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14 August 2017

Australian Energy Regulator
35/360 Elizabeth Street
MELBOURNE VIC 3000

ATTN: Ms Susan Faulbaum

By email: susan.faulbaum@aer.gov.au

Dear Ms Faulbaum

**NATIONAL ENERGY RETAIL (NERL) – SECTION 110 – INDIVIDUAL EXEMPTION APPLICATION
HAMILTON ISLAND SERVICES PTY LTD.**

1. INTRODUCTION

- 1.1.** Hamilton Island Services Pty Ltd (ACN 010 254 234) (the Applicant) is making an application pursuant to S110 of the NERL.
- 1.2.** The Applicant hereby applies for an individual exemption, in respect of the sale of electricity to customers resident on Hamilton Island, Dent Island and Long Island. The Applicant is a wholly owned subsidiary of Hamilton Island Enterprises Limited (HIE) whose ultimate holding company is Balmoral Pastoral Pty Ltd (an Oatley family company).

2. BACKGROUND

2.1. HAMILTON ISLAND & DENT ISLAND

- 2.1.1.** Hamilton Island is the largest inhabited island in the archipelago of the Whitsunday Islands. It is sixteen (16) km from Shute Harbour with the nearest town on the mainland being Airlie Beach. Hamilton Island is part of the Whitsunday Regional Council (WRC) district. The island was purchased by Messrs Keith Williams and Bryan Bryt in 1978 with commercial construction of a harbour facility and resort complex following shortly thereafter. Throughout the 1980's and into the 1990's, development of the island continued and included the addition of an airport and marina facilities. In 1992, Hamilton Island Limited (HIL) went into receivership and for a period the Island was held by BT Hotel Group and managed by Holiday Inn. In 2003, 21st Century Holding Pty Ltd (an Oatley family company) purchased the shares in HIL. The Oatley family continue to own and operate both Hamilton Island and Dent Island (Hamilton Island Resort).
- 2.1.2.** Hamilton Island and Dent Island are, as are the majority of the islands in the Whitsunday Islands, leasehold tenure. HIE has been granted by the Department of Natural Resources and Mines (DNRM) a perpetual lease over Hamilton Island. The DNRM has also granted to a subsidiary company of HIE, Hamilton Island West Pty Ltd ACN 010 254 207 (HIW), a rolling term lease over the northern end and term leases for a jetty and barge ramp on Dent Island. The Commonwealth, via Great Barrier Reef Marine Park Authority, have granted HIW a lease for the southern part of the Dent Island. Subject to

Ministerial Consent, HIE may subdivide their state leasehold land into developments. A new development may consist of an individual owner, a development company with multiple units or a service provider such as Optus, Air Services or Telstra. Should the WRC approve a new development, HIE will enter into a Sub-Lease with the respective new title holder, the terms of which are lodged with the DNRM. All Sub-Leases require Ministerial Consent. An example of the conditions of a Sub-Lease has been annexed and marked as **Annexure A**.

- 2.1.3. There are approximately fifteen hundred (1,500) full time residents on Hamilton Island; comprising up to one thousand (1,000) staff with the balance being private residents and privately owned business principals and employees. During peak operation, Hamilton Island Resort may house up to six thousand (6,000) guests, workers and residents. HIE holds approximately seventy percent (70%) of the accommodation of Hamilton Island Resort with thirty percent (30%) privately owned.
- 2.1.4. In order to ensure guests, staff and residents are not at a disadvantage due to Hamilton Island Resort's remote location, HIE has invested considerable funds into the Island's infrastructure. HIE's investment has resulted in Hamilton Island Resort being virtually self-sufficient. Hamilton Island Resort currently operates its own water and sewage treatment, power station, LPG gas reticulation, desalination plant and recycling and waste disposal. In addition, HIE is responsible for roads, public utilities and security.

2.2. HAMILTON ISLAND RESORT AND LONG ISLAND POWER SUPPLY

- 2.2.1. The Applicant is the sole exempt network provider and the sole exempt electricity retailer for Hamilton Island Resort and the sole exempt electricity retailer for Long Island. The Hamilton Island Resort electrical distribution network (the Network) is connected to the national grid via a submarine cable from a connection point located on the mainland at Mount Rooper, Shute Harbour. The cable also connects Long Island to the Network. HIE own and maintain the following distribution infrastructure required to operate the Network:
- submarine cable (approximately twenty-one (21) km);
 - distribution substation and associated step-down transformer;
 - powerhouse (back-up generator hall – six (6) of 2.2MVA generators) and associated high and low voltage switch-room;
 - Fifty (50) distribution substations; and
 - approximately twenty-two (22) km of high voltage and fifty- five (55) km of low voltage underground distribution infrastructure.

Annexure B to this application sets out a map and diagram showing the physical layout of the submarine cable.

- 2.2.2. HIE's investment in the Network is approximately fifty (50) million dollars. The Network is depreciated at rates allowed by the Commonwealth Commissioner for Taxation and as at 30 June 2017 had a written down value of approximately thirty (30) million dollars. HIE's investment is even greater if one takes into account the fact that the submarine cable, distribution substation and powerhouse were completely renewed in 2009 due to a failure in the submarine cable and ageing powerhouse facility.
- 2.2.3. The Applicant rents, leases or uses by mutual agreement the Network from

HIE for the supply of electricity to customers.

- 2.2.4. Under the terms of the Sub-Lease agreements, the Sub-Lessor (HIE) will provide, or procure that its nominee (the Applicant) provide the defined services (including the installation and ongoing maintenance of electricity services to the boundary of each block of Sub-Leased land). In accordance with the terms of the Sub-Lease agreements, the Applicant is entitled to recoup the total cost (both direct and indirect) of providing all services to the Land (including electricity services), and may impose a service charge equal to twelve and a half percent (12.5%) of that total cost. Whilst the supply of electricity is essential to the operation of Hamilton Island Resort, HIE is first and foremost a tourist operator.
- 2.2.5. In addition to the services provided under the various Sub-Lease agreements, the Applicant also charges HIE businesses (comprising hotels, food and beverage outlets and other related activities) for services on the same basis as all other customers. External (non HIE) customers account for forty percent (40%) of the total electricity market on Hamilton Island. Of these, up to one thousand (1,000) are HIE employees that pay for their electricity via weekly payroll deduction. A further six hundred and forty-nine (649) accounts are issued to property owners on a quarterly basis (a substantial number of these properties are also used for holiday letting to support the tourist operation). The Applicant issues a further sixty-three (63) accounts to Concessionaires and other business operators. Electricity is also supplied to Long Island, however, at the current time the resort facilities are not operational therefore electricity usage is minimal.
- 2.2.6. Under the various Sub-Leases, guidelines are provided for the recovery of the cost for the provision of services which require the Applicant to ensure that the amount payable by each Sub-Lessee represents a “fair and reasonable proportion” of the gross total cost of providing all services to the Sub-Leased land. As the customer base has grown this philosophy was applied to ensure all customers paid their “fair and reasonable proportion” of the cost for the provision of services.
- 2.2.7. Historically, a standard per kilowatt hour (kWh) charge has been applied to all Network customers which incorporates both a charge for usage and a charge for the recovery of the costs of the Network. The current model therefore adopts a “user pays” approach to the supply of electricity which has always been seen as fair and reasonable both in substance and under the terms of the Sub-Lease agreements.

3. LICENSING AND EXEMPTIONS

3.1. CURRENT EXEMPTIONS

- 3.1.1. The Applicant has applied for and has been granted the following exemptions:
- R1, R2, R5 and D6 (Retail Exemptions); and
 - NR1, NR2, NR5 and ND6 (Network Exemptions).
- 3.1.2. Under the *Electricity Act 1994* the Applicant was granted Special Approval (number SA 22/98) to:
- (a) *Operate:*
- (A) *an existing 22 kV electric cable, approximately 11 nautical miles in length from Ergon Energy Corporation Limited’s Mount Rooper Substation (near Shute Harbour) to the 22 kV switch-room on Long*

Island and then to the 22 kV switch-room on Hamilton Island; and

(B) an existing 11 kV electric cable, approximately 1 nautical mile in length, from the Hamilton Island switch-room to the Dent Island supply network;

for the purpose of transmitting a supply of electricity to those islands;

(b) Connect the special approval holder's diesel-powered generating plant on Hamilton Island to the special approval holder's supply networks on Hamilton Island and Dent Island; and

(c) Supply electricity using the special approval holder's supply networks on Hamilton Island and Dent Island.

3.2. APPLICATION OF THE NERL

3.2.1. The NERL applies as law in Queensland by virtue of the *National Energy Retail Law (Queensland) Act (2014)* (the **Application Act**), which became effective on 1 July 2015.

3.2.2. The Applicant does not constitute a 'distributor' for the purposes of the NERL, as it has been granted exemptions as outlined.

4. SUBMISSION

4.1. EXEMPT SELLING POLICY PRINCIPLES

4.1.1. The Applicant submits that its supply of electricity falls within the exempt selling policy principles published in the "Guidelines for Application for Consideration for an Individual Exemption" in particular:

- (a) the Applicant does not supply or sell electricity as its core business;
- (b) the majority of the Applicant's customers are either Sub-Lessees under a Sub-Lease agreement with HIE which details the basis on which the cost of services (including electricity) may be recovered from the customer or employees of HIE;
- (c) there are no other retail electricity providers that provide a service to the Network;
- (d) the cost in facilitating full compliance with NERL would not be viable;
- (e) the amount of electricity sold is very small, in relation to the national electricity energy markets; and
- (f) whilst a modest profit is made, the gains are reinvested in the Network to ensure continuity of service.

4.1.2. Included as **Annexure C** is the Applicants Individual Exemption Application as required under Section 110 of the National Energy Retail Law.

4.2. RELIEF REQUESTED

4.2.1. In section 4.3 below, the Applicant outlines the specific relief requested from the standard exemption conditions included in the AER (Retail) Exempt Selling Guideline Version 4 (Retail Guidelines).

4.2.2. The key condition for which relief is requested is for R1 and R2 customers in relation to Condition 7.1, Pricing, which requires:

"An exempt person must not charge the exempt customer tariffs higher than the standing offer price that would be charged by the relevant local area retailer for new connections, if the local area retailer were to supply that

quantity, or estimated quantity, of energy directly to the premises of the exempt customer”

- 4.2.3. As noted previously, the Applicant charges a per kWh charge to all electricity customers connected to the Network. This charge is calculated to recover (i) the cost of electricity charged by Origin Energy Electricity Limited (Origin) to the Applicant, (ii) the cost of the Network, and (iii) a service charge of 12.5%. The basis of charging is in accordance with the conditions of the Sub-Leases entered into with Sub-Lessees of property on Hamilton Island. To ensure all customers paid their “fair and reasonable proportion” of the cost of the provision of services (including electricity) all customers (including those who are not Sub-Lessees) are charged on the same basis.
- 4.2.4. We have been advised by the Australian Energy Regulator (AER) that notwithstanding there is no local retailer who is able to service Hamilton Island Resort or Long Island, a breach of Condition 7.1 will arise where the Applicant charges tariffs higher than those that are quoted by retailers on the mainland. The kWh rate charged by the Applicant is higher than mainland charges as the kWh rate charged by the Applicant is a bundled energy and external network tariff (charged by Origin) and a charge for recovery of costs (including the service fee) for the Network.
- 4.2.5. The Applicant is of the opinion that the current basis of charging to customers is fair and reasonable to all customers and complies with the requirements of the Sub-Leases in that charges to customers represent only the costs of supply (including the costs of building and maintaining the Network) and the service fee. The Applicant’s auditors, PriceWaterhouseCoopers, audit the basis of charging each year and provide a report to the Applicant stating that the basis of charging is consistent with the requirements of the Sub-Leases.
- 4.2.6. The Applicant also has concerns regarding the practical application, administration and cost should the Applicant be required to fully implement the Retail Guidelines for the following reasons:

(a) Tariff structure

The Applicant has identified potentially five (5) different local tariff structures that may apply:

- Tariff 11 – Residential;
- Tariff 20 – General Supply - Small Business; and
- Tariff 44, 45 and 46 – Demand – Small, Medium and Large.

