a statute or delegated legislation or a provision of either includes consolidations, amendments, reenactments and replacements;
- (f) a word indicating the singular includes the plural (and vice versa), and a word indicating a gender includes every other gender;
- (g) a reference to a party, clause, schedule, exhibit, attachment or annexure is a reference to a party, clause, schedule, exhibit, attachment or annexure to or of this Agreement, and a reference to this Agreement includes all schedules, exhibits, attachments and annexures to it;
- (h) if a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (i) "includes" in any form is not a word of limitation; and
- (j) a reference to "\$" or "dollar" is to Australian currency.

1.3 Condition Precedent

This Agreement is subject to the parties securing appropriate approvals at Board, Council and senior management level.

1.4 Precedence of documents

If there is any ambiguity, discrepancy, or inconsistency between a provision within this Agreement and one within the Letter Agreement, the provision in this Agreement will apply.

2. COMMITMENTS

2.1 **Project Objectives**

- (a) Sydney Water and the City agree to work together to achieve the Project Objectives.
- (b) The Project Objectives include to:
 - (i) significantly reduce flood risk in the Green Square urban renewal area;

- (ii) minimise any downstream flooding impacts;
- (iii) deliver the Project Scope;
- (iv) achieve the Project Milestones;
- (v) facilitate the parties working together for the benefit of the Project;
- (vi) achieve the best possible outcome for the Project and those affected by the Project;
- (vii) demonstrate a genuine commitment to innovation and continuous improvement in the development of the Project's design and the carrying out of the Works;
- (viii) facilitate private and public development at Green Square Town Centre and Epsom Park; and
- (ix) achieve a 'value for money' outcome.

2.2 Good Faith

In performing its obligations under this Agreement, Sydney Water and the City agree to work cooperatively together and act in good faith at all times and will:

- (a) act in a manner which is fair, reasonable and honest;
- (b) do all things reasonably expected to give effect to the spirit and intent of this Agreement; and
- (c) not intentionally or recklessly impede or restrict the other's performance of the Works.

2.3 Co-operation of the parties

Sydney Water and the City agree to the following principles:

- (a) Sydney Water and the City will have equal authority in decision-making and approval processes for all Project decisions;
- (b) all communications between the parties will be open and honest to enable informed decision making;
- (c) the parties will, at all times during the term of this Agreement, co-operate with and assist each other to implement the Project and exercise their rights and comply with their obligations under this Agreement in an effective and timely manner, including by providing all relevant information and assistance requested by the other party;
- (d) co-operate with any relevant Service Providers in order to progress the Project; and
- (e) use reasonable endeavours to resolve any problems or disputes in a mutually beneficial, non-adversarial way.

2.4 Obligations

Sydney Water and the City will undertake the Project:

(a) in a careful, diligent, skilful and workmanlike manner so that the Works are of the required quality and fit for intended purpose;

- (b) with the equal aim, at all times, of minimising costs and satisfying all non-cost Project Objectives; and
- (c) with the due skill, care, diligence, capacity and resources necessary to perform its obligations under this Agreement.

2.5 Authority to Act outside the Project

Outside of the Project, unless expressly authorised in writing, neither party has authority to:

- (a) enter into any contracts, commitments or other legal documents or arrangements in the name of, or on behalf of, the other party; or
- (b) take any act or steps to bind or commit the other party in any manner, whether as a disclosed agent of the other party or otherwise.

3. TERM OF THE PROJECT

The term of the Project Agreement commences on the date of this Agreement and will continue until the later of:

- (a) conclusion of the Works; and
- (b) execution of a deed documenting ownership of the Works, in accordance with clause 8,
- (c) or such other date as the parties may agree in writing is the expiry date for the Project Agreement, unless terminated earlier.

4. PROJECT DESCRIPTION

4.1 Project Scope

The Project Scope is set out at Annexure A to this Agreement.

4.2 Location of the Project

The Project is located in Zetland and is bounded by Alexandra Canal and Link Road. It will be delivered in four sections (see Plan of Sections at Annexure D) with separate completion deadlines:

- (a) Link Road to Rose Valley Way, Epsom Park (**Section 1**);
- (b) (in the new) Rose Valley Way to Portman Street (east side) (Section 2);
- (c) Portman Street (east side) to Botany Road (east side) (Section 3); and
- (d) Botany Road (east side) to Alexandra Canal (**Section 4**).

4.3 **Project Milestones**

- (a) The Project Milestones are:
 - (i) 1 March 2015 Commencement of construction of Section 3. Any other Section of the Project may also commence at this time or at any time thereafter;

- (ii) 31 January 2016 Completion of construction of Section 3 and site handover;
- (iii) 31 January 2017 Completion of construction and operation of Sections 2 and 4 and site handover; and
- (iv) 31 December 2017 Completion of construction and operation of Section 1 and site handover.
- (b) The parties acknowledge that while the optimal construction sequence would commence at Section 4 and progress sequentially to Section 1, the construction sequence outlined in clause 4.3(a) is to meet the timing requirements for developer works and public infrastructure.
- (c) The parties agree that the participants to the Preferred Procurement Option (the competitive alliance discussed at clause 13) will be required to:
 - (i) deliver the Works in accordance with the Program;
 - (ii) achieve the Project Milestones so that there is no delay or any significant impacts (including in respect of Project Scope or timing) on the delivery of public and private development at Green Square Town Centre and Epsom Park;
 - (iii) demonstrate a genuine commitment to innovation; and
 - (iv) mitigate risks to the parties.

4.4 Project Cost

- (a) The parties agree that the estimated cost of the Project, as at the date of this Agreement, is (Estimated Project Cost). The Estimated Project Cost is based on the Preliminary Tender Reference Design.
- (b) The parties acknowledge that the Estimated Project Cost may vary as a result of the detailed design.
- (c) Any increase in the Estimated Project Cost must be treated as a Variation and comply with the process described in clause 6.
- (d) The parties agree to share the Project Cost as follows:
 - (i) the City is responsible for the City Share of the Project Cost; and
 - (ii) Sydney Water is responsible for the Sydney Water Share of the Project Cost.
- (e) It is acknowledged that to achieve a value for money outcome, the parties may approve a free issue arrangement for materials and services to participants of the Preferred Procurement Option. Any such free issue arrangement must be approved by both Sydney Water and the City (both acting reasonably) in writing.

4.5 Internal Project Costs

- (a) The Internal Project Costs will form part of the Project Cost.
- (b) The estimated Internal Project Costs are based on the Project Scope, the Project Milestones and the Estimated Project Cost. Variations to either/or the Project Scope, the

Project Milestones and the Estimated Project Cost are accepted as reasonable drivers for variation requests associated with Internal Project Costs.

- (c) The City will be liable for the City Share of the Internal Project Costs.
- (d) Sydney Water will be liable for the Sydney Water Share of the Internal Project Costs.
- (e) Each of Sydney Water and the City will use their respective finance systems to record their respective Internal Project Costs, using timesheets (or equivalent). Each party will make the details of their respective Internal Project Costs available to the other, and provide details to Sydney Water for compilation to the Project Cost on a monthly basis.
- (f) Any proposed increase to the estimated Internal Project Costs (whether arising as a result of a change notified under clause 11.3 or otherwise) must be treated as a Variation and comply with the process described in clause 6.
- (g) In relation to Internal Project Costs, each of Sydney Water and the City must ensure that at all times they:
 - (i) act efficiently and effectively, to minimise costs;
 - (ii) are Project related and necessary to achieve the Project Objectives.
- (h) The Internal Project Costs will be reviewed annually against estimate and final forecast, with the outcome of the review presented to the Project Committee.

4.6 External Consultants Costs and Third Party Service Provider Costs

- 4.6.1 External Consultants Costs and Future Studies
- (a) The parties agree that the liability of each party for External Consultants Costs is set out in the Letter Agreement.
- (b) The parties agree that the parties are likely to engage consultants and studies not identified in the Letter Agreement.
- (c) In accordance with section 4 of the Letter Agreement, the parties agree that Sydney Water will manage the engagement and procurement of relevant Studies (as defined in the Letter Agreement) on behalf of both parties for the Project (*the Future Studies*).
- (d) The parties agree that, in accordance with section 4(f) of the Letter Agreement, any Future Studies which were not specifically identified in the Letter Agreement will be treated on the same basis as those outlined in the Letter Agreement for the Future Studies. This includes liability of each party to the engagement as well as payments owing to Sydney Water and the third party for the deliverables, on the terms set out in the Letter Agreement.
- 4.6.2 Service Provider Costs
- (a) The parties may approve to jointly engage Service Providers to provide services including anticipated legal, commercial and probity consultation services to the Project. All engagement terms are to be agreed in writing.
- (b) If a Service Provider produces a deliverable it will become Project IP as defined in clause 14 of this Agreement.