Tariff 44, 45 and 46 require meters to measure demand, which none of the Applicant’s meters are currently set-up to do. Without the ability to measure demand, it would be difficult to determine the appropriate tariffs for these businesses, and the Applicant would require substantial capital investment for new meters which could result in additional charges to customers.

Tariff 44, 45 and 46 would also require monthly meter reads as opposed to the quarterly meter reads, which would require additional manpower for meter reads and billing function at an additional cost to Network customers.

(b) System Issues

The system in place for charging employees records daily usage. The Applicant aggregates this information weekly so that charges can be

deducted from each employee’s weekly pay. The Applicant’s systems would need to change to cater for a daily supply charge and a network charge (if applicable) and these charges would need to be split on a pro-rata basis for the many shared staff accommodation facilities and by the number of days.

The current utility system used by the Applicant (Prop.Gov) only has provision for one unit of measure (consumption - kWh), therefore the system would require amendment and or replacement which would result in further expense for Network customers.

HIE employees through their contract of employment agree that the payment of their electricity will be via a payroll deduction, as such an invoice with all the information required by the Retail Guidelines is not issued. HIE’s payroll system cannot be altered to include additional information to comply with the Retail Guidelines.

4.3. SPECIFIC RELIEF REQUESTED

4.3.1. Retail Guidelines

4.3.1.1. The Applicant has reviewed the operation of the standard exemption conditions within the Retail Guidelines. The Applicant does not raise any issue with any of the conditions that apply to our current exemption except for Conditions 3.2, 3.5, 5.1 and 7.1 (for R2 customers’ vis Employees) and Condition 7.1 (for R1 & R2 customers, vis Sub Lessees, Concessionaires and Private Tenants)

4.3.1.2. The reasons for our concerns and our requests for relief are outlined below for each affected customer group.

HIE EMPLOYEES (R2 CUSTOMERS)

Core exemption Condition	Applicant’s Concern	Proposal
3. Billings and Payment Arrangements 3.2, 3.5	<p>As noted in the body of this application, up to one thousand (1,000) customers are employees of HIE. Employees have the cost of electricity deducted from their weekly wages.</p> <p>For these employees, limited information is included on the employee pay slip detailing the electricity consumption and tariff (or other basis for the calculation of the electricity charge where meters are not in place¹).</p> <p>Where employees have payment difficulties and or require further information concerning their electricity accounts, they are referred (as for all staff accommodation matters) to our staff accommodation department or</p>	<p>The Applicant be relieved from the requirement to:</p> <p>(a) offer two (2) payment methods to an exempt customer (Condition 3.2); and</p> <p>(b) include certain particulars in a bill for an exempt customer,(as detailed in Condition 5 (a)-(o)).</p>

¹ Not all employees are individually metered for electricity costs in staff accommodation. This mainly relates to employees living in shared / dormitory style accommodation where a fixed cost is levied, based on the usage of the accommodation block as a whole.

	People, Culture and Development).	
5. Pay by Date 5.1	<p>For employees, the cost of electricity is deducted from their weekly wages, accordingly, the pay by date for a bill is less than thirteen (13) business days from the date on which the Applicant issues the bill.</p> <p>The employee base of Hamilton Island is transient and to delay the payment of the accounts for a minimum period of thirteen (13) days would make the recovery of accounts from ex- employees difficult, and would lead to higher defaults, increasing costs to other customers. Further, to delay payment by employees may lead to hardship for those employees as the employees may not adequately plan for the payment of their electricity accounts.</p>	<p>The Applicant be relieved from the requirement that the pay by date for a bill is less than thirteen (13) business days from the date on which the Applicant issues the bill. (Condition 5.1)</p>
7. Pricing 7.1	<p>As noted in the body of this submission, external (non HIE) customers account for forty percent (40%) of the total electricity market on Hamilton Island. Of these:</p> <ul style="list-style-type: none"> • up to one thousand (1,000) are HIE staff members that pay for their electricity via weekly payroll deduction • a further six hundred and forty-nine (649) accounts are issued to property owners on a quarterly basis; and • the Applicant issues a further sixty-three (63) accounts to concessionaires and other business operators. <p>Historically, a standard per kWh charge has been applied to all Network customers which incorporates both a charge for usage and a charge for the recovery of the costs of the Network. The current model therefore adopts a “user pays” approach to the supply of electricity which has always been seen as fair and reasonable.</p>	<p>For the reasons outlined in section 4 of this application the Applicant requests relief from the pricing condition (Condition 7.1) and that it be allowed to continue to charge customers using a per kWh rate which includes both a price per kWh and a cost per kWh for the recovery of costs of the Network.</p>

NON EMPLOYEES (R1 AND R2 CUSTOMERS, VIS SUB-LESSEES, CONCESSIONAIRES & PRIVATE TENANTS)

Core exemption Condition	Applicant's Concern	Proposal
7. Pricing 7.1	<p>As noted in the body of this submission the Applicant is entitled, in accordance with the Sub-Lease conditions, to impose a service charge of twelve and one half percent (12.5%) on the provision of services. This recovery of cost structure has been applied across customers of the Network to ensure the cost for providing this service is shared equally amongst the Network users. The recovery amount is regulated by the terms of the Sub-Lease which requires the cost of the services to be audited.</p> <p>The application of this cost recovery structure as set out in the Sub-Leases, ensures that the costs of providing electricity to the Network customers are distributed in a 'fair and equitable' manner.</p>	<p>For the reasons outlined in section 4 of this application the Applicant requests relief from the pricing condition (Condition 7.1) and that it be allowed to continue to charge customers using a per kWh rate which includes both a price per kWh and a cost per kWh for the recovery of costs of the Network.</p>

5. GENERAL

5.1. Please do not hesitate to seek additional information if required through the details provided below.

Yours sincerely,



Sherri Meade
 Legal Counsel
Hamilton Island Enterprises Limited

ANNEXURE A

National Energy Retail Law – Section 110
Individual Exemption Application
Hamilton Island Electricity Supply

Dealing No.

Queensland Stamp Duty paid \$ 203.00
On the Amount of \$ 57,975.85 Duty Code LEES
DUPLICATE
Form 4.1 amount of \$57,975.85
13A:BNE:16274 Transaction Number 13/03
Signed: *[Signature]* 09/01/03

1. Lessor
Hamilton Island Enterprises Limited ACN 009 946 909
Lodger Name, address & phone number
GADENS LAWYERS
240 Queen Street
BRISBANE QLD 4000
Tel: 3231 1666 Ref: 20021945
Lodger Code
360

2. Description of Lot County Parish Title Reference
Lot 8 on Crown Plan 861993 PCL 5/2803 Herbert Whitsunday 17660077
NCL

3. Lessee Given names Surname/Company name and number (include tenancy if more than one)

4. Interest being leased

State Leasehold

5. Description of premises being leased

6. Term of lease

Commencement date: 10 January 2003
*Expiry date: 31 March 2078
**Options on page 16 ...
*not required for leases in a retirement village ** Insert nil if no option

7. Rental/Consideration

see the attached Schedule (Part 1)

8. Grant/Execution

The lessor leases the premises described in item 5 to the lessee for the term stated in Item 6 subject to the covenants and conditions contained in the attached schedule.

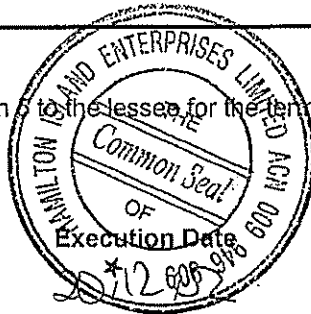
* delete if not applicable

Witnessing Officer

signature

full name

qualification
as per Schedule 1 of Land Title Act 1994 (eg Legal Practitioner, JP, C.Dec)



[Signature]
Lessor's Signature
WAYNE KIRKPATRICK

[Signature]
Gavin Horhold

9. Acceptance

The lessee accepts the lease and acknowledges the amount payable or other considerations for the lease.

Witnessing Officer

signature

Execution Date

10/12/2002

Lessee's Signature

qualification
as per Schedule 1 of Land Title Act 1994 (eg Legal Practitioner, JP, C.Dec)

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Title Reference 17660077

1. PART 1 - RENT

1.1 To Pay Rent

The Sub-lessee must pay the rent to the Sub-lessor in advance, without deduction, except as provided in this Sub-lease.

1.2 Amount of Rent

1.2.1 The rent for the first year of the Term is the greater of:

- (a) the Base Rent per annum as at the commencement of the Term calculated in accordance with the Sub-lessor's published guidelines for calculating rental from time to time; and
- (b) the rent per annum expressed as a percentage of the Sub-lessor's Outgoings calculated in accordance with the Sub-lessor's published guidelines for calculating rental from time to time.

1.2.2 The rent for each subsequent year is the greater of:

- (a) the Base Rent per annum for the previous year increased by the percentage increase in the CPI for the year immediately preceding the date of the review; or
- (b) the rent per annum calculated in accordance with the Sub-lessor's published guidelines for calculating rental from time to time.

1.2.3 If the CPI is discontinued, the rent referred to in clause 1.2.2 will be determined by a reference to arbitration under clause 7.6. Until the rent is determined under clause 7.6, the Sub-lessee must continue to pay rent at the rate applicable for the immediately preceding year, with any necessary adjustment being made upon the determination of the rent pursuant to clause 7.6.

1.2.4 The Sub-lessor's published guidelines at the date of the Sub-lease are in Schedule A. The Sub-lessor may change those guidelines at any time and from time to time but if it does it will act reasonably.

1.2.5 For the purposes of this Sub-lease, the first year of the Term is the period from the commencement of the Term to 30 June next following. Each subsequent year is a period of one year commencing on each 1 July during the Term.

1.3 Notice to Pay Rent

1.3.1 The Sub-lessor will notify the Sub-lessee of the amount of rent in each year.

1.3.2 If the rent payable is the Sub-lessor's calculation of the rent under clause 1.2.2(b), the Sub-lessor will inform the Sub-lessee of:

- (a) the basis on which the rent has been assessed; and
- (b) the amount of the rent.

1.4 Rent - Due Date

The Sub-lessee must pay the rent to the Sub-lessor yearly in advance on the later of:

1.4.1 the first day of July; or

1.4.2 the day that is 28 days after the Sub-lessor gives written notice to the Sub-lessee of the amount of rent payable.

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Title Reference 17660077

1.5 Disputes as to Amount of Rent

If any dispute or disagreement arises between the parties as to the amount of rent, then:

- 1.5.1 the Sub-lessee must pay the Sub-lessor the amount of rent specified in the Sub-lessor's notice;
- 1.5.2 the dispute will be determined in the way set out in clause 7.6;
- 1.5.3 within seven days of a determination of the dispute the parties must make any payments necessary to give effect to that determination.

2. PART 2 - SUB-LESSEES OBLIGATIONS

2.1 To Pay Outgoings

The Sub-lessee must pay all rents, rates, taxes, charges and other outgoings of whatever kind payable to any competent authority in connection with the Sub-leased Land or because of this Sub-lease.

2.2 Insurance

- 2.2.1 The Sub-lessor may elect to include some or all of the Sub-leased Land, the Improvements, and the Sub-lessee and persons lawfully in occupation of the Sub-leased Land in its public liability insurance of TEN MILLION DOLLARS (\$10,000,000.00) minimum. If it does, the Sub-lessee must pay to the Sub-lessor an amount fixed by the nominee of the Sub-lessor's insurer on account of the premiums payable by the Sub-lessor providing same are fair and reasonable. The Sub-lessor will give the Sub-lessee a copy of the relevant policy.
- 2.2.2 If the Sub-lessor does not notify the Sub-lessee that it has insured under clause 2.2.1, the Sub-lessee must maintain public liability insurance in respect of the Sub-leased Land and the improvements thereon for TEN MILLION DOLLARS (\$10,000,000.00) or such greater sum as the Sub-lessor reasonably requires from time to time.
- 2.2.3 The Sub-lessee must keep all Improvements insured against loss or damage by fire, storm and tempest for their full replacement value and give the Sub-lessor:
 - (a) a copy of the policy or policies of insurance, when requested; and
 - (b) a copy of the receipt for the payment of any premium at least seven days before it is due for payment.
- 2.2.4 If the Improvements are destroyed or damaged, the Sub-lessee must rebuild or replace the Improvements within 12 months from the date of such damage. The Sub-lessee must apply all moneys received from any insurance in the rebuilding or replacement of the Improvements. If those moneys are not sufficient for that purpose, the Sub-lessee must make up the deficiency:
 - (a) The provisions of Part 14 apply to any building works;
 - (b) If any part of the Improvements are destroyed or damaged, the Sub-lessor may take such steps as it sees fit in the interest of public safety or to prevent further damage to the Improvements, including (but not limited to) erecting hoardings and fences, demolishing damaged structures, removing debris and rubble, cleaning and tidying, carrying out repairs or restoration (whether temporary or permanent) and making the Improvements secure against further damage. The Sub-lessor may recover its costs of doing so from the Sub-lessee as a liquidated claim.