- (c) The parties agree to share the costs for the joint engagement of Service Providers as follows:
 - (i) the City is responsible for the City Share of the Service Provider Costs; and
 - (ii) Sydney Water is responsible for the Sydney Water Share of the Service Provider Costs.
- (d) Unless otherwise agreed between the parties, each will be invoiced separately for their respective proportion of the Service Provider Costs.

4.7 Cost of land associated with the delivery of the Project

- (a) The parties agree that the costs (if any) payable relating to the land required to construct, operate and maintain the Works are as follows:
 - (i) Land available to the Project at nil cost is the land identified in the Works Site Plan as land either owned or accessible by the City or Sydney Water, which will be made available to the Project, during the time periods described on the Works Site Plan, at nil cost.
 - (ii) Land where costs are not part of the Project is the land identified in Annexure E as land which does not form part of the Project Cost. The City will bear any and all costs (including but not limited to costs for easements, leases, licences, compensation, legal costs, consultants and valuations but excluding demolition costs except for the City Demolition Work) to obtain rights to allow construction and maintenance of the Works on this land.
 - (iii)

- (iv) Costs of other land if any other land (whether by acquisition of the fee-simple, lease, easement, licence, any other interest in land or other right of access) is required for the purpose of the Project, the costs of acquiring the interest or access (and any associated costs) must be treated as a Variation and comply with the process described in clause 6 and if approved, will form part of the Project Cost.
- (b) Sydney Water will provide the following project management services :
 - (i) where requested by the City, to obtain the rights to construct and maintain the Works on the lands identified in clause 4.7(a)(ii);

- (ii) negotiating and agreeing compensation costs on behalf of the Project for land affected by the Works which are identified in clause 4.7(a)(iii); and / or
- (iii) preparing documentation relating to easements which will be necessary for the Project.
- (c) The project management services identified in clause 4.7(b) will form part of the Project Cost.

5. TENDER REFERENCE DESIGN

5.1 Validation of Preliminary Tender Reference Design

- (a) It is acknowledged and agreed that:
 - (i) the parties have spent considerable time and resources developing the Preliminary Tender Reference Design;
 - (ii) as at the date of this Agreement, the Preliminary Tender Reference Design is still in draft form and is not yet complete;
 - (iii) as soon as practicable after the date of this Agreement, a Service Provider will be engaged by the parties to conduct an independent validation of the Preliminary Tender Reference Design, the cost of which will form part of the Project Cost;
 - (iv) the Preliminary Tender Reference Design may be altered if design changes are required as a consequence of the independent validation. All alterations to the Preliminary Tender Reference Design must be approved by both Sydney Water and the City (both acting reasonably) in writing.
 - (v) The final approved Preliminary Tender Reference Design will become the Tender Reference Design for the purpose of this Agreement and the Tender Reference Design will automatically replace the Preliminary Tender Reference Design in the Project Scope;
 - (vi) the Performance Requirements may need to be updated to make it consistent with the Tender Reference Design. Any alterations to the Performance Requirements must be approved by both Sydney Water and the City (both acting reasonably) in writing; and
 - (vii) alterations to the Preliminary Tender Reference Design, finalisation of the Tender Reference Design and any alterations made to the Performance Requirements, in accordance with this clause 5.1(a), are not to be treated as a Variation and the process described in clause 6 does not apply, except where the alterations or updates will result in the Estimated Project Cost being exceeded.

5.2 No design warranties or representations

- (a) It is acknowledged and agreed that, as the Preliminary Tender Reference Design will be independently validated, no party makes any representation or warranty to the other about:
 - (i) the suitability or adequacy of the Preliminary Tender Reference Design or the Tender Reference Design; or
 - (ii) whether the Preliminary Tender Reference Design or the Tender Reference Design achieves the Performance Requirements; and

(b) Sydney Water and the City must otherwise rely on their own independent enquiries, and satisfy themselves about, the suitability and adequacy of the Preliminary Tender Reference Design and the Tender Reference Design and whether they achieve the Performance Requirements.

5.3 Design of the Works

- (a) The Works are to be designed in accordance with:
 - (i) the Tender Reference Design; or
 - (ii) a design that is at least equivalent to the Tender Reference Design in relation to:
 - (A) the flood levels, flood risks and impacts within the catchment; and
 - (B) the Performance Requirements,

(Equivalent Design).

- (b) To allow the parties to assess whether the proposed Equivalent Design satisfies the outcomes equivalency test described in clause 5.3(a)(ii), the SOBEK model and its existing assumptions in the Tender Reference Design must be used when undertaking comparisons and assessments. The proposed Equivalent Design must be approved by both Sydney Water and the City and agreed to in writing.
- (c) The Works must be constructed and delivered in accordance with the Tender Reference Design or (if approved by both parties) the Equivalent Design (the **Final Design**).
- (d) Any alterations to the Final Design during the construction phase of the Works must:
 - (i) satisfy the outcomes equivalency test described in clause 4.1(a)(ii); and
 - (ii) be treated as a Variation and comply with the process described in clause 6.

5.4 Design and Construction Standards

The Works must be designed and constructed in accordance with the Design and Construction Standards described in the Project Scope.

6. VARIATIONS

6.1 Best For Project Variations

- (a) Any Variation to the Project Scope, the Project Milestones, the Estimated Project Cost or the Internal Project Costs must be approved by both Sydney Water and the City via the Project Committee and agreed to in writing.
- (b) The parties can only approve a Variation to the Project Scope, the Project Milestones the Estimated Project Cost or the Internal Project Costs where the proposed Variation satisfies the "Best For Project" test.
- (c) The "Best For Project" test means the proposed Variation:
 - (i) satisfies the Project Objectives;
 - (ii) will assist to achieve the Project Scope;

- (iii) will assist meeting Project Milestones or not unreasonably delay Project Milestones; and
- (iv) will not, directly or indirectly, cause any adverse consequences or outcomes for either Sydney Water or the City (both acting reasonably), whether those adverse consequences or outcomes are related to the Project or not.
- (d) If the parties approve the proposed Variation to the Project Scope, the Project Milestones, the Estimated Project Cost or the Internal Project Costs, it will be known as a "Best For Project Variation".
- (e) If the parties are unable to reach consensus on a proposed Variation, the dispute resolution process at clause 19 will apply.
- (f) Subject to obtaining any relevant Board and Council approvals, the cost of the Best for Project Variation will form part of the Project Cost.
- (g) The parties must act reasonably in considering Variation requests under this clause 6.1.

6.2 Individual Out of Scope Variations

- (a) The parties may agree to allow a Variation to the Project which is not a Best for Project Variation. This will be a Variation that does not satisfy the Best for Project Test and may be for the benefit of one party. This will be known as an "*Individual Out of Scope Variation*".
- (b) An Individual Out of Scope Variation may be approved by both Sydney Water and the City via the Project Committee, at their discretion, and if the proposed Variation is considered to have no adverse impact on the Project, including:
 - (i) it is consistent with, or does not interfere with, the Project Objectives and the Project Scope;
 - (ii) it does not have any impact on the Project Milestones; and
 - (iii) it does not result in any additional costs for the Project .
- (c) The party that requested the Individual Out of Scope Variation will be:
 - (i) the sole owner of the end product of the Individual Out of Scope Variation; and
 - (ii) liable for all costs associated with the Individual Out of Scope Variation and accepts all risk and consequences associated with the Individual Out of Scope Variation.
- (d) The end product created as a result of the Individual Out of Scope Variation will not form part of the Project Cost and will not affect either the City Ownership Allocation nor the Sydney Water Ownership Allocation.

6.3 Approved Individual Out of Scope Variation for non-potable water off-take structure

The parties agree that:

- (a) prior to the date of this Agreement, the City requested a Variation to the Project, being the non-potable water off-take structure described in the Project Scope;
- (b) this Variation has been approved by the parties and forms an Individual Out of Scope Variation; and

(c) the approval process described in clause 6.2 does not otherwise apply to this Individual Out of Scope Variation.