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Title Reference 17660077

2.3 Motor Vehicles

2.3.1 The Sub-lessee must not use or allow any motor vehicle to be used on the Land without the previous written consent of the Sub-lessor.

2.3.2 The Sub-lessee must comply with any reasonable conditions attaching to the consent of the Sub-lessor referred to in paragraph 2.3.1. The Sub-lessor may attach any reasonable conditions to its consent that it considers necessary in the circumstances.

2.4 Insurances and Head Lease

The Sub-lessee must not do or allow anything which may:

2.4.1 render void, voidable or otherwise affect any insurance over the Sub-leased Land or the Improvements; or

2.4.2 breach the conditions of the Head Lease from the Crown to the Sub-lessor.

The Sub-lessor may recover from the Sub-lessee any increase in premiums payable by the Sub-lessor and indemnifies the Sub-lessor against any loss it suffers, by reason of the Sub-lessee breaching this clause.

2.5 Use

The Sub-lessee:-

2.5.1 must use the Sub-leased Land for a single private residence or for letting for holiday purposes;

2.5.2 may provide living quarters for household staff. If those living quarters are separate from the residence, then they must be contained in one building.

2.5.3 must not allow the Improvements to be used as:-

- (a) a hotel;
- (b) a boarding house;
- (c) a multiple dwelling;
- (d) backpacker accommodation;
- (e) timesharing accommodation.

2.5.4 must not allow any part of the Sub-leased Land or the Improvements to be used for commercial purposes but this does not prevent the use of the Sub-leased Land or the Improvements as offices so long as such use is, in any event, ancillary to the permitted use provided for in clause 2.5.1.

2.6 Maintenance

The Sub-lessee must:

2.6.1 keep the Improvements on the Sub-leased Land in substantial repair;

2.6.2 keep the exterior and interior of the Improvements properly painted or otherwise restored to a standard in keeping with comparable buildings on the Land;

2.6.3 prevent any rust showing on an external inspection of the Improvements; and

2.6.4 maintain the Sub-leased Land in a clean and tidy condition, free of all noxious weeds and pests.

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If the Sub-lessor believes the Sub-lessee is in breach of this clause, it may give the Sub-lessee a written notice requiring that the default be remedied within a period of fourteen (14) days. If the Sub-lessee fails to comply with that notice then, in addition to any other rights it has, the Sub-lessor may enter the Sub-leased Land and rectify the default at the cost of the Sub-lessee.

2.7 Entry, Inspection and Repair

2.7.1 The Sub-lessor may at all reasonable times enter the Sub-leased Land and the Improvements for any reasonable purpose in connection with the Sub-lease.

2.7.2 The Sub-lessor will give the Sub-lessee reasonable notice before exercising the rights in clause 2.7.1.

2.7.3 The Sub-lessor may give the Sub-lessee notice requiring it to rectify any defects in the Sub-leased Land and the Improvements.

2.7.4 The Sub-lessee must rectify any defects within three months of the date of a notice given under clause 2.7.3.

2.7.5 If the Sub-lessee does not rectify the defects within the time required by clause 2.7.4, then the Sub-lessor may do so, at the expense of the Sub-lessee. The Sub-lessor may recover any costs incurred as a liquidated claim.

2.8 Dividing fences

The Sub-lessee must:

2.8.1 not make any claim against the Sub-lessor in respect of any dividing or boundary fence or wall; and

2.8.2 indemnify the Sub-lessor against any claims about the boundaries of the Sub-leased Land.

2.9 Not Allow Offensive Conduct

The Sub-lessee must not without prior written consent of the Sub-lessor:

2.9.1 subject to the provisions of clause 2.5, permit any part of the Sub-leased Land to be used for any trade or business;

2.9.2 allow anything on the Sub-leased Land which is noxious, noisy, offensive, disturbing or annoying to the occupiers of adjoining premises;

2.9.3 dispute any decision of the Sub-lessor on any question which may arise concerning this clause.

2.10 Indemnity

The Sub-lessee agrees to indemnify the Sub-lessor, the Minister administering the *Land Act 1994* and the State from and against all actions claims demands losses damages costs and expenses which the said parties may sustain or incur or for which the said parties are or may become liable in respect of or arising from loss damage or injury from any cause whatsoever to property or persons caused or contributed to by the use of the demised premises by the Sub-lessee or any person claiming through or under the Sub-lessee or because of any breach of this Sub-lease by the Sub-lessee except to the extent that the same was caused or contributed to by the said parties or such of their servants and other persons for whom the said parties are vicariously responsible.

2.11 Not Subdivide

The Sub-lessee must not subdivide the Sub-leased Land.

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2.12 Assignment

2.12.1 The Sub-lessee must not assign this Sub-lease without first obtaining the written consent of:

- (a) the Relevant Minister; and
- (b) the Sub-lessor.

2.12.2 The Sub-lessor must not arbitrarily or capriciously withhold its consent if the Assignee:

- (a) is acceptable to the Relevant Minister; and
- (b) is entitled to hold the Sub-lease; and
- (c) is in the opinion of the Sub-lessor, financially sound and respectable; and
- (d) signs a power of attorney in the same form as Part 5;
- (e) signs a Deed of Covenant in a form required by the Sub-lessor. The Deed will be prepared at the cost of the Sub-lessee.

2.12.3 If the Sub-lease is assigned, the Sub-lessee must pay to the Sub-lessor the Sub-lessor's costs of consenting to the assignment.

2.12.4 If the Sub-lessee is a corporation, it is deemed to have assigned the Sub-lease if there is a change in the principal shareholding of the Sub-lessee or of any holding company of the Sub-lessee which alters the effective control of the Sub-lessee or its holding company. This sub-clause does not apply to the transfer of shares to a parent, son, daughter, sister, brother or spouse of an existing shareholder.

2.13 Sub-letting

2.13.1 The Sub-lessee shall not transfer, assign, sub-sublet or otherwise part with possession without the written consent of the Minister administering the *Land Act 1994* and Sub-lessor first had been obtained; except for letting for holiday purposes for a term not exceeding 42 days.

2.13.2 It is not intended that the Sub-leased Land be used for long term letting. If the Sub-lessee's circumstances change so that the Sub-lessee will suffer financial hardship, the Sub-lessor will act reasonably in considering an application for consent under clause 2.13.1.

2.13.3 The Sub-lessee does not sublet or part with possession of the Sub-leased Land if the Sub-lessee is a corporation and a director of the corporation or his or her spouse, parent, child or invitee uses or occupies the whole or part of the Sub-leased Land.

2.14 Comply with Laws

2.14.1 The Sub-lessee must comply with all laws, subordinate legislation and requirements of any lawful authority relating to the Sub-leased Land.

2.14.2 The Sub-lessee must observe and comply with any rules and regulations made by the Sub-lessor in relation to the use and occupation of the Subleased Land by the Sub-lessee.

2.15 Cost of Default

The Sub-lessee must pay all costs and expenses incurred by the Sub-lessor because the Sub-lessee defaults under the Sub-lease. The Sub-lessee indemnifies and agrees to keep indemnified the Sub-lessor against all loss and expenditure of any kind which the Sub-lessor suffers because the Sub-lessee defaults under this Sub-lease. The permitted use shall not be inconsistent with the purpose of the Head Lease.

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2.16 Interest on Arrears

2.16.1 The Sub-lessee must pay the Sub-lessor interest on rent which is in arrears calculated at a rate which is equal to the authorised bank dealers rate at the date of default in payment plus 3.75% per cent. Interest is paid from the due date for payment to the actual date of payment.

2.16.2 The Sub-lessee must pay the Sub-lessor interest on any monies lawfully demanded from the Sub-lessee by the Sub-lessor and on any other monies expended by the Sub-lessor which the Sub-lessee is liable to pay to the Sub-lessor under this Sub-lease at the rate set out in clause 2.16.1. Interest must be paid from the date of demand until repaid in full.

2.17 Stamp Duty and Registration

The Sub-lessee must:

2.17.1 pay any stamp duty and registration fees payable on this Sub-lease from time to time; and

2.17.2 promptly furnish any information and do anything required by any competent authority in connection with the stamping or registration of this Sub-lease.

2.18 Membership of Corporation

2.18.1 In this Sub-lease unless the context otherwise requires:

Common Property means the sub-leased land under the common property Sub-lease and includes any improvements or facilities located on it;

Corporation means the company incorporated or to be incorporated under the provisions of the *Corporations Act 2001* (Cth) for the purposes of taking an assignment of the Sub-lease of Lease LGR on Survey Plan 148661 (**Common Property Sub-lease**) and for administering the sub-leased land under the common property Sub-lease for and on behalf of the Sub-lessees for the time being of Leases LGA & LGS & LGAJ, LGB & LGT & LGAK, LGC & LGU & LGAL, LGD & LGV & LGAM, LGE & LGW & LGAN, LGF & LGX & LGAO, LGG & LGY & LGAP, LGH & LGZ & LGAQ, LGI & LGAA & LGAR, LGJ & LGAB & LGAS, LGK & LGAC & LGAT, LGL & LGAD & LGAU, LGM & LGAE & LGAV, LGN & LGAF & LGAW, LGO & LGAG & LGAX, LGP & LGAH & LGAY and LGQ & LGAI & LGAZ on Survey Plan 148661;

Incoming Sub-lessee is the person who will become the sub-lessee under this Sub-lease following the registration of a transfer of this Sub-lease subject to compliance with the provisions of this Sub-lease in relation to assignment;

Outgoing Sub-lessee is the current Sub-lessee for the time being under this Sub-lease who is proposing to transfer his interest in this Sub-lease to the Incoming Sub-lessee subject to compliance with the provisions of this Sub-lease in relation to assignment.

2.18.2 The Sub-lessee must:

(a) Be a member and remain a member of the corporation and without derogating from the generality of the foregoing the Sub-lessee must at all times during the term be a financial member of the corporation;

(b) As a member of the Corporation, take all action as is reasonably necessary to ensure that, having regard to the objects, duties, functions and obligations of the Corporation, whether set out in its articles or otherwise, the Corporation performs and fulfils such objects, duties, functions and obligations;

2.18.3 Upon assignment or termination of this Sub-lease, the Outgoing Sub-lessee must contemporaneously assign to the Incoming Sub-lessee any shares held in the Corporation but without prejudice to any

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subsisting rights and duties made by the outgoing Sub-lessee to the Corporation or to the Sub-lessor and the Outgoing Sub-lessee must procure that:

- (a) The Incoming Sub-lessee becomes a member of the Corporation or supplies evidence satisfactory to the Sub-lessor that the Incoming Sub-lessee is a member of the Corporation or is entitled to become a member of the Corporation on the date of the assignment or transfer;
- (b) The Outgoing Sub-lessee has furnished to the Sub-lessor evidence reasonably satisfactory to the Sub-lessor that there are no subsisting breaches of the articles of the Corporation by the Outgoing Sub-lessee;
- (c) In the event that at the date of any such assignment or transfer there shall be development or building works to be carried out in the vicinity of the Sub-leased land, the Incoming Sub-lessee signs such releases and acknowledgments as the Sub-lessor may require from the Incoming Sub-lessee in relation to any inconvenience to which the Incoming Sub-lessee as the Sub-lessee of the Sub-leased land may be subject to as a result of such works being carried out;
- (d) In the event of a dissolution of the Corporation, the Sub-lessee must join such other body corporate having the same objects as the Sub-lessor may direct in writing.