7. OMITTED.

8. ASSET OWNERSHIP

8.1 Ownership Allocation and Ownership

- (a) Ownership of the Works will be allocated to the City and Sydney Water in the following percentages:
 - (i) the City will own the City Ownership Allocation; and
 - (ii) Sydney Water will own the Sydney Water Ownership Allocation.
- (b) Where relevant, the parties will affect any transfers of ownership of the Works to each other to reflect their respective ownership proportions above where land is owned by the other party or the transfer is required to satisfy either parties' legislative requirements.
- (c) From the date of practical completion of the Works until execution of a deed documenting ownership, (except where the participants of the Preferred Procurement Option are otherwise responsible) the City and Sydney Water will be responsible for the care of the Works. All repair, maintenance and third party costs incurred during this period will form part of the Project Cost.
- (d) Final ownership of the Works will be determined by an independent auditor's assessment of the Works. Where practicable, no later than 10 Business Days after the date of practical completion for the Works, the parties must jointly appoint an independent auditor (who is appropriately qualified and experienced) to audit the Works (excluding any works completed as an Individual Out of Scope Variation). The audit must include a detailed breakdown of the value of the Works by geographical sections to enable ownership to be allocated in accordance with the respective ownership shares. The auditor must issue this written valuation to both parties within 20 Business Days of appointment. The valuation will form part of the Project Cost. The brief prepared by the parties to the individual auditor will state the total Project Cost as the total constructed costs of the Works.
- (e) On receipt of the auditor's written valuation, the City and Sydney Water are to agree the sections of the Works (including the boundaries) that will be solely owned by each party, to reflect their respective ownership shares. The following principles will be applied to guide the written agreement between the parties:
 - (i) wherever possible, Sydney Water to own that part of the Works located between Alexandra Canal and Maddox Street;
 - (ii) wherever possible, the City to own that part of the Works located between Botany Road and Joynton Avenue;
 - (iii) the parties will own contiguous sections wherever possible;
 - (iv) the City will own all stubs to connect local drainage constructed as part of the Project; and

- (v) Sydney Water will own the stormwater quality improvement device (SQID) and any part of the Works installed in the Alexandra Canal.
- (f) Once ownership of each party's sections of the Works is agreed under clause 8.1(e), it is to be documented in a deed signed by both parties.

8.2 Easement to drain water and other rights

- (a) On completion of the Works, each party will:
 - (i) where required, grant to the other party those easements reasonably required (or other appropriate use right) over the land containing that part of the Works allocated to it in accordance with clause 8. The cost of drafting, survey, plans, negotiating and registering the easements (or other appropriate use right) will form part of the Project Cost; and
 - do all things reasonably necessary to give effect to this Agreement or allow use the Works for its intended purpose, and the cost of doing so will form part of the Project Cost.

8.3 Local Drainage Connection to Stubs

Sydney Water agrees that, during the life of the Works, Sydney Water will diligently and expeditiously assess and approve applications made by the City (including any contractor or agent of the City or other approved third party) to connect local drainage to a stub constructed as part of the Project or that otherwise links to the Works. This clause 8.3 survives expiry or termination of this Project Agreement.

8.4 Maintenance Plan

The City and Sydney Water will maintain the Works in accordance with their ownership allocation of the final Works in accordance with this clause 8.

9. WORKS SITE

- (a) During the time periods described on the Works Site Plan, each party will make their respective part of the Works Site available, at no cost, for the purpose of the Project.
- (b) In addition to clause 9(a), where the City is the roads authority for the relevant public roads shown on the Works Site Plan, the City will make those roads available for the purpose of the Project subject to the *Roads Act 1993* (NSW) and any other laws or requirements.
- (c) Each party acknowledges and agrees that the other party has not made any representation, given any advice or given any warranty as to:
 - (i) the suitability or adequacy of the Works Site for the Project;
 - (ii) the condition of the Works Site, including sub-surface conditions;
 - (iii) the existence or otherwise of any heritage items on the Works Site or heritage values or significance of the Works Site or anything on it; and
 - (iv) the existence or otherwise of any native or Aboriginal title in respect of the Works Site.
- (d) Sydney Water and the City accept the Works Site in its present condition including any contamination or defects.

- (e) Before any part of the Works Site is occupied for the Project, the parties agree that a dilapidation report must be prepared and approved by the land owner (or where an easement, the benefiting party and the land owner).
- (f) On vacation of the Works Site (or part), the Works Site must be restored as follows:
 - (i) for roads where RMS is the roads authority, in accordance with all relevant RMS requirements and standards;
 - (ii) for roads where the City is the roads authority, in accordance with all relevant City codes and standards;
 - (iii) for Perry Park (being Lot 7057 in DP1060577), in accordance with all relevant City codes and standards;
 - (iv) for 95A Portman Street and 97-103 Portman Street (being Lot 1 and Lot 2 in DP1181144) and for 140 Joynton Avenue and 132-138 Joynton Avenue (being Lot 2 in DP24134 and Lot 2 in DP850686), to the same surface levels shown in the dilapidation report;
 - (v) for all land not covered by paragraphs (i) to (iv) inclusive, to the same, or an equivalent, condition, using equivalent materials, as shown in the dilapidation report, or as otherwise agreed with the land owner; and
 - (vi) to comply with the *Contaminated Land Management Act 1997* (NSW) and any other relevant laws or requirements, as determined by an environmental auditor.
- (g) The dilapidation report is to be undertaken by the participants of the Preferred Procurement Model.

10. PMP

As soon as practicable after the date of this Agreement, Sydney Water will develop a draft PMP for review and approval by the City. The PMP must be approved by both Sydney Water and the City and agreed to in writing.

11. PROJECT MANAGEMENT SERVICES

11.1 Sydney Water's obligations

Sydney Water will:

- (a) assume the lead role in the delivery of the Project by acting as project manager, including managing the non-owner participants under the Preferred Procurement Option;
- (b) carry out and regularly and diligently progress the Project Management Services in accordance with this Agreement and as set out in the PMP;
- (c) prepare, and (subject to clause 11.3(c)) have document control of, the PMP;
- (d) prepare, and (subject to clause 11.3(c)) have document control of, the program;
- (e) as project manager, obtain the Approvals identified at clause 12; and
- (f) as project manager, lead all community liaison for the Project (the City will support Sydney Water).

11.2 City's obligations

The City will provide part of the Project Management Services.

11.3 Changes in scope or timing of Project Management Services or the Program

- (a) If Sydney Water becomes aware (whether notified by the City or otherwise) of any matter which:
 - (i) is likely to significantly change or which has significantly changed the scope or timing of the Project Management Services or the Project Milestones;
 - (ii) significantly affects or may significantly affect the timing of the performance of the Project Management Services;
 - (iii) requires the Program to be significantly updated, varied or changed; or
 - (iv) involves any significant error, omission or defect in any continuing or completed aspect of the Project Management Services,

Sydney Water must promptly give written notice of that matter to the City's Representative containing, as far as practicable in the circumstances:

- (v) particulars of the change, error, omission or defect;
- (vi) the reason for, or cause of, the change, error, omission or defect;
- (vii) its likely impact; and
- (viii) Sydney Water's recommendation as to how to minimise its impact upon the scope and timing of the Project Management Services or the Program.
- (b) Sydney Water and the City must promptly, and in writing, make a decision on how to best manage the change, whether that involves adopting the recommendation of Sydney Water, adopting an alternative course of action or that the issue be referred to the Project Committee for resolution. If the parties are unable to agree on a course of action, the matter is to be referred to the Project Committee for resolution.
- (c) Notwithstanding any provision to the contrary in this clause 11, Sydney Water and the City agree that the Internal Project Costs, Project Management Services and the Project Milestones cannot be significantly changed, altered or updated:
 - (i) unless approved by both Sydney Water and the City and agreed to in writing; and
 - (ii) if that change, alteration or update is inconsistent with other provisions of this Agreement (including compliance with the process described in clause 6 for Variations).

11.4 Making of Project Management Decisions

- (a) To ensure timeliness and assist in achieving the Project Milestones if:
 - (i) Sydney Water, as project manager, requests information; or
 - Sydney Water recommends to the City that they adopt a course of action or that the City consider and select one of a number of alternative courses of action; and

(iii) all information reasonably required to enable a decision to be made is provided by Sydney Water or is otherwise available,

the City must:

- (iv) provide a response by close of business three (3) Business Days after receiving Sydney Water's written request; or
- (v) notify Sydney Water that it considers, given the nature of the request or the complexity of issues involved (including whether internal approvals are required), it will be unable to provide a response within three (3) Business Days and the anticipated date it will provide a response (acting reasonably).
- (b) Where a request for approval of a recommended course of action has been issued and no response has been received by Sydney Water, unless the City has given Sydney Water notification of a time extension under clause 11.4(a)(v) or requires further information, at 6:01pm on the third (3rd) Business Day Sydney Water will deem its request approved by the City and will proceed in accordance with its recommended course of action. Where a deemed acceptance occurs, both parties continue to share costs and risks as though the City had approved the request. Sydney Water will keep the City informed of the actions it takes as a result of the deemed acceptance.
- (c) This clause 11.4 does not apply to decisions that may have a significant or adverse affect on the Project or the Project Milestones or involve a change to the Project Costs. These decisions fall within the role of the Project Committee (including Variations and cost overruns).

12. APPROVALS

12.1 Approvals to be obtained

- (a) Sydney Water will engage in consultation with the relevant authorities or entities and obtain the external Approvals identified below in respect of :
 - (i) where necessary, Review of Environment Factors and / or Environment Impact Studies;
 - (ii) RailCorp (including TfNSW);
 - (iii) roads;
 - (iv) the Office of Environment & Heritage and the Environmental Protection Authority;
 - (v) services/utilities approvals (including in respect of telecommunications, gas, electricity); and
 - (vi) telecommunications.
- (b) The City will support Sydney Water to obtain the Approvals and will provide that support in a timely manner.

12.2 Planning Approvals

(a) Sydney Water will obtain all relevant planning approvals for the Project (such as assessing the REF and any relevant EIS studies).

- (b) The planning approvals for the Project must include:
- (i) the City Demolition Work; and
- (ii) the demolition of all existing buildings, ground floor slabs and other structures on the entire parcels of land shown on the Demolition Plan.
 - (c) Sydney Water will be the determining authority for all relevant assessments and will make recommendations to the City accordingly.

13. PROCUREMENT

13.1 Procurement Method

- (a) The parties agree that at the time of making this Agreement, the most appropriate vehicle to deliver the Project is a competitive alliance (*Preferred Procurement Option*).
- (b) The Preferred Procurement Option is subject to Sydney Water Board and Council approval.
- (c) The parties agree that all tender documentation must be approved by both Sydney Water and the City (both acting reasonably) in writing, before it is issued to the public.

14. INTELLECTUAL PROPERTY

- (a) This Agreement does not assign ownership of any Intellectual Property existing on commencement of this Agreement and neither party may assert ownership of all or any part of the other party's pre-existing Intellectual Property.
- (b) If a party has any pre-existing Intellectual Property as at commencement of this Agreement to be used in connection with the Project, that party grants the other party an irrevocable, non-exclusive, world-wide, perpetual, transferable, sub-licensable, royaltyfree licence of that pre-existing Intellectual Property for use in connection with the Project.
- (c) All Intellectual Property in any work arising from or created, produced or developed, whether alone or jointly with others or by any third party, in connection with the Project must vest equally in the parties, as joint owners. This will be known as "Project IP".
- (d) Each party can use, or grant a licence of, all or part of the Project IP without needing the consent of the other party where the Project IP is used in connection with the Project or storm water drainage infrastructure for the development of Green Square Town Centre and adjoining redevelopment areas.
- (e) Each party must notify the other as soon as it becomes aware of any infringement or suspected infringement of the Project IP.

15. DOCUMENTS

15.1 Access to accounts, Records and documentation

Sydney Water and the City will give every assistance to, and make available to each other on request, all invoices, accounts, Records and documentation that relate to the Project.

15.2 Copies of documentation

Following completion of the Project or termination of this Agreement, Sydney Water and the City are each entitled to retain one copy of the City Material, the Sydney Water Material and any Agreement Material, subject to:

- (a) Sydney Water providing prior written notice to the City of all City Material of which it will keep a copy;
- (b) the City providing prior written notice to Sydney Water of all Sydney Water Material of which it will keep a copy;
- (c) Sydney Water maintaining confidentiality in the City Material and taking all steps reasonably necessary to preserve and maintain confidentiality in the City Material; and
- (d) the City maintaining confidentiality in the Sydney Water Material and taking all steps reasonably necessary to preserve and maintain confidentiality in the Sydney Water Material.

16. CONFIDENTIALITY

Subject to any legislative requirements including those under the *Local Government Act 1993* (NSW) or the *Government Information (Public Access) Act 2009* (NSW), where one party has provided Confidential Information to the other party, that party will ensure that the Confidential Information is treated confidentially and not disclosed to any third party without the prior written approval of the disclosing party.

17. GOVERNANCE

17.1 Sydney Water's Representative

- (a) Sydney Water must appoint, and ensure that at all times there is appointed a natural person to be Sydney Water's Representative.
- (b) Sydney Water acknowledges and agrees that:
 - the role of Sydney Water's Representative is to be the primary point of contact for the purpose of implementing this Agreement and facilitating the objectives of this Agreement and that all correspondence and communication in relation to this Agreement should be undertaken through Sydney Water's Representative;
 - (ii) matters within the knowledge of Sydney Water's Representative are taken to be within the knowledge of Sydney Water; and
 - (iii) Sydney Water's Representative has the authority to act on behalf of Sydney Water in its role under this Agreement but acts at all times as the agent of Sydney Water (and not as an independent certifier, assessor or valuer) and is subject to the directions of Sydney Water.
- (c) Sydney Water may at any time replace Sydney Water's Representative, in which event Sydney Water will appoint another person as Sydney Water's Representative and notify the City of that appointment.
- (d) Any substitute Sydney Water's Representative appointed under this clause will be bound by anything done by the former Sydney Water's Representative to the same extent as the former Sydney Water's Representative would have been bound.

17.2 City's Representative

- (a) The City must appoint, and ensure that at all times there is appointed, a natural person to be the City's Representative.
- (b) The City acknowledges and agrees that:
 - the role of the City's Representative is to be the primary point of contact for the purpose of implementing this Agreement and facilitating the objectives of this Agreement and that all correspondence and communication in relation to this Agreement should be undertaken through the City's Representative;
 - (ii) matters within the knowledge of the City's Representative are taken to be within the knowledge of the City; and
 - (iii) the City's Representative has the authority to act on behalf of the City in its role under this Agreement but acts at all times as the agent of the City (and not as an independent certifier, assessor or valuer) and is subject to the directions of the City.
- (c) The City may at any time replace the City's Representative, in which event the City will appoint another person as the City's Representative and notify Sydney Water of that appointment.
- (d) Any substitute City's Representative appointed under this clause will be bound by anything done by the former City's Representative to the same extent as the former City's Representative would have been bound.

17.3 Project Management Team

- (a) Sydney Water will advise the City of the Project Management Team. The Project Management Team will be identified in the PMP.
- (b) The Project Management Team is responsible for the day-to-day management of the Project. Specifically, the Project Management Team's role is to:
 - (i) develop the Estimated Project Cost for approval;
 - (ii) review the Estimated Project Cost and report on an open book basis to the Project Committee;
 - (iii) manage its own costs within the Internal Project Costs, and manage the External Consultants Costs and the Service Provider Costs, and report on an open book basis to the Project Committee;
 - (iv) identify Service Providers to assist with the Project and to seek approval from the Project Committee before appointment;
 - (v) manage the procurement process in accordance with the endorsed methodology;
 - (vi) develop required tender documentation for approval;
 - (vii) act as liaison between the tenderers and the parties to assist and guide the development of tender proposals;
 - (viii) undertake evaluation of tender submissions and prepare an evaluation report recommending the preferred tenderer;

- (ix) manage the detailed planning phase, obtain various Approvals including planning and environmental approvals, and facilitate investigations such as geotechnical and contamination studies;
- (x) ensure the appropriate insurances are provided;
- (xi) provide monthly management reports and other project updates for consideration by the Project Committee;
- (xii) engage with government agencies as needed;
- (xiii) engage with the community as appropriate during the tender phase and by directly addressing any issues or concerns (subject to clause 11.1(f));
- (xiv)engage a probity advisor and manage any conflict of interest or probity issues; and
- (xv) prepare draft Variations and any relevant accompanying information for approval.

17.4 Establishment of the Project Committee

- (a) The parties will immediately establish the Project Committee.
- (b) Membership of the Project Committee is limited to no more than 2 representatives from each of Sydney Water and the City and such membership is to be comprised of:
 - (i) Sydney Water's Representative;
 - (ii) one Sydney Water member (as nominated by Sydney Water from time to time);
 - (iii) the City's Representative; and
 - (iv) one City member (as nominated by the City from time to time).

17.5 Role of the Project Committee

The role of the Project Committee is to:

- (a) provide guidance to the Project Management Team during the tender phase and to ensure the parties' requirements under this Agreement are met, including review and approval of the Project Management Team's proposed key activities including:
 - (i) appointment of advisors;
 - (ii) definition of tender scope, including the output specification;
 - (iii) commercial principles and contract documentation; and
 - (iv) evaluation of expressions of interest and recommended shortlists;
- (b) evaluate and approve or reject (or make recommendations to approve, where internal Board, Council or senior management approval is required) proposed Best for Project Variations and proposed Individual Out of Scope Variations;
- (c) act as the Project's liaison to the respective Boards and senior management of the parties' for significant activities including:

- (i) review the Project Costs and make recommendations to the parties' Boards, committees or senior management that the Project Costs be endorsed; and
- (ii) review the Project Management Team's evaluation of proposals and selection of a preferred tenderer and make recommendations to the parties' committees or senior management accordingly; and
- (iii) where internal Board, Council or senior management approval is required, make recommendations to approve proposed Best for Project Variations or proposed Individual Out of Scope Variations;
- (d) approve Project Costs, including the engagement of new Service Providers, changes to the Estimated Project Cost and changes to the Internal Project Costs, within the limits of their individual delegated authority;
- (e) approve the terms of a free issue arrangement for materials and services to participants of the Preferred Procurement Option;
- (f) review monthly management reports prepared by the Project Management Team;
- (g) ensure that the needs and specifications of the parties are met;
- (h) evaluate for approval any proposals referred to it by the City's Representative or Sydney Water's Representative;
- (i) where relevant, nominate one or more City representatives and Sydney Water representatives who will be included on any further Project committees; and
- (j) evaluate for approval any proposals that may have a material or substantive impact on the Project.