2.18.4 The Sub-lessee acknowledges that:

- (a) The Sub-leased land is part of a development on Hamilton Island identified as Leases LGA & LGS & LGAJ, LGB & LGT & LGAK, LGC & LGU & LGAL, LGD & LGV & LGAM, LGE & LGW & LGAN, LGF & LGX & LGAO, LGG & LGY & LGAP, LGH & LGZ & LGAQ, LGI & LGAA & LGAR, LGJ & LGAB & LGAS, LGK & LGAC & LGAT, LGL & LGAD & LGAU, LGM & LGAE & LGAV, LGN & LGAF & LGAW, LGO & LGAG & LGAX, LGP & LGAH & LGAY, LGQ & LGAI & LGAZ and Lease LGR inclusive on Survey Plan 148661 (**Development**);
- (b) The Sub-leased land is generally located in that part of the development being that area on the attached plan identified and described in Item 5 on page 1 of this Sub-lease;
- (c) The Sub-lessee both as the Sub-lessee of the Sub-leased land and as a member of the Corporation must give effect to the fostering of good neighbourhood community and attitudes in the development;
- (d) Having regard to the obligations placed on the Corporation, the Sub-lessee must:
 - (i) Not directly or indirectly and whether as a member of the Corporation or otherwise take any action that impedes the Corporation from carrying out and fulfilling its obligations; and
 - (ii) Without derogating from the foregoing, permit the Corporation or its agents, employees or contractors to enter upon the Sub-leased land where reasonably necessary and as and when required by the Corporation upon reasonable notice for the purpose of carrying out any object, duty, function or obligation placed upon the Corporation.

2.18.5 This clause does not apply until this Sub-lease has been assigned by to an Incoming Lessee from

2.18.6 must, in consultation with the Sub-lessor, establish the Corporation by no later than three months after the commencement date of this Sub-lease.

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3. PART 3 - SUB-LESSOR'S COVENANTS

3.1 Sub-lessor's Covenants

The Sub-lessor agrees with the Sub-lessee that:

- 3.1.1 the Sub-lessor will pay all Crown rent payable under, and observe and perform all the covenants on its behalf contained or implied in Perpetual Country Lease No 2803 and pay all rates, taxes and charges of whatever kind payable to any public body authority or government department in respect of the Land. The Head Lessee shall be responsible for payment of all Crown rent due and owing in respect of the Head Lease; and
- 3.1.2 if the Sub-lessee does not default under this Sub-lease, the Sub-lessee may occupy the Sub-leased Land without interruption by the Sub-lessor or by any person or persons claiming under it until the end of the Term; and
- 3.1.3 the Sub-lessee may remove any of the Sub-lessee's permitted fixtures and fittings from the Sub-leased Land at any time before the end of the Term, but the Sub-lessee must make good all damage to any part of the Sub-leased Land or Improvements caused by the removal of the fixtures and fittings.

3.2 Current Sub-lessor Bound

The Sub-lessor's covenants bind the current Sub-lessor of the Sub-leased Land from time to time, but only whilst it is the Sub-lessor.

4. PART 4 - DEFAULT

4.1 Effect of Default

If the Sub-lessee fails:

- 4.1.1 to pay all or any of the rent for a period of 90 days; or
- 4.1.2 to perform any of its obligations under this Sub-lease for a period of 28 days after the Sub-lessor gives the Sub-lessee written notice to remedy the default;

then, the Sub-lessor may give to the Sub-lessee written notice:

- 4.1.3 stating the breach;
- 4.1.4 if the breach can be remedied, requiring the Sub-lessee to remedy the breach;
- 4.1.5 if the Sub-lessor claims compensation for the breach, requiring the Sub-lessee to pay compensation and stating the amount claimed; and
- 4.1.6 if the breach can be remedied telling the Sub-lessee that it is the intention of the Sub-lessor to end the Sub-lease unless the requirements of the notice are complied within 30 days.

If the Sub-lessee does not remedy the breach and pay any compensation claimed within that time the Sub-lessor may immediately or at any time afterwards enter the Sub-leased Land and end this Sub-lease.

4.2 Removal of Fixtures

If this Sub-lease or any further Sub-lease granted in renewal of this Sub-lease is ended, the Sub-lessee must immediately give the Sub-lessor possession of the Sub-leased Land (including all fixtures and fittings which cannot be removed without damage to the Sub-leased Land or the Improvements).

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4.3 Disconnection or suspension of services

- 4.3.1 If the Sub-lessee is in default under this Sub-lease the Sub-lessor may disconnect the supply of gas, electricity and water to the Sub-leased Land and withhold any service usually supplied by it to the Sub-leased Land.
- 4.3.2 If the services are supplied by a person other than the Sub-lessor, the Sub-lessee authorises the Sub-lessor to cause that person to discontinue or withhold services.
- 4.3.3 The Sub-lessor may enter the Sub-leased Land to exercise its powers under this clause.
- 4.3.4 The Sub-lessor may withhold all services until the default is rectified.
- 4.3.5 The Sub-lessor may require that the Sub-lessee pay any costs of reconnecting the services. The reconnection charge will be fixed by the Sub-lessor and cannot be referred to arbitration. It must not exceed the sum of \$500.00 multiplied by a fraction of which the numerator is the Consumer Price Index for All Groups for Brisbane at the date of that reconnection or resumption and the denominator is 1.475 which is taken to be the Consumer Price Index for All Groups for Brisbane as at 1 January 1986.
- 4.3.6 The Sub-lessors rights under this clause are in addition to any other rights it has because of default.

5. PART 5 - POWER OF ATTORNEY

5.1 Grant of Power

In consideration of the grant of this Sub-lease, the Sub-lessee irrevocably appoints the Sub-lessor and the directors for the time being of the Sub-lessor, jointly and severally to be the attorney of the Sub-lessee at any time after default occurs under this Sub-lease and subject to the consent of the Relevant Minister, to execute an assignment or a surrender of this Sub-lease and end this Sub-lease. The Sub-lessee authorises the Sub-lessor to take any necessary steps to have this power of attorney stamped and registered with the appropriate government department. The Sub-lessee must pay all costs of stamping and registration.

5.2 Ratification by Sub-lessee

The Sub-lessee must ratify any actions by the attorney.

5.3 On Default

A statutory declaration signed by the Sub-lessor is sufficient evidence of the Sub-lessee's default.

6. PART 6 - ACQUISITION OF FREEHOLD TITLE

6.1 Payment by Sub-lessee

6.1.1 If during the term of this Sub-lease, the Sub-lessor acquires an estate in fee simple in all or part of the Land, then the Sub-lessee must pay to the Sub-lessor (instead of the share or percentage of the Crown rental payable in respect of that land by the Sub-lessee as set out in Part 1) an annual sum equal to the same share or percentage of an amount calculated as one year's interest at the rate provided for in clause 2.16.1 on the greater of:

- (a) the total cost to the Sub-lessor of the conversion to freehold of the land converted; or
- (b) the current unimproved capital value of that land as assessed by the Valuer-General from time to time.

6.1.2 For this clause, the total cost to the Sub-lessor of the conversion to freehold includes all moneys paid by the Sub-lessor in connection with that conversion, and any incidental or consequential costs,

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including without limitation the cost of upgrading roads and other facilities and services, but does not include interest on borrowed moneys.

6.1.3 If the lands converted to freehold are not the same as the Land then the amount of interest payable by the Sub-lessee is the amount agreed upon between the parties, or failing agreement, determined by arbitration in the way set out in Part 13.

6.1.4 The Sub-lessee must sign all documents necessary to allow the conversion to take place and to allow the Sub-lessor's estate in fee simple to be registered.

6.2 Sale to Sub-lessee

The Sub-lessor may, but is not obliged to, negotiate with the Sub-lessee for the sale to the Sub-lessee of freehold title to the Sub-leased Land at a price and on terms to be agreed between the parties.

7. PART 7 - SERVICES

7.1 Provision of Services

7.1.1 The Sub-lessor will provide, or procure that its nominee, Hamilton Island Services Pty Ltd (ACN 010 254 234) (HIS) will provide, the following services where and as available:

- (a) installation and ongoing maintenance of water, electricity, gas, sewerage, drainage, telephone and television supplies to the boundary of the Sub-leased Land;
- (b) arrangements for the removal and disposal of household garbage and refuse from the Sub-leased Land;
- (c) maintenance of all roads on Hamilton Island other than private roads;
- (d) a security and surveillance service in respect of the Sub-leased Land and improvements on the Sub-leased Land and generally on the Land of such nature, extent and frequency as the Sub-lessor decides from time to time;
- (e) any other services the Sub-lessor decides to provide on the Land and which, in the Sub-lessor's opinion, are of general benefit to residents on Hamilton Island. For example, the Sub-lessor has provided fire fighting services, residents' visitors' amenities, parks, general landscaping and beautification. Other services which may be provided include, without limitation:
 - (i) maintenance of roads, storm water drains and street lighting, including all security lighting provided for the benefit of guests and residents (whether or not it is free standing or fixed to any structure);
 - (ii) maintenance of landscaping, parklands, walking trails and footpaths;
 - (iii) maintenance of seawalls and beaches, including sand replenishment;
 - (iv) maintenance of toilets and showers used by resort guests in common with residents and Sub-lessees;
 - (v) maintenance of a school, police station or other essential facility;
 - (vi) public liability insurance;
 - (vii) provision of garden water as opposed to domestic supply;
 - (viii) initial construction costs of roads and pathways.

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All those services will be available for the use of the Sub-lessee on the terms and conditions of this Sub-lease and in accordance with the rules and regulations for Hamilton Island made by the Sub-lessor from time to time.

7.2 Payment for Services

The Sub-lessee must pay HIS the amount payable by it for services within 28 days of the date of written notice to the Sub-lessee of that amount.

7.3 Amount Payable for Services

7.3.1 The amount payable by the Sub-lessee for services is calculated in accordance with the guidelines set out in this clause.

7.3.2 HIS is entitled to recoup the total cost (both direct and indirect) of providing all services to the Land, and may impose a service charge equal to 12.5% of that total cost. This clause must be read to give effect to that intention;

7.3.3 The parties intend that HIS has the functions (amongst other functions) of a public utility company in connection with the supply of services such as water, electricity, gas, sewerage, and other services which may become available in the future;

7.3.4 The amount payable by the Sub-lessee for services (both as payment for services and as a sinking fund contribution) is an amount calculated in accordance with HIS guidelines for calculating contributions to services as published from time to time.

7.3.5 In fixing guidelines HIS will try to ensure that the amount payable by the Sub-lessee represents a fair and reasonable proportion of the gross total cost of providing all services to the Land. HIS will adopt an equitable basis for recouping and sharing costs. The parties recognise that the adopted basis may be revised or reviewed by the Sub-lessor from time to time;

7.3.6 The Sub-lessor shall provide or procure all capital monies required by HIS. HIS shall rent, lease or use by mutual agreement such capital assets as are necessary, whether fixed or moveable. Interest and depreciation shall be dealt with as set out in this Clause. HIS must take into account all relevant factors in determining the contributions to services, excluding any capital contributed to provide the services, but including (without limitation) the following:

- (a) in the costing of services to villa sites, special circumstances affecting any individual site and general differences between providing services to villa sites and providing services to apartments. The intention is to determine the true cost of providing the services after taking into consideration all factors including, without limitation, the length of private access roads and additional expenses occasioned by the remoteness of the locations, and the matters set out in the Sub-lease;
- (b) depreciation at the rate allowed by the Commonwealth Commissioner for Taxation for any assets acquired by the Sub-lessor or its nominee, to assist in providing the services;
- (c) interest on the total capital sum required for the provision of services excluding the capital cost of road establishment but including, without limitation, the cost of acquiring any assets needed to provide the services (except to the extent that those costs are funded out of any sinking fund to which the Sub-lessee contributes) at a rate being 3.75% above the Bank Bill Reference (BBR) rate published by Reuters at the closest practicable date to the relevant day as the lowest buying yield for prime commercial bills of 180 days. If the rates referred to are not published, interest will be allowed at 3.75% above the highest rate paid by Hamilton Island Limited on borrowings by that company or if it is impossible or impracticable to fix a rate of interest on the basis set out above, then the rate of interest is a comparable commercial rate chosen by an Accountant appointed in the way set out in clause 7.6 (acting as an expert and

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not as an arbitrator). Interest will be calculated and charged on quarterly balances on the last days of March, June, September and December in each year;

- (d) all operating costs (including wages and salaries, insurance of all kinds including public liability insurance, maintenance and repairs, materials of all kinds used) leasing costs, housing costs and freight;
- (e) the proportionate use of any services by the Sub-lessor, the Sub-lessee and other persons who are from time to time supplied with services - where meters are installed, meter readings must be used as a basis;
- (f) any agreement between the parties as to the cost or rate of charge for specific services such as water, gas and electricity supply, garbage removal, and any other matter agreed to by the parties under clause 7.9;
- (g) the known amount of outgoings for the immediately preceding financial year adopted by the Sub-lessor for its own accounting purposes;
- (h) any reasonably expected changes to existing costs and charges;
- (i) provision for anticipated, likely or contingent expenses;
- (j) shortfalls or surpluses from other years, pursuant to clause 7.4.