17.6 Project Committee Meetings

- (a) The Project Committee will meet on a monthly basis (or as agreed) to monitor Project progress and review the monthly management pack produced by the Project Management Team.
- (b) The Project Committee must also make itself available more regularly to address key issues, or at critical junctures within the Project.
- (c) Sydney Water's Representative will be the chairperson of the Project Committee.
- (d) Each of Sydney Water's Representative and the City's Representative (*Representatives*) may appoint a nominated alternate to attend meetings of the Project Committee if the Representative cannot attend for any reason. The nominated alternates will hold the same delegations and authorities as the Representatives they are substituting.
- (e) Project Committee meetings will be conducted in accordance with procedures its members determine from time to time, provided that all four members described in clause 17.4(b) (or a nominated alternate appointed under clause 17.6(d)) must be present in order for there to be a quorum at a meeting of the Project Committee.
- (f) To be effective, a decision of the Project Committee must be a unanimous decision of all members present and entitled to participate in that decision and there must be a quorum. No decision will be deemed to have been made by the Project Committee unless it is unanimous and there was a quorum.

- (g) The Project Committee will have delegated authority from the parties to make critical decisions for the Project within the limits of their own delegated authority. Such decisions will be binding on the parties.
- (h) The Project Committee will make decisions in a timely manner.
- (i) The Project Committee decisions do not affect the rights of Sydney Water or the City except as set out in this clause.
- (j) The Project Committee does not have the power to bind the City or Sydney Water to act, or refrain from acting, in any way.
- (k) If a dispute is referred to the Project Committee, the Project Committee will attempt to resolve the dispute at the next scheduled meeting of the Project Committee in which case:
 - (i) a decision of the Project Committee in respect of the dispute may only be made by unanimous agreement of the members of the Project Committee in attendance; and
 - (ii) if the dispute is not resolved at the meeting or within 5 Business Days after the meeting, either party may refer the dispute for resolution in accordance with clause 19.

18. TERMINATION

18.1 Notice of default

- (a) If a party commits a Material Default, then the other party may give a default notice to the defaulting party.
- (b) A default notice under this clause must state:
 - (i) that it is a notice given under this clause 18;
 - (ii) the Material Default relied upon; and
 - (iii) that the non-defaulting party requires the defaulting party to:
 - (A) remedy the breach to the non-defaulting party's reasonable satisfaction; or
 - (B) provide a cure plan which sets out the actions and measures which will be undertaken by the defaulting party to remedy the default, within a reasonable number of days (being not less than 20 Business Days) as set out in the notice.
- (c) If the defaulting party fails to remedy the Material Default to the non-defaulting party's reasonable satisfaction (or otherwise provide a cure plan) within the period set out in the default notice, or if the Material Default is not remedied in accordance with the cure plan, then the non-defaulting party may, by further written notice to the defaulting party, terminate this Agreement.
- (d) The parties may only issue a default notice pursuant to this clause 18 after they have followed the dispute resolution process set out in clause 19 and the Material Default continues.

18.2 Effect of Termination

Termination of this Agreement by either party is without prejudice to any accrued rights or remedies of each party.

18.3 Costs

If this Agreement is terminated, the parties will be entitled to reimbursement of the following:

- (a) the City's Share of the Project Costs (or Sydney Water's Share of the Project Costs) incurred prior to the date of termination, including all amounts which would have been payable to either party (including the Project Management Costs or any costs owing to Sydney Water identified in the Letter Agreement) if this Agreement had not been terminated and that party submitted a payment claim for Services carried out to the date of termination; and
- (b) where either party has made payment to a third party on behalf of the Project, (where relevant) the City's Share or Sydney Water's Share of the cost of goods or materials (if any), or services by Service Providers reasonably ordered by either party for which that party or that Service Provider is legally bound to pay provided that the value of the goods or materials is not included in the amount payable under subparagraph (a).

18.4 Rights preserved

The expiry or termination of this Agreement will not affect any rights of a party against the other in respect of any act, omission, matter or thing occurring or under this Agreement prior to that expiry or termination.

19. DISPUTE RESOLUTION

19.1 Dispute resolution process

- (a) If either party considers that there is a dispute between the parties in relation to this Agreement or the Project, that party will notify the other party in writing, such notice to identify the nature and details of the dispute.
- (b) A party may only lodge a notification of dispute if the Project Committee has been unable to resolve the dispute at Project Committee level and either the earlier of:
 - (i) the Project Committee has notified the parties that they have been unable to resolve the dispute ; or
 - (ii) 20 Business Days have passed since the issue was raised in writing to the Project Committee.
- (c) Following a notice of dispute being issued by a party, the parties will seek to resolve the relevant dispute by elevating the dispute to the Chief Executive Officer of the City and the Managing Director of Sydney Water to meet and attempt to resolve the dispute within a further 20 Business Days.
- (d) If a party gives a notice of dispute, the parties will continue to meet their obligations under this Agreement until the dispute is resolved and, following resolution of the dispute, meet their obligations under this Agreement in accordance with the resolution of the dispute.

19.2 No litigation or arbitration

- (a) The parties agree that there will be no litigation or arbitration between them arising out of or in connection with this Agreement. Sydney Water and the City must use their best endeavours to avoid issues arising as between each other and, to the extent an issue arises, must resolve the issue internally and otherwise comply with the procedure for the resolution of disputes set out in clause 19.1.
- (b) Sydney Water and the City agree that, subject to the exceptions in clause 19.2(c), a failure by a party to perform any obligation or to discharge any duty under, or arising out of or in connection with this Agreement, does not give rise to any enforceable right or obligation at law or in equity and, to the extent that it does, the other party releases and holds harmless that party from any consequences at law or equity for that failure.
- (c) Clauses 19.2(a)and (b) have no force or effect in respect of:
 - (i) a Material Default which has not been remedied in accordance with clause 18; and
 - (ii) in respect of a failure by a party to make a payment under an indemnity under this Agreement.

20. MUTUAL INDEMNITY AND LIABILITY

20.1 Mutual Indemnity

Each party (the **Indemnifier**) is liable for and indemnifies the other party (the **Indemnified Party**) from and against:

- (a) all third party Claims brought against, suffered or incurred by the Indemnified Party to the extent caused or contributed to by, or arising out of:
 - (i) any negligent act or negligent omission of the Indemnifier or its Associates in relation to, or as a consequence of, the Project (including the Project Management Services); or
 - (ii) any Material Default of this Agreement by the Indemnifier; and
- (b) any Loss incurred by the Indemnified Party to the extent caused or contributed to by, or arising out of:
 - (i) any Material Default of this Agreement by the Indemnifier;
 - (ii) termination of this Agreement due to Material Default; or
 - (iii) any negligent act or negligent omission of the Indemnifier or its Associates in relation to, or as a consequence of, the carrying out of the Project Management Services.

An Indemnifier's liability for and responsibility to indemnify the Indemnified Party under this clause 20.1 is reduced proportionally to the extent that a negligent act or negligent omission of the Indemnified Party or its Associates contributed to the Loss or Claim.

20.2 Exclusion for Consequential Loss

(a) In this clause 20.2, "Consequential Loss" means any loss of profit, loss of any contract, loss of revenue, loss of use, loss of business opportunities, loss of anticipated savings, damage to goodwill, or any indirect and consequential losses or

damages not in the reasonable contemplation of the parties at the time of the loss or damage.

(b) Subject to clause 20.1(a), the parties are not liable to each other for any Consequential Loss sustained by a party, whatever the cause, arising out of or connected with this Agreement.

20.3 Liability under this Agreement

- (a) Each indemnity under this Agreement is a continuing obligation, separate and independent from the other obligations under this Agreement and survives termination or expiry of this Agreement.
- (b) It is not necessary for a party to incur expense or to make any payment before enforcing a right of indemnity conferred under this Agreement.

21. INSURANCE

The parties will each effect the insurance or self-insurance arrangements appropriate to this Agreement.