7.3.7 If the Sub-lessor or its nominee obtains any goods or services other than at arms length, the Sub-lessor or its nominee will only be allowed the cost that would have been incurred if it had taken reasonable efforts to obtain the goods or services at a competitive commercial rate reasonably available in the Whitsunday area.

7.4 Averaging

- 7.4.1 The recoupment of outgoings and application of this Part 7 must be reviewed throughout the term of the Sub-lease.
- 7.4.2 The outgoings recovery will be reviewed annually in accordance with clause 7.3.
- 7.4.3 As well, at the end of every period of 5 years commencing on 1st June 1994, a full audit of the outgoings recovery will be undertaken using external auditors chosen by the Sub-lessor.
- 7.4.4 The costs of the audit will be included in the outgoings and a copy of that audit report will be provided to the Sub-lessee upon request and at the expense of the Sub-lessee.
- 7.4.5 If in any year HIS receives less or more than the amount which it should have recovered pursuant to the foregoing clauses, then the shortfall or surplus must be recovered or credited in the subsequent year, or at the earliest practicable date.

7.5 Discount

- 7.5.1 If the Sub-lessee pays 80% of the amount demanded by HIS on account of services within 28 days of the date of a notice requiring payment, HIS will accept that amount in satisfaction of the Sub-lessee's obligation to pay amounts on account of services.
- 7.5.2 HIS is deemed not to have been paid until it has received the amount payable in cash.

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7.6 Disputes

7.6.1 If the parties are unable to agree on any matter or calculation arising in relation to this Part 7 the dispute will be referred for determination to a Chartered Accountant nominated for that purpose by HIS.

7.6.2 The accountant acts as an independent expert and not as an arbitrator, and may be a member of the firm of accountants generally engaged or retained by the Sub-lessor, because the parties recognise that the appointment of an accountant already familiar with the financial affairs of the Sub-lessor, and of the nominee of the Sub-lessor, will result in a substantial saving in the cost of making a determination.

7.6.3 At the option of the Sub-lessee, the Chartered Accountant may be nominated by the President for the time being of the Queensland Law Society Incorporated. In that case the Sub-lessee must pay:

- (a) the costs of the nominated Chartered Accountant; and
- (b) the costs (assessed by HIS's accountant) of the time spent by HIS's accountants and staff in assisting or providing information to the nominated Chartered Accountant.

7.6.4 Subject to clause 7.6.3, the nominated Chartered Accountant must order how its costs are to be paid.

- (a) The accountant must give reasons for its decision.
- (b) When the determination is made either party, as the case may be, must pay the amount required to give effect to that determination.
- (c) Until the determination is made, the Sub-lessee must pay HIS the amount stated in the notice given pursuant to clause 7.2 on the date for payment provided for in that clause.

7.7 Meters

Water, gas and electricity supplied to the Sub-leased Land must be measured by meters installed and maintained by the Sub-lessor at the Sub-lessee's expense.

7.8 Annual Charges

The Sub-lessee acknowledges that it may be required to pay an annual charge in respect of any service which is available to the Sub-lessee, or to the Sub-leased Land, (whether or not they are used by the Sub-lessee) and a further charge may be payable according to the use or consumption of that service.

7.9 Agreements about Services

The parties may from time to time agree upon such matters as the method and frequency of household garbage removal, or any variations or additions to Part 7. When recorded in writing and signed by or on behalf of both parties any agreements are deemed to be part of this Sub-lease.

8. PART 8 - ROADS ACCESS

8.1 Public Roads

The Sub-lessee acknowledges that the Sub-lessor has provided a road giving access from the Sub-leased Land to the resort on Catseye Bay, to the marina and to the airstrip and that the Sub-lessor has no further obligation to provide roads. The route followed by this road is designated by the Sub-lessor. The Sub-lessor may, from time to time, at its own expense, alter the route and require the use of an alternative route in whole or in part instead of the route previously used. The cost of road establishment in those circumstances will be borne by the Sub-lessor. The cost of road maintenance and renewal is to otherwise be borne in accordance with the terms of Part 8.

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8.2 Private Roads

- 8.2.1 The Sub-lessor may at any time determine that any road on Hamilton Island is a Private Road from a date designated by the Sub-lessor.
- 8.2.2 The cost of Private Road maintenance, renewal and landscaping must be borne by the sub-lessees of lots having a frontage to that Private Road. Those sub-lessees must contribute to a sinking fund or sinking funds established by the Sub-lessor to meet those costs.
- 8.2.3 The Sub-lessee is not required to contribute to more than one such sinking fund.
- 8.2.4 The sinking fund will be maintained at a figure determined by the Sub-lessor for likely landscaping and road maintenance and improvements. The amount of contributions may be reduced, or contributions suspended from time to time, if in the Sub-lessor's opinion, the sinking fund is adequate.
- 8.2.5 Contributions to a sinking fund will be fixed annually by the Sub-lessor. The Sub-lessor will give written notice to the Sub-lessee of the sinking fund contribution (if any) payable by the Sub-lessee and the Sub-lessee will pay that amount to the Sub-lessor within 28 days of the date of that notice.
- 8.2.6 If the Sub-lessee pays 80% of the amount claimed within 28 days of the date of the notice the Sub-lessor will accept that amount in full satisfaction of the Sub-lessee's obligation to contribute to sinking funds. The Sub-lessor is deemed not to have been paid until moneys are received in full, in cash, by the Sub-lessor.
- 8.2.7 The Sub-lessor may at any time determine that a Private Road or part of it is not a Private Road from a date designated by the Sub-lessor.
- 8.2.8 If the Sub-lessor does so, the Sub-lessee will receive a refund of its proper share of:
- (a) the unused sinking fund; and
 - (b) expenditure made from that sinking fund within the period of two years prior to that designated date.

9. PART 9 - USE OF RESORT FACILITIES

9.1 Use of Facilities

- 9.1.1 If the Sub-lessee is not in default, the Sub-lessor will allow the Sub-lessee and any lawful occupiers of the Sub-leased Land access to and use of those resort facilities operated by the Sub-lessor on Hamilton Island that are not reserved for the exclusive use of a class or classes of persons to whom the Sub-lessee does not belong.
- 9.1.2 The facilities must be used subject to the Sub-lessor's Rules and Regulations from time to time.
- 9.1.3 The Rules and Regulations may amongst other things provide for times of use, admission and other charges.
- 9.1.4 If the Sub-lessee or other lawful occupiers of the Sub-leased Land breach the Rules and Regulations, the Sub-lessee is deemed to be in default of the Sub-lease.
- 9.1.5 As well as any other remedy available to it for that breach, the Sub-lessor may:
- (a) exclude the Sub-lessee and lawful occupiers from use of the resort facilities; or
 - (b) impose a fine or penalty.

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10. PART 10 - NOTICES

10.1 Method of Service

Any notice or document under or relating to this Sub-lease:

10.1.1 may be served as provided in the *Property Law Act 1974*; and

10.1.2 may be served by facsimile transmission; and

10.1.3 may be served by leaving a copy at, or posting to, the Sub-Leased Land.

10.2 Signing

A notice given or document signed on behalf of any party by its Solicitor is deemed to have been given or served by that party personally.

10.3 Deemed Service

If a notice is served by post, it is deemed served four business days after posting.

If a notice is served by electronic transmission, it is assumed served at the time it is transmitted subject to receipt of confirmation of transmission on the sending machine.

11. PART 11 - OPTION FOR RENEWAL

11.1 Option

If:

11.1.1 the Sub-lessee gives written notice of exercise of option not more than two years and not less than six calendar months before the end of the Term; and

11.1.2 if there are no existing breaches of the covenants on the part of the Sub-lessee contained or implied in this sublease (either when the notice is given or at the commencement of the new term); and

11.1.3 the consent of the Relevant Minister to the further Sub-lease is obtained;

then the Sub-lessor will, at the expense of the Sub-lessee, grant to the Sub-lessee a sub-lease for a further period of 99 years less one day from the date of the expiration of the initial term at the rental to be determined in accordance with the provisions of this Sub-lease and otherwise on the same terms as this Sub-lease other than this Part. Option for renewal upon expiry shall be made subject to Minister's Consent. A fresh lease agreement is to be lodged for approval. In the event of the Sub-lessee holding over/upon expiry or sooner termination of the Sublease, monthly or weekly tenancy shall not exceed three months in all.

12. PART 12 - SUB-LESSEE MAY REMEDY DEFAULTS BY SUB-LESSOR

12.1 Default by Sub-lessor

The Sub-lessor agrees with the Sub-lessee that if:

12.1.1 the Sub-lessor defaults in observing any provision of Perpetual Country Lease No. 2803 and/or any mortgage, charge or other encumbrance whatsoever (from time to time) touching and concerning the Sub-lessor's title to the Sub-leased Land; and

12.1.2 the Sub-lessor receives:

(a) written notice to remedy breach of covenant of the said Perpetual Country Lease; or

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- (b) written notice to remedy breach of covenant of any mortgage, charge or other encumbrance whatsoever (from time to time) touching and concerning the Sub-lessor's title to the Sub-leased Land; or
- (c) written notice from any local authority or other government body or department (whether State or Federal) having jurisdiction in the matter requiring the Sub-lessor to take steps or make payments to remedy a situation, which the Sub-lessor proposes not to comply with; and

12.1.3 the failure to comply will lead to forfeiture or termination of the lease under which the Sub-lessor holds title to the Land,

then the Sub-lessor will forthwith give notice to the Sub-lessee of the relevant facts and circumstances (and where appropriate also a copy of any notice the Sub-lessor has received) and the Sub-lessee may at the Sub-lessor's expense, without affecting any other right or remedy, do all acts and things and pay all monies necessary or expedient in the opinion of the Sub-lessee to make good the default and to remedy any notice. The Sub-lessee may set off any moneys expended against any moneys owing from time to time by the Sub-lessee to the Sub-lessor.

13. PART 13 - ARBITRATION

13.1 Disputes

If any dispute arises between the parties about the construction or effect of any term of this Sub-lease or the rights or the obligations of the parties or otherwise as to this Sub-lease, the dispute must be referred to:

13.1.1 an arbitrator to be jointly appointed by the parties; or

13.1.2 in default of agreement, to an arbitrator who is a competent consultant willing to act nominated on the application of either party by the President for the time being of the Queensland Law Society Incorporated; or

13.1.3 if this Sub-lease makes specific provision for an arbitrator or expert, to that arbitrator or expert.

13.2 Referrals

A reference to an arbitrator is a submission to arbitration within the meaning of the *Commercial Arbitration Act 1990*.

13.3 Informal Determinations

The parties recognise that disputes or differences may arise which can be determined informally. In those cases the parties agree that the arbitrator may conduct the arbitration informally.

13.4 Obligations until Determination

Until a determination is made, the Sub-lessor may exercise its rights or powers, and the Sub-lessee will carry out any obligation imposed on it, notwithstanding that any question regarding the Sub-lease has been or may be referred to arbitration.

14. PART 14 - BUILDING WORKS GENERALLY

14.1 Application

This part applies to proposals by the Sub-lessee to build, re-build, repair, alter or demolish any Improvements.

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14.2 Acknowledgment

The Sub-lessee acknowledges that these provisions are desirable to protect the amenity of Hamilton Island in general, and of the neighbourhood of the Sub-leased Land in particular, and that the Sub-lessor is entitled to seek injunctions to ensure that these provisions are observed, as well as claiming damages for their breach.