22. FORCE MAJEURE

22.1 Notification of a Force Majeure Event

If a party is affected by a Force Majeure Event, that party must immediately notify the other party, giving:

- (a) full details of the Force Majeure Event;
- (b) an estimate of the duration of the Force Majeure Event;
- (c) the obligations the Force Majeure Event affects and how much it will affect the party giving notice; and
- (d) the steps that the party has either taken or plans to take to manage the effects of the Force Majeure Event.

22.2 Effect on obligations

- (a) A party's obligations under this Agreement are suspended if those obligations are affected by a Force Majeure Event, for as long as the event continues.
- (b) A party affected by a Force Majeure Event must do all it can to remove, overcome or minimise the effects of the event as quickly as possible.

22.3 Definition of "Force Majeure Event"

For the purpose of this clause, a "Force Majeure Event" means an earthquake, cyclone, fire, riot or civil commotion, sabotage, act of God, war, revolution, or flood, the effects of which cannot be prevented by taking those steps a prudent and competent person would take.

23. GENERAL

23.1 Notices

Each communication (including each notice, consent, approval, request and demand) under or in connection with this Agreement:

- (a) must be in writing;
- (b) must be addressed as follows (or as otherwise notified by that party to each other party from time to time):

Sydney Water

Name:	S. Muralitharan (Mura)
Address:	1 Smith Street
	Parramatta NSW 2150
PO Box:	PO Box 399 Parramatta NSW 2124
Email:	S.MURALITHARAN@sydneywater.com.au

The City

Name:	Kim Swain
Address:	Town Hall House
	456 Kent Street
	Sydney NSW 2000
PO Box:	GPO Box 1591 SYDNEY NSW 2001
Email:	KSwain@cityofsydney.nsw.gov.au

- (c) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of, that party;
- (d) with the exception of notices for dispute, must be delivered by hand or posted by prepaid post to the address, or sent by email, of the addressee; and
- (e) notices for dispute in accordance with clause 19 must be delivered by hand or posted by prepaid post to the address of the addressee.

23.2 Governing law

This Agreement is governed by and must be construed according to the law applying in New South Wales.

23.3 Amendments

Excluding replacement of the Preliminary Tender Reference Design with the Tender Reference Design in the Project Scope in accordance with clause 5.1(a), this Agreement may only be varied by a document signed by or on behalf of each party.

23.4 Consents

A consent required under this Agreement from a party may be given or withheld, or may be given subject to any conditions, as that party (in its absolute discretion) thinks fit, unless this agreement expressly provides otherwise.

23.5 Assignment

A party cannot assign, novate or otherwise transfer any of its rights or obligations under this Agreement without the prior consent of each other party.

23.6 Counterparts

This agreement may be executed in any number of counterparts and by the parties on separate counterparts. Each counterparty constitutes an original of this agreement, and all together constitute one agreement.

23.7 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on a party's behalf) has made any representation or other inducement to it to enter into this Agreement, except for representations or inducements expressly set out in this Agreement.
- (b) Each party acknowledges and confirms that it does not enter into this Agreement in reliance on any representation or other inducement by or on behalf of any other party, except for representations or inducements expressly set out in this Agreement.

23.8 Expenses

Except as otherwise provided in this Agreement, each party must pay its own costs and expenses in connection with negotiating, preparing, executing and performing this Agreement.

23.9 Entire Agreement

This Agreement constitutes the entire agreement between the parties in connection with its subject matter except for the Letter Agreement.

23.10 Waiver

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of the right;
- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise of a right does not prevent any further exercise of that right or of any other right.

23.11 Unfettered discretion

Nothing in this Agreement in any way restricts or otherwise affects the City or Sydney Water's unfettered discretion to exercise any of their statutory functions, powers as a public authority (in the case of the City) or powers to any law, or, in the case of Sydney Water, the ability of Sydney Water to comply with its Operating Licence and Customer Contract (each as amended from time to time).

Signed for and on behalf of The COUNCIL OF THE CITY OF SYDNEY by its duly authorised officer in the presence of:

Witness:

Name of Witness (printed):

Signature:

MONICA BARONE CHIEF EXECUTIVE OFFICER

Signed, sealed and delivered for and on behalf of Sydney Water Corporation ABN 36 776 225 by in his capacity as , pursuant to Power of Attorney dated 21 November 2012 and Registered Book 4644 No 192, in the presence of:

Signature of witness

Signature

Name of witness (block letters)

ANNEXURE A: Project Scope

Version dated 21 March 2014

ANNEXURE A: PROJECT SCOPE

1. Objective

The aim of the Project is to reduce high hazard flooding on Joynton Avenue and Botany Road and to mitigate flood risks in the Green Square Town Centre and Epsom Park Precincts by increasing the carrying capacity of the trunk drainage network from Link Road, Zetland to the head of Alexandra Canal (downstream of Huntley Street, Alexandria).

The project will involve the design and construction of a trunk stormwater drain of approximately 2.5 kilometres in length, and will also include ancillary works, such as transition structures, drainage pits and stubs, to enable existing and future local drainage connections to the system, and any necessary environmental mitigation measures including energy dissipation devices and stormwater quality improvement device (proprietary gross pollutant trap).

The trunk drainage works will also include replacing and increasing the carrying capacity of the existing trunk drainage asset upstream of Portman Street and will provide additional trunk drainage capacity downstream of Portman Street. The existing trunk drainage culverts and open channels will be retained downstream of Portman Street.

2. Preliminary Tender Reference Design

The City and Sydney Water have developed a Preliminary Tender Reference Design, which will be independently validated. Information relevant to the Preliminary Tender Reference Design that will be provided includes:

- Preliminary Tender Reference Design plan, outlining the proposed route alignment and indicative pipe sizing
- Preliminary local drainage connections plan;
- Concept plan of the offtake structure for the Green Square Water Reuse Scheme
- SOBEK 2D hydraulic / hydrologic model.

The Preliminary Tender Reference Design, upon validation, will become the Tender Reference Design.

Information and documents that will be available to support the design and development of the trunk stormwater drain include:

- Green Square West Kensington Floodplain Risk Management Study and Plan
- Alexandra Canal Floodplain Risk Management Study and Plan
- Green Square Trunk Drain Concept Design Report (Issue 2, 22 May 2013)
- Specialist studies:
 - Contamination Report
 - Geotechnical Report
 - Sediment mobilisation report
 - Construction Traffic Impact Assessment
 - Noise and Vibration Impact Assessment
 - Services Investigation Report
 - Heritage Impact Assessment
- Review of Environmental Factors

3. Key Design Requirements

The Works are to be designed in accordance with:

- (i) the Tender Reference Design; or(ii) a design that is at least equivalent
 - a design that is at least equivalent to the Tender Reference Design in relation to:
 - (a) the flood levels, flood risks and impacts within the catchment; and
 - (b) the Performance Requirements,

(Equivalent Design).

To allow Sydney Water and the City to assess whether the proposed Equivalent Design satisfies the outcomes equivalency test described above, the SOBEK model and its existing assumptions in the Tender Reference Design must be used when undertaking comparisons and assessments.

The proposed Equivalent Design must be approved by both Sydney Water and the City and agreed to in writing.

4. Performance Requirements

The design of the Works must meet the following minimum performance requirements.

All nominated AEP's refer to peak flows generated in critical duration events.

- (a) The Works must have a discharge carrying capacity equivalent to a rainfall runoff generated in a 5% AEP from the entire catchment upstream of Joynton Avenue. The Works must have minimal adverse flood impact on other landowners (i.e., no greater than 10mm increase in flood levels) and no significant environmental impact.
- (b) There are to be no overland flows through the future Green Square Plaza in the 1% AEP flood other than local runoff from the Plaza and surrounding buildings.
- (c) For the design 1% AEP flood, high hazard flooding along Epsom Road, Joynton Avenue and Botany Road, and land between Link Road and Joynton Avenue must be reduced to low hazard, with low hazard defined by a depth and velocity product of less than 0.4m²s⁻¹ to:
 - i. a maximum flow depth of 500mm regardless of velocity; and
 - ii. a maximum flow velocity of $3ms^{-1}$ at depths less than 0.2m.
- (d) High capacity pit inlet structures are to be incorporated on both sides of Joynton Avenue (minimum of 4 separate pits) to ensure the above service levels are achieved at the completion of Sections 2, 3, and 4 of the Project, allowing for a 50% blockage in modelling assumptions.
- (e) The Works must not preclude the establishment of an overland flow path from Link Road to Bourke Road to be delivered through precinct and site redevelopment activities by others and contained within existing or future road reserves in the 1% AEP flood.
- (f) Provide a stormwater quality improvement device (proprietary gross pollutant trap) as part of the Works. The SQID is to be located on Sydney Water land adjacent to Maddox Street and must:
 - i. Be capable of treating flows up to a 3 month ARI storm event
 - ii. Be an off-line, non-blocking device with off-line pollutant storage outside the screening area
 - iii. Incorporate non-blocking functionality
 - iv. Be installed underground with no moving parts
 - v. Be extensively validated through research and testing
 - vi. Achieve the following reported pollutant removal efficiencies (by manufacturer):
 - >98% removal of gross pollutants
 - >70% removal of total suspended solids
 - >30% removal of total phosphorus
 - Capture organics and oils
 - Capture adsorbed toxics and nutrients.
- (g) Identify and include relevant maintenance design considerations to facilitate the safe and efficient maintenance of the constructed Works.

5. Design and Construction Standards

The Works must be designed and constructed in accordance with the following standards:

Design Standards

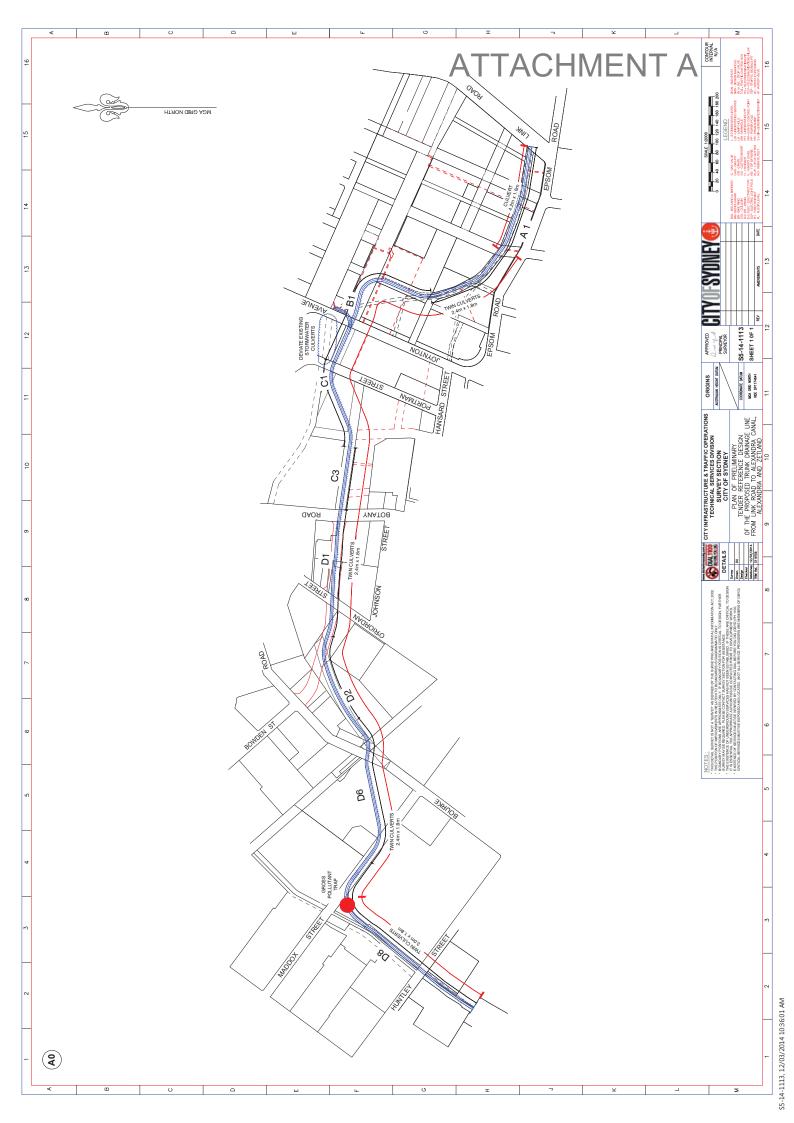
The planning and design of the Works is to comply with the following standards and specifications:

- (a) Queensland Urban Drainage Manual (QUDM, 2007) except where specific design criteria, service levels and/or operational outcomes are provided in the Performance Requirements.
- (b) Sydney Water's "Infrastructure Delivery, Technical Specification, Part 1 Civil Works":
- (c) City of Sydney's Sydney Streets Technical Specifications.
- (d) City of Sydney Parks Technical Manual.
- (e) The manufacturers design specification for the precast, prefabricated and proprietary products.

Construction Standards

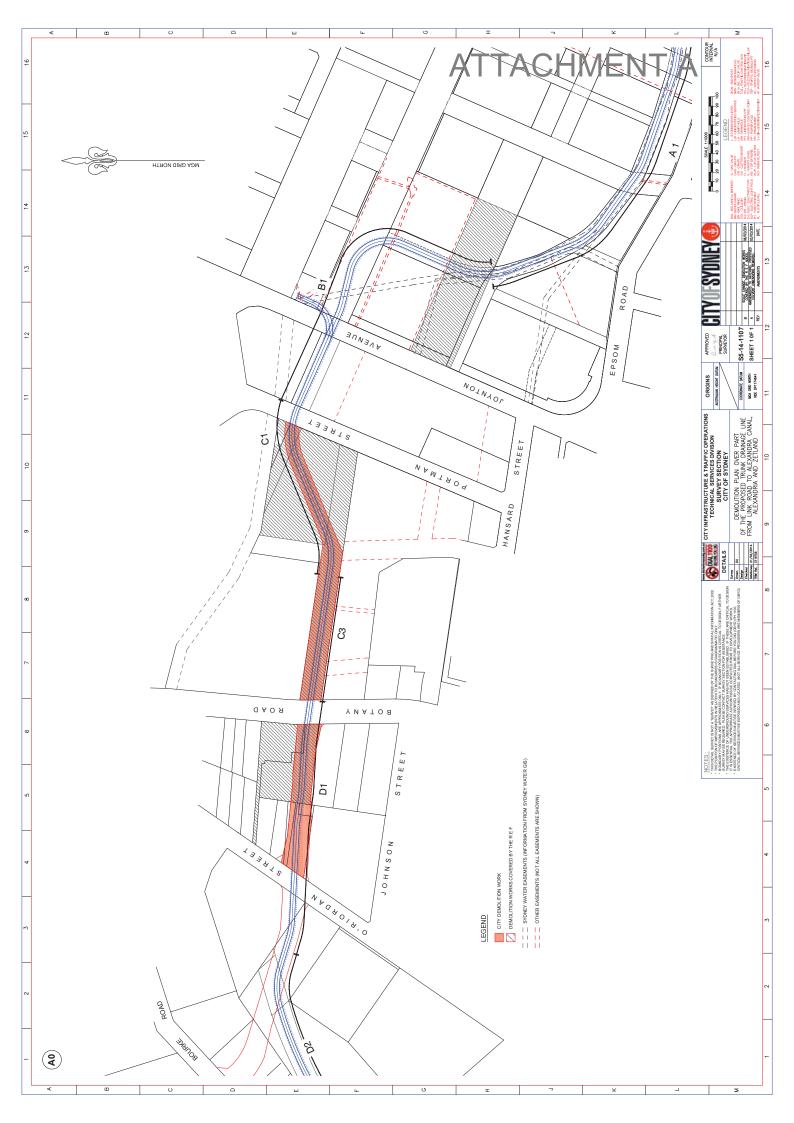
The construction of the Works is to comply with the following standards and specifications:

- (a) Sydney Water's Infrastructure Delivery, Technical Specification, Part 1 Civil Works
- (b) City of Sydney's Sydney Streets Technical Specifications
- (c) City of Sydney Parks Technical Manual
- (d) The manufacturers' design specifications for the precast, prefabricated and proprietary products.
- (e) Applicable Australian Standards, which includes:
 - AS1597 Precast Reinforced Concrete Box Culverts
 - AS1646 Elastomeric Seals for Waterworks Purposes
 - AS 3600 Concrete Structures
 - AS 3610 Formwork for Concrete
 - AS 1302 Steel Reinforcing Bars for Concrete
 - AS 3725 Loads on Buried Concrete Pipes
 - AS 3735 Concrete Structures Retaining Liquids
 - AS 3996 Access Covers and Grates
 - AS 4058 Precast Concrete Pipes
 - Cover requirements to generally comply with AS 1342 in respect of pipes, AS 1597 for box culverts and AS 3600 for access chambers.