14.3 Provisions Regulating Building Approvals

14.3.1 The Sub-lessee must not commence any construction on the Sub-leased Land, erect any Improvements or do any thing to alter the external appearance of any Improvements without the prior written consent of the Sub-lessor and then only in accordance with plans and specifications approved in writing by the Sub-lessor, the terms of any consent and any rules or regulations passed by the Sub-lessor from time to time regulating building works. The Sub-lessor may refuse to approve any building plan. The Sub-lessor will not withhold consent unreasonably if:

14.3.2 the Sublessor is satisfied that the proposed development does not interfere with the amenity of any adjoining land (including any views from adjoining land). The Sub-lessors decision about this is final;

14.3.3 the proposal conforms with any development control guidelines laid down by the Sublessor from time to time. Amongst other things the development control guidelines can regulate building heights, setbacks from the boundaries of the Sub-leased Land and vegetation to be planted on the Sub-leased Land;

14.3.4 the alterations to the Improvements or the Improvements are appropriate to the standard of development on Hamilton Island and of an architectural design and style approved by the Sub-lessor as being appropriate on Hamilton Island (including the colour and construction of the roof); and

14.3.5 As well as approval to all construction the Sub-lessee must obtain the Sub-lessor's consent to any planting of vegetation on the Sub-leased Land. The principles set out above for considering building approvals also apply here.

14.3.6 The Sub-lessor will notify the Sub-lessee of its decision on any application for approval within 90 days of receipt of that application.

14.3.7 The Sub-lessor may require, as a condition of its approval, that gas hot water systems be included in any development if a gas supply is available to the Sub-leased Land.

14.3.8 The Sub-lessor may require the demolition and/or reinstatement of any work carried out without written consent, or not in accordance with any terms of any written consent.

14.3.9 The Sub-lessee must pay the Sub-lessor any reasonable costs incurred by the Sub-lessor in connection with the application for approval. The Sub-lessor may seek the advice of consultants such as, without limitation, architects and engineers about plans submitted by the Sub-lessee.

14.3.10 All permits approvals and authorities required for or in connection with any Improvements must be obtained by the Sub-lessee at its own expense. At the expense of the Sub-lessee and within a reasonable time after being requested to do so by the Sub-lessee, the Sub-lessor will sign all documents and do all things reasonably required of it in connection with the Sub-lessee's applications for permits, approvals and authorities. The Sub-lessor may require that it make any necessary applications, at the Sub-lessee's expense.

14.4 Provisions Regarding Building Works

14.4.1 The Sub-lessee must ensure that construction is completed as expeditiously as is practicable, without avoidable delay or interruption, and in any case within 12 months of the commencement of works on the Sub-leased Land. If the Sub-lessee is prevented (or is likely to be prevented) by reasons beyond its control from completing construction, then the Sub-lessee may apply to the Sub-lessor for an extension of time. If the Sub-lessor refuses to extend time, or extends time by a period which the

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Sub-lessee considers to be insufficient, then the Sub-lessee may refer the matter to arbitration. The arbitrator has authority to determine whether the actual or likely delay is due to reasons beyond the control of the Sub-lessee and, if so, what extension of time should be granted to the Sub-lessee, and by which party or in what shares the cost of the reference are to be paid.

- 14.4.2 The Sub-lessee must ensure that construction works are carried out with the least practical disturbance or inconvenience to the Sub-lessor and to the occupiers of other land or premises. The Sub-lessee must comply with instructions given by the Sub-lessor relating to such matters as, without limitation, routes to be followed by vehicles, plant, and equipment, permitted times for the movement of vehicles, plant and equipment, for blasting, and for any activity which in the opinion of the Sub-lessor may cause undue noise.
- 14.4.3 The Sub-lessee must not permit any accumulation of rubbish or debris on the Sub-leased Land. Promptly upon completion of construction, the Sub-lessee must ensure that all materials and plant are removed from the Sub-leased Land and that the Sub-leased Land is appropriately grassed (or otherwise landscaped) and kept to a standard consistent with other comparable properties on Hamilton Island.
- 14.4.4 If the construction works involve excavation on the Sub-leased Land, the Sub-lessee must at its own expense and without charge to the Sub-lessor place the excavated material either on the Sub-leased Land or, at the option of the Sub-lessee, in a location on Hamilton Island designated by the Sub-lessor.
- 14.4.5 In carrying out the construction works the Sub-lessee must comply with the provisions of any applicable statute and the requirements of any relevant authority and with any rules and regulations made by the Sub-lessor.
- 14.4.6 During construction the Sub-lessor and its agents may enter upon the Sub-leased Land at all reasonable times to inspect materials and workmanship and for any other reasonable purpose.
- 14.4.7 If the works are not completed in the time required by this clause (as extended under this clause), the Sub-lessor may carry out any works on the Sub-leased Land (including the completion of the incomplete work) as it sees fit to ensure public safety, the amenity of the locality, or for any other reasonable purpose. The Sub-lessee must pay to the Sub-lessor the cost of those works on demand.
- 14.4.8 The Sub-lessee must ensure that the Improvements are constructed in a good and workmanlike manner using first quality, new materials.
- 14.4.9 The Sub-lessee must not fell or lop any tree, plant any vegetation or make any excavation without the prior written approval of the Sub-lessor and of the relevant local authority.
- 14.4.10 Upon written demand by the Sub-lessor accompanied by reasonable particulars, the Sub-lessee must pay to the Sub-lessor the cost to the Sub-lessor of repairing or reinstating any damage to roads, water pipes, sewerage lines, drains or other services occasioned by or in connection with the Sub-lessee's construction works.
- 14.4.11 While any construction is carried out on the Sub-leased Land, the Sub-lessee must take out and maintain (or cause to be taken out and maintained at no expense to the Sub-lessor), in the joint names of the Sub-lessor and Sub-lessee, insurances against public liability, fire, storm and tempest. A copy of the policy, or other satisfactory evidence of insurance, must be delivered to the Sub-lessor prior to the commencement of construction. The Sub-lessee must produce evidence of payment of premiums to the Sub-lessor no later than seven days before the due date for payment.

14.5 Sewerage and Drainage

- 14.5.1 Before making any connections to the drainage, or sewerage water, gas, electricity, telephone or television services (referred to in this sub-clause as **services**) the Sub-lessee must obtain the

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Sub-lessor's prior written approval to all works to be carried out for those connections. The Sub-lessor must not withhold that approval unreasonably.

14.5.2 The Sub-lessee must pay to the Sub-lessor all costs reasonably incurred by the Sub-lessor in giving its approval and in supervising, if the Sub-lessor requires, the connection of the services to the Sub-leased Land.

14.5.3 The Sub-lessee must pay for all services supplied to the Sub-leased Land in the way set out in Part 7.

14.5.4 If a sewerage main or branch line is within 250 metres of the Sub-leased Land then:

- (a) the Sub-lessee must connect to that system at the Sub-lessee's cost. The Sub-lessee must reinstate any property through which the connection passes to the satisfaction of Sub-lessor, at the cost of the Sub-lessee. If, in the reasonable opinion of the Sub-lessor, it is expedient to put that connection through private land, the Sub-lessor may elect at its option to construct the connection through that land, at the cost of the Sub-lessee; and
- (b) if the Sub-lessor gives the Sub-lessee written notice, then the Sub-lessee must pay charges assessed under Part 7 as if the Sub-leased Land were connected to that sewerage system, whether or not it is in fact so connected.

14.5.5 Subject to clause 14.5.4, the Sub-lessee may, at its option and cost, and if it first obtains the written approval of all relevant authorities and the Sub-lessor, install its own drainage and sewerage services on the Sub-leased Land.

15. PART 15 - RESERVATION TO SUB-LESSOR

15.1 Services

The parties recognise that it is desirable for the Sub-lessor to arrange for the carriage or transmission of services including, without limitation, telephone, electricity, gas, water and sewerage across or through the Sub-leased Land, and the Sub-lessor reserves to itself the right to do so on the following conditions:

- 15.1.1 the Sub-lessor will exercise this right only if there is no practical alternative, taking into account terrain and costs;
- 15.1.2 all permanent works or installations on the Sub-leased Land will be underground, and be located so as to cause as little disturbance as possible to the Sub-lessee's enjoyment of the Sub-leased Land;
- 15.1.3 the Sub-lessor will use reasonable efforts to cause as little disturbance as possible to the Sub-lessee when work is carried out on the Sub-leased Land;
- 15.1.4 the Sub-lessor must give the Sub-lessee reasonable notice before exercising its rights under this clause;
- 15.1.5 the Sub-lessor must pay the Sub-lessee reasonable compensation for any disturbance and any diminution in the value of the Sub-leased Land as a result of works under this clause.

16. PART 16 - INTERPRETATION

16.1 Interpretation

In this Sub-lease unless the context requires otherwise:

- 16.1.1 the singular includes the plural;
- 16.1.2 words importing any gender include all genders;

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- 16.1.3 a reference to a thing includes the whole or part of that thing;
- 16.1.4 a reference to either party in this Lease includes that party's successors, executors, administrators and permitted assigns;
- 16.1.5 a reference to any Act includes all Acts amending that Act or in substitution for it;
- 16.1.6 **month** means calendar month;
- 16.1.7 references to a person are references to an individual, firm, body corporate, association (whether incorporated or not), government and governmental, semi-governmental and local authority or agency;
- 16.1.8 clause headings, margin notes and table of contents are inserted for convenience of reference only and do not affect the interpretation of this Sub-lease;
- 16.1.9 references to a part, clause or schedule are references to parts, clauses or schedules of this Sub-lease;
- 16.1.10 if a party is more than one person:
- (a) any reference in this Sub-lease to that party is a reference to each person comprising that party individually and as well a reference to any two or more of them together; and
 - (b) the promises in this Sub-lease bind all of them together and as well each of them individually.

16.2 Definitions

In the Sub-lease the following terms have the following meanings:

- 16.2.1 **CPI** means the Consumer Price Index (All Groups) for Brisbane published from time to time by the Australian Bureau of Statistics;
- 16.2.2 **Improvements** means all fixed improvements located or constructed from time to time on the Sub-leased Land and including any roadways and facilities such as a swimming pool.
- 16.2.3 the **Land** means all that land comprising Hamilton Island and as the date of the Sub-lease being the land comprised in Perpetual Country Lease No. 05/2803 N.C.L.;
- 16.2.4 **Private Road** for the purposes of this Sub-lease means a roadway on Hamilton Island, designated as a Private Road by the Sub-lessor;
- 16.2.5 **Minister** means the Minister administering the *Land Act 1994*
- 16.2.6 **Sub-leased Land** means the land described in item 5 of Form 7 Lease to which this Schedule is attached;
- 16.2.7 **Sub-lessor's Outgoings** includes:
- (a) all Crown rent, rates, taxes, assessments and charges of any kind payable for any calendar year by the Sub-lessor to any competent authority or statutory body in connection with the Land or any other right of occupation by the Sub-lessor of land adjacent to the Land, including harbour and sea-bed lands or because of the Sub-lessor's occupation of the Land;
 - (b) valuation legal and other costs incurred by the Sub-lessor in appealing against re-assessments of any rents, rates, taxes assessments or other charges or the revaluation of those lands or of its estate or interest in any of those lands, or in endeavouring in any way to reduce or minimise or prevent an increase in any of those rents rates taxes assessments or charges; plus

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(c) all costs both direct and indirect incurred by the Sub-lessor in maintaining a proper register of all Sub-leases and Sub-sub-leases and property ownership on Hamilton Island generally.

If any sum is paid in respect of a period which is not a calendar year, it will be apportioned.

16.2.8 **Term** means the period from the commencement date of this Sub-lease until its termination including any option.

17. **PART 17 - HOLDING OVER**

In the event of the Sub-lessee holding over or upon expiry of sooner determination of this Sub-lease, any period of holding over or monthly or weekly tenancy which might be created shall not exceed three months in all subsequent to such expiry or sooner termination.

18. **PART 18 - GST**

18.1 **Definition**

GST means a tax in the nature of a supply, value added or goods and services tax levied or imposed by the Commonwealth of Australia including any such tax levied or imposed on any supply by the Sub-lessor for the time being or HIS under this Sub-lease.