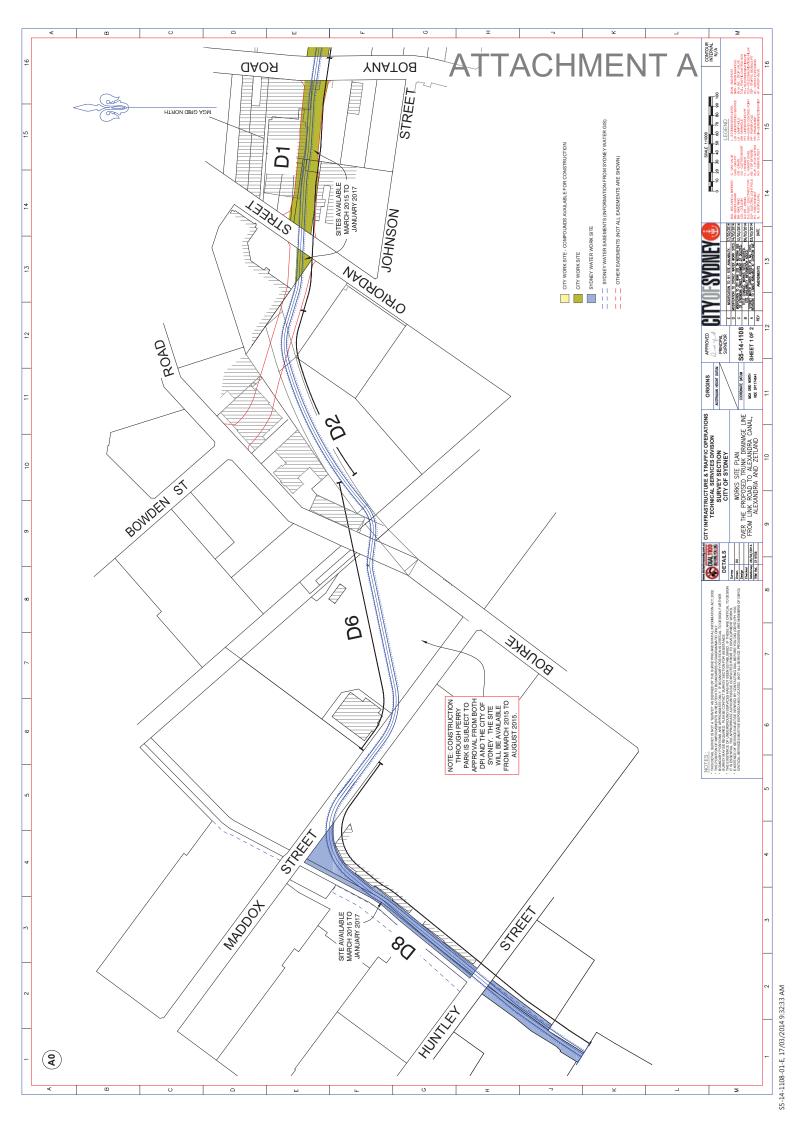


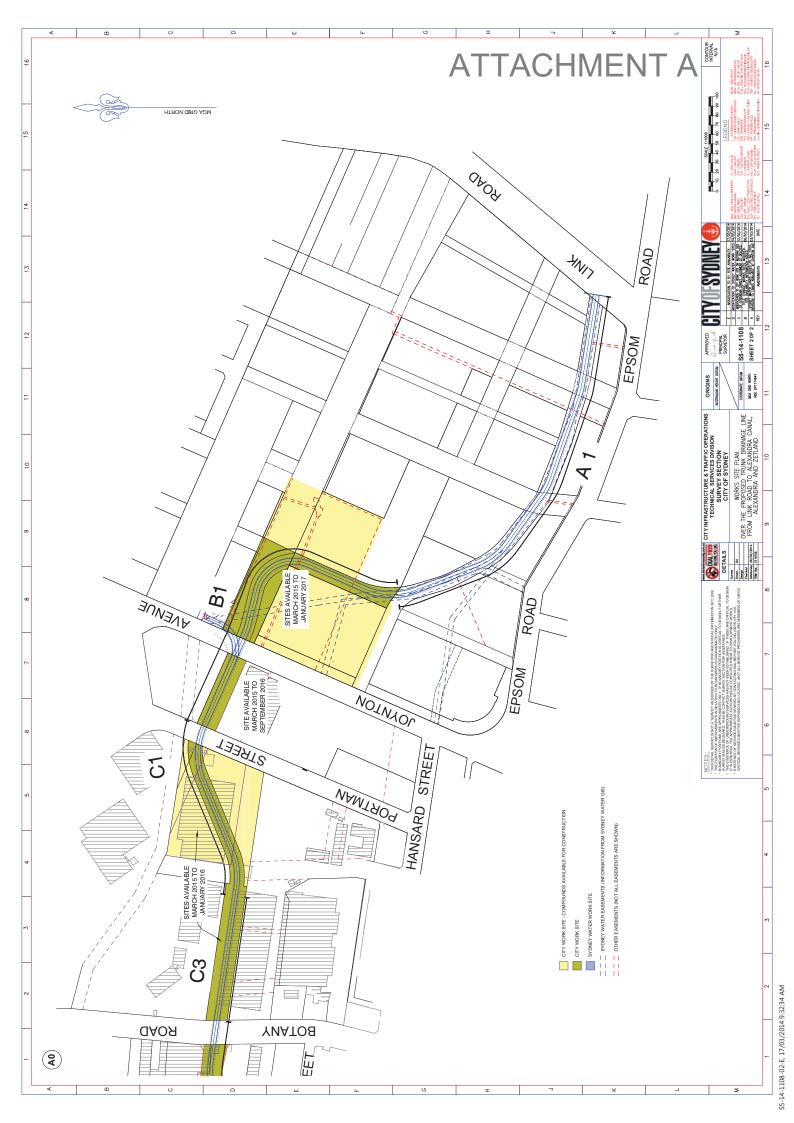
Annexure B: Demolition Plan

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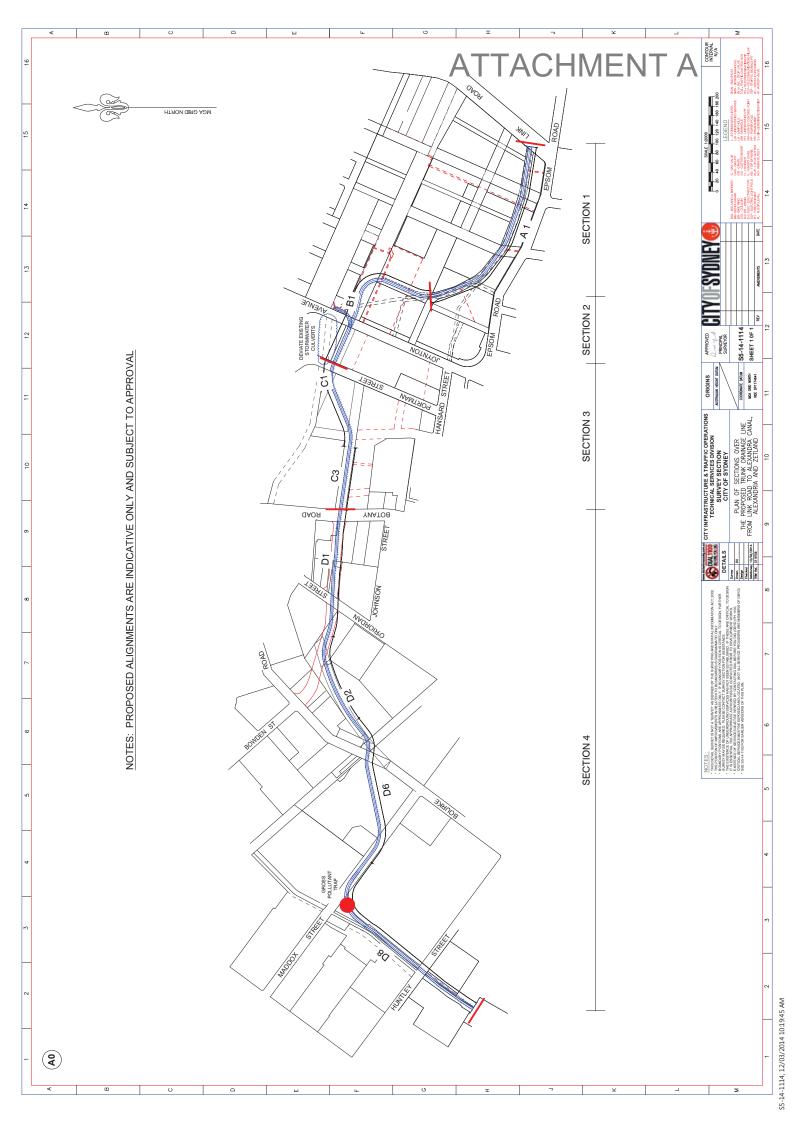


Annexure C: Works Site Plan





Annexure D: Plan of Sections



ATTACHMENT A

Annexure E: Plan showing land where costs are not part of the Project (see clause 4.7(a)(ii))

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