18.2 **Payment**

If any supply made under or pursuant to the provisions of this Sub-lease is subject to any GST, the Sub-lessee must pay the Sub-lessor or HIS or other supplier, as the case may be, an amount sufficient to ensure that the Sub-lessor or HIS or other supplier, as the case may be, retains, after payment of GST, the amount that it would have received had GST not been so payable. Any amount payable by the Sub-lessee under this clause must be paid on the same date as payment is required in relation to the underlying supply giving rise to the GST.

19. **PART 19 - SCHEME LAND PROVISIONS**

19.1 **Definition**

In this part, the following terms have the following meanings:

19.1.1 **body corporate** means the sublessee of Lease LGR on Survey Plan 148661;

19.1.2 **building** means the building constructed on the scheme land and of which each lot forms part;

19.1.3 **common property** means the subleased land comprising Lease LGR on Survey Plan 148661;

19.1.4 **lot** means each lot (including the common property) forming part of the scheme land and comprising of Leases LGA & LGS & LGAJ, LGB & LGT & LGAK, LGC & LGU & LGAL, LGD & LGV & LGAM, LGE & LGW & LGAN, LGF & LGX & LGAO, LGG & LGY & LGAP, LGH & LGZ & LGAQ, LGI & LGAA & LGAR, LGJ & LGAB & LGAS, LGK & LGAC & LGAT, LGL & LGAD & LGAU, LGM & LGAE & LGAV, LGN & LGAF & LGAW, LGO & LGAG & LGAX, LGP & LGAH & LGAY, LGQ & LGAI & LGAZ and LGR on Survey Plan 148661;

19.1.5 **occupier** includes the sublessee of each lot and any person or entity holding a form of title for a lot from the sublessee of the lot;

19.1.6 **scheme** means the residential development in respect of the scheme land;

19.1.7 **scheme land** means the land comprising Leases LGA & LGS & LGAJ, LGB & LGT & LGAK, LGC & LGU & LGAL, LGD & LGV & LGAM, LGE & LGW & LGAN, LGF & LGX & LGAO, LGG & LGY &

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LGAP, LGH & LGZ & LGAQ, LGI & LGAA & LGAR, LGJ & LGAB & LGAS, LGK & LGAC & LGAT, LGL & LGAD & LGAU, LGM & LGAE & LGAV, LGN & LGAF & LGAW, LGO & LGAG & LGAX, LGP & LGAH & LGAY, LGQ & LGAI & LGAZ and Lease LGR inclusive on Survey Plan 148661;

19.1.8 **utility infrastructure** means cables, wires, sewers, drains, ducts, plant and equipment by which the lots or the common property are supplied with utility services;

19.1.9 **utility service** means:

- (a) water reticulation or supply; or
- (b) gas reticulation or supply; or
- (c) electricity supply; or
- (d) airconditioning; or
- (e) a telephone service; or
- (f) a computer data or television service; or
- (g) a sewer or septic system; or
- (h) drainage; or
- (i) a system for the removal or disposal of garbage or waste; or
- (j) another system or service designed to improve the amenity, or enhance the enjoyment, of the lots or the common property.

19.2 Easements for Support in Respect of the Building and Scheme Land

19.2.1 An easement of lateral or subjacent support exists:

- (a) in favour of a lot against another lot capable of supplying lateral or subjacent support;
- (b) in favour of a lot against the common property capable of supplying lateral or subjacent support;
- (c) in favour of the common property against a lot capable of supplying lateral or subjacent support; and
- (d) in favour of the common property against other common property capable of supplying lateral or subjacent support.

19.2.2 An easement of support under clause 18.2.1:

- (a) entitles the owner of a lot to enter a lot or the common property supplying support to the lot under the easement to maintain or replace any support; and
- (b) entitles the body corporate to enter a lot or the common property supplying support to the common property under the easement to maintain or replace any support.

19.3 Easements for Utility Services in Respect of the Building and Scheme Land

19.3.1 An easement exists in favour of a lot and against other lots and the common property for supplying utility services to the lot and establishing and maintaining utility infrastructure reasonably necessary for supplying utility services;

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19.3.2 However, the exercise of rights under the easement must not interfere unreasonably with the use or enjoyment of the lot or the part of the common property against which the easement lies.

19.3.3 An easement exists in favour of the common property and against other lots for supplying utility services to the common property and establishing and maintaining utility infrastructure reasonably necessary for supplying the utility services to the common property;

19.3.4 However, the exercise of rights under the easement must not interfere unreasonably with the use or enjoyment of the lots against which the easement lies.

19.4 Easements for Shelter in Respect of the Building and the Scheme Land

19.4.1 An easement entitling the owner of a lot to have the lot sheltered by parts of the building necessary to supply shelter exists against the lots or parts of the common property where the relevant parts of the building are situated.

19.4.2 The easement for shelter under clause 18.4.1 entitles the owner of the lot to enter a lot or common property supplying shelter under the easement to maintain or replace the shelter.

19.5 Easements for Projections in Respect of the Building and the Scheme Land

19.5.1 If eaves, guttering, drain pipes, awnings, windows sills, or other minor parts of the building within a lot ('Lot A') project over the boundaries of another lot ('Lot B') or the common property, an easement exists in favour of Lot A and against the part of Lot B or the common property over which the projection lies, permitting the projection.

19.5.2 The easement entitles the owner of Lot A to enter Lot B or the common property to maintain or replace the building parts.

19.6 Easements for Maintenance in Respect of the Building and the Scheme Land

19.6.1 If the relevant part of the building is on the boundary of a lot ('Lot A') or so close to the boundary of Lot A that maintenance or replacement of the building or the relevant part of the building is not able to be carried out without entering another lot ('Lot B') or the common property, an easement exists in the favour of Lot A and against Lot B or the common property.

19.6.2 The easement entitles the owner of Lot A to enter Lot B or the common property to carry out the maintenance or replacement.

19.7 Exercise of Rights Under Easements

19.7.1 Rights under any easement provided for in this part must not be exercised in a way that unreasonably prevents or interferes with the use or enjoyment of a lot or the common property;

19.7.2 If any easement under this part entitles the sublessee of a lot to enter another lot or the common property to carry out work, the sublessee:

(a) Must give reasonable written notice:

(i) to the sublessee of the other lot and, additionally, if the sublessee is not the occupier, the occupier of the other lot, before entering the other lot to carry out work; or

(ii) to the body corporate, before entering the common property to carry out work;

(b) must comply with the security or other arrangements or requirements ordinarily applying for persons entering the other lot or the common property.

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19.7.3 If any easement under this part entitles the body corporate to enter a lot to carry out work, the body corporate must give reasonable written notice to the sublessee of the lot before entering the lot to carry out work.

19.7.4 Clauses 18.7.2 and 18.7.3 do not apply if the need for the work to be carried out is, or is in the nature of, an emergency.

19.8 Ancillary Rights and Obligations re Easements Under This Part

19.8.1 Ancillary rights and obligations necessary to make the easements provided for in this part effective apply to easements under this part.

19.9 General Functions, Duties and Powers of the Body Corporate

19.9.1 The body corporate must administer the common property for the benefit of the sublessees of the lots and, in so doing, must act reasonably.

19.9.2 The body corporate or any person authorised by it may enter a lot and remain on the lot while it is reasonably necessary to inspect the lot and find out whether work the body corporate is authorised or required to carry out is necessary or to carry out work the body corporate is authorised or required to carry out.

19.9.3 The body corporate must administer, manage and control the common property reasonably and for the benefit of the sublessees of the lots. Without limiting the generality of this provision, the body corporate must:

(a) Maintain in good condition:

- (i) Railings, parapets and balustrades on (whether precisely or for all practical purposes) the boundary of a lot and the common property;
- (ii) Doors, windows and associated fittings situated in a boundary wall separating a lot from the common property; and
- (iii) Roofing membranes that provide protection for lots or the common property; and

(b) Maintain the following elements of the scheme land that are not on or form part of the common property in a structurally sound condition (but subject to the obligations of the sublessee of the lots under their respective subleases):

- (i) Foundation structures;
- (ii) Roofing or other covering structures providing protection; and
- (iii) Essential supporting framework, including load-bearing walls.

(c) Notwithstanding the provisions of clause 18.9.3:

- (i) The body corporate is not responsible for maintaining fixtures or fittings installed by the occupier of a lot if they were installed for the occupier's own benefit; and
- (ii) The sublessee of a lot is responsible for maintaining utility infrastructure in good order and condition, to the extent that the utility infrastructure:
 - (A) relates only to supplying utility services to a particular lot; and
 - (B) is one of the following types:

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- hot water systems;
- washing machines;
- clothes dryers; and
- another device providing a utility service of a domestic nature to a lot.

- (d) To avoid doubt, it is declared that, despite an obligation on the body corporate may have under clause 18.9.3 to maintain a part of a lot in good condition or in a structurally sound condition, the body corporate is not prevented from recovering an amount of damages from a person (whether or not the sublessee of a lot) whose actions cause or contribute to damage or deterioration of the whole or part of a lot.
- (e) Any expense incurred by the body corporate in the performance of its functions, duties and powers shall be contributed to in equal proportions by the sublessees of the lots, other than the body corporate.

19.10 Conduct of Occupiers

19.10.1 The occupier of a lot must not interfere, or permit interference, with support or shelter provided by the lot for another lot included in the scheme.

19.10.2 The occupier of a lot must not, either within or outside the lot, interfere, or permit interference, with utility infrastructure or utility services in a way that may affect the supply of utility services to another lot included in, or the common property for, the scheme.

19.10.3 The occupier of a lot must not use, or permit the use of, the lot or the common property in a way that:

- (a) causes a nuisance or hazard;
- (b) interferes unreasonably with the use or enjoyment of another lot included in the scheme; or
- (c) interferes unreasonably with the use or enjoyment of the common property by a person who is lawfully on the common property.

19.11 Insurance

19.11.1 Subject to any other provision of this Sublease relating to insurance and subject to the provision of the sublease for any other lot (including the common property), the body corporate is hereby authorised for and on behalf of the Sub-lessee and the sublessee of each other lot in the scheme, to insure to its full replacement value the building (including improvements and fixtures, but not including carpet, forming part of the building).

19.11.2 A policy of insurance taken out in accordance with this clause:

- (a) must cover, to the greatest practicable extent, damage and costs incidental to the reinstatement or replacement of insured buildings, including the cost of taking away debris and the fees of architects and other professional advisors; and
- (b) must provide for the reinstatement of property to its condition when new.

19.11.3 The sublessee of each lot (other than the body corporate) is liable to reimburse the body corporate for the proportion of the premium for a policy of insurance taken out under this clause. The sublessee of each other lot (other than the body corporate) is responsible for that proportion of the premium obtained by dividing the premium by the number of lots (but excluding the lot for the common property(in the scheme).

~~SCHEDULE / ENLARGED PANEL /~~
~~ADDITIONAL PAGE / DECLARATION~~

Title Reference 17660077

19.11.4 If the body corporate receives an amount of insurance money for damage to property, the body corporate must apply the amount as soon as practicable to the repair, reinstatement or replacement of the damaged property. However, the amount must not be applied to the repair, reinstatement or replacement of the property if the work would be unlawful. However, if the body corporate and the sublessee of any lot affected so agree, the amount of insurance money for damage to property may be paid, subject to the prior claim of a registered mortgagee, to the sublessee of the lot to which the insurance moneys relate.

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SCHEDULE A

Rent Calculations

Part A

Sub-Lessor's Guidelines
(at 30.06.94)
(clause 1.2.2 and 1.2.4)

General Conditions:

Rents are calculated by reference to the area of the Sublease as a proportion of the Sublessor's Outgoings.

The prime (but not only) objective is the full recovery of:

- (a) the annual total of crown rental, local authority rates and any other charges which may, from time to time, be levied or charged against the whole or part of Hamilton Island (including harbours and seabed leases) by any authority empowered to levy these charges; and
- (b) legal and other costs associated with the Sublessor's defence of its rights in regard to minimising the above and all costs involved in maintaining a property register of leases and relevant property ownership.

Special projects will be assessed separately.

A loading may be added to the rent if the site is a remote location.

Areas include courtyards, balconies and roof areas (if useable).

Additional charges may be levied for commercial properties.

The following rents apply to villa sites and commercial properties.

CATEGORY (determined by HIE in its discretion)		AREA	% OUTGOINGS
Villa Site	Commercial		
VS1	CP	Up to & including 0.1 ha	0.5%
VS2	CP	Exceeding 0.1 ha and up to 0.2 ha	0.75%
VS3	CP	Exceeding 0.2 ha and up to 0.3 ha	1.00%
VS4	CP	Exceeding 0.3 ha and up to 0.4 ha	1.25%
VS5	CP	Exceeding 0.4 ha and up to 0.5 ha	1.50%
VS6	CP	Exceeding 0.5 ha and up to 1ha	2.00%
VS9	CP	Over 1 ha - an additional charge for every 0.5ha or part thereof	Additional charge per 0.5 ha = 0.75%

Legend: VS = Villa Site
CP = Commercial
HA = Hectare

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Rents applying to Condominiums, Hotel Rooms and Staff Units (if condominiums are not constructed, based on number of units in proposed development until actual development is completed).

CATEGORY & UNITS	FLOOR AREA - INCLUDING PRIVATE BALCONIES	% OUTGOINGS
HR 1	Up to and incl. 65m ² (700 sq ft)	0.125%
SR 1	Up to and incl. 100m ² (1076 sq ft)	0.25%
AP 1	Exceeding 65m ² and up to 100m ² (1078 sq ft)	0.50%
AP 2	Exceeding 100m ² and up to 200m ² (2152 sq ft)	0.75%
AP3	Exceeding 200m ² and up to 300m ² (3228 sq ft)	1.00%
AP 4	Exceeding 300m ² and up to 400 m ² (4306 sq ft)	1.25%
AP 5	Exceeding 400m ² and up to 500m ² (5382 sq ft)	1.50%
AP 6	In excess of 500m ² (5382 sq ft)	2.00%

Legend: HR = Hotel Room
SR = Staff Residence
AP = Condominiums/Apartments

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Base Rent Calculations
(for information as at 30.06.94)

AREA Villa Sites and Commercial Property Area	BASE RENT (+ CPI from 01.07.90)
Up to and including 0.1 ha	\$500.00
0.1 ha and up to 0.2 ha	\$750.00
0.2 ha and up to 0.3 ha	\$1,000.00
0.3 ha and up to 0.4 ha	\$1,250.00
0.4 ha and up to 0.5 ha	\$2,000.00
0.5 ha to 1 ha	\$2,750.00
for every 0.5 ha or part thereof over 1 ha an additional	\$750.00

Floor Area (including private balconies)	Base Rent (+ CPI from 01.07.90)
Hotel Room	
Up to and including 65m ² (700 sq ft)	\$125.00
Staff Residence	
Up to and including 100m ² (1,076 sq ft)	\$250.00
Condominiums/Apartments	
over 65 m and up to 100m (1,076 sq ft)	\$500.00
over 100m and up to 200m (2,152 sq ft)	\$750.00
over 200m and up to 300m (5,228 sq ft)	\$1,000.00
over 300m (3228 sq ft)	\$1,250.00

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ANNEXURE B

National Energy Retail Law – Section 110
Individual Exemption Application
Hamilton Island Electricity Supply

HAMILTON ISLAND HIGH VOLTAGE ELECTRICAL NETWORK MAP

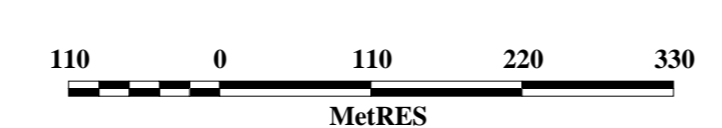
UNDER-SEA CABLE TO MAIN LAND VIA LONG ISLAND



LEGEND

By Feeder

- 11F001
- 11F002
- 11F003
- 11F005
- 11F006
- 11F007
- 11F008
- 11F009



Scale: 1:5,500

ANNEXURE C

National Energy Retail Law – Section 110
Individual Exemption Application
Hamilton Island Electricity Supply

Information Required	Information
Your legal name. If you are a body corporate or community corporation, please indicate this.	Hamilton Island Services Pty Ltd (HIS)
Your trading name if different to your legal name	n/a
Australian Business Number (ABN) or Company Number (ACN)	79 010 254 234
Registered postal address for correspondence. We may verify this information with the Australian Securities and Investments Commission (ASIC) or other relevant agency.	PO Box 149, Hamilton Island, Queensland 4803 (Executive Office, Front Street, Hamilton Island, Queensland 4803)
Nominated contact person, including their position in the organisation and contact details.	Mrs Sherri Meade, Legal Counsel, Hamilton Island Enterprises Limited (HIE) (07) 4948 9983
Why you are seeking an individual exemption, and why you believe that an exemption (rather than a retailer authorisation) is appropriate.	<p>The Applicant already holds registrable exemption class R1, R2, R5 and deemed exemption D6. The exemption classes already provided are adequate for the Applicant with the exception of a limited number of conditions.</p> <p>The Applicant submits that the supply of energy falls within the exempt policy principles for application for an individual exemption. In particular:</p> <ul style="list-style-type: none"> i. the sale of energy is not the Applicant's core business; ii. the amount of energy is very small in relation to the national electricity energy markets; iii. there is no other energy provider for this site; iv. Applicant's costs to connect to the grid are substantial and ongoing; and v. the cost burden of full compliance with the NERL is likely to be substantial.
The address of the site at which you intend to sell energy, including a map of the site and a brief description of this site and its current and futures uses/s.	Hamilton Island, Dent Island and Long Island. Map of site contained in Annexure B .
Are you establishing, or have you established, energy supply in an area where there are no other viable energy supply arrangements available.	Yes
The primary activity of your business (for example, managing a shopping centre).	Provision of services to Hamilton Island and Dent Island which include, but are not limited to, the supply of utilities including water, gas and electricity, road maintenance, maintenance of public facilities, waste management and security. The Applicant also provides electricity to Long Island.

Information Required	Information
Whether you intend to sell electricity to customers connected to the grid or who are off-grid.	The Applicant is connected to the main national grid via a submarine cable. Customers are not connected to the main grid direct, customers are connected to the Applicant's network which is installed, operated and maintained by the Applicant.
The date from which you intend to commence selling energy.	Upon registration on the 5 June 1981, the Applicant became responsible for the operation and maintenance for the supply of electricity for Hamilton Island. Since 1998 the Applicant has supplied electricity under Special Approval SA 22/98 issued under the provisions of the <i>Electricity Act 1994</i> .
<p>Details of any experience in selling energy, for example:</p> <ul style="list-style-type: none"> • Date/s and locations/s of previous operations • Scale of operations (that is, the number, size and type of customers) • An explanation of which activities will be conducted in-house and which will be contracted out to third parties. • Forms/s of energy sold 	<p>The Applicant has no experience in the sale of electricity other than in the supply of electricity to Hamilton Island, Dent Island and Long Island.</p> <p>The Applicant supplies electricity via a submarine cable connected to the mainland to its customers through an embedded network. HIE is the Applicant's largest customer, using approximately 60% of the electricity sourced from the mainland. The balance of electricity is used by employees, residents, concessionaries and unit complexes. The Applicant also supplies electricity to Long Island.</p> <p>All operations for supply of electricity are conducted in-house.</p>
Whether you currently hold, or have previously held or been subject to, an energy selling exemption or a retail licence (retailer authorisation) in any state or territory. If so, please provide details.	<p>The Applicant currently holds exemptions as follows: -</p> <p>R1, R2 R5 and D6</p> <p>In addition the Applicant holds a Special Approval SA 22/98 under the <i>Electricity Act 1994</i>.</p>
Are you providing other services (for example, accommodation/leasing of property) to persons on the site who you intend to sell energy to? Or will your only commercial relationship to persons on the site be the sale of energy? If you are providing other services, please specify what these services are, and the contractual or leasing arrangements under which these services are being provided.	<p>A significant number of customers are employees and are housed in staff accommodation provided by HIE.</p> <p>Land tenure on Hamilton Island is leasehold. HIE has been granted a perpetual lease by the DNRM. HIE Sub-leases the head lease to individuals, companies and service providers (such as Telstra) for residential (low, medium and high density) and commercial property. In accordance with the conditions of the Sub-leases, HIE is to provide services (including electricity) to Sub-lessees via the Applicant. Sub-lessees are therefore also customers.</p> <p>In addition to the Sub-lease agreements, HIE also issues licences for concessionaire businesses to operate on the island. In the most part, the</p>

Information Required	Information
	<p>concessionaires are responsible for payment of their utilities, including electricity. Accordingly, concessionaires are also customers.</p>
<p>In what form and how often will customers be billed? Will you be issuing bills yourself or through a billing agent?</p>	<p>Employees in HIE owned accommodation are billed weekly via payroll deduction.</p> <p>HIE/HIS businesses (excluding employees in staff accommodation), residents and concessionaires are billed quarterly, with the exception of Long Island and Whitsunday Holiday Apartments who are billed monthly.</p>
<p>What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?</p>	<p>Sub-leases provide for a dispute resolution process. Employee disputes are managed by our staff accommodation management team and our People, Culture and Development team. In all other cases the current selling guidelines of our exemption are employed.</p>
<p>Please describe your business model in some details, noting jurisdictions where you will be operating, and customer number forecasts for the first 3 years.</p>	<p>The business model of the Applicant is to provide services to Sub-Lessees, Sub-Sub-Lessees, Concessionaire businesses and their employees, guests, HIE and their employees.</p> <p>Services include, but are not limited to, the supply of water, sewer, waste disposal, public utilities, road maintenance as well as the supply of electricity and gas.</p>
<p>What is your pricing structure – will you charge for energy only or are there other fees? Will you charge only for energy consumed or for all energy generated?</p>	<p>Pricing structures for Sub-Lessees are as detailed in the Sub-Leases, an example of which is annexed and marked Annexure A. Pricing for HIE businesses, employees and others uses the same methodology to ensure equity and fairness across customers.</p> <p>A flat rate has been determined by the Applicant which incorporates networks charges (to equally disperse costs to all customers, this flat rate is then multiplied by usage).</p>
<p>Are there related companies and what is their function? Do you intend to transfer any functions to any other related companies and, if so, what are they?</p>	<p>Details of related companies have been provided in the cover letter. At this time HIE (the parent) nor the Applicant intend to transfer any functions.</p>
<p>Do you intend to use fixed term contracts and, if so, how long will they be for?</p>	<p>No fixed term.</p>
<p>Under what circumstances can the customer terminate the agreement and at what cost?</p>	<p>When a tenant exits a property or when a change of ownership occurs. In relation to employees, on termination of employment. No notice period is required nor are there any additional charges for disconnection.</p>

Information Required	Information														
Who will own any green energy certificates or rebates, including feed-in tariffs, which apply to the generation system?	The viability and installation of renewal energy systems is currently under review.														
Mailing addresses for premises at the site (where applicable) We may use this information to ensure that potential customers are able to participate in the consultation process.	A full mail out of Hamilton Island may pose some practical difficulties. The Applicant is happy to discuss alternate means of facilitating the consultation process.														
Will your customers be your tenants? If so, are they residential or commercial/retail? Are they covered by residential or retail tendency, or other legislation governing accommodation that is a person's principal place of residence (for example, retirement village legislation, residential parks or manufactured home estates legislation) in your state or territory?	<p>Customers, who have entered into permanent rental agreement, are legislated under the Residential Tenancy legislations.</p> <p>Employees and concessionaires who occupy premises on the Island do so either under the terms of their employment agreements (which detail rules and regulations relating to occupancy) or concession agreements (which include provisions relating to the right to occupy allocated premises).</p>														
What is the total number of customers at the site? Please provide a breakdown between residential and business customers (and whether they are small or large as defined for the jurisdiction in which you intend to operate).	<table border="0"> <tr> <td colspan="2" data-bbox="801 864 1262 900">Electricity Customers</td> </tr> <tr> <td data-bbox="801 900 1262 958"></td> <td data-bbox="1262 900 1418 958" style="text-align: right;">Number</td> </tr> <tr> <td data-bbox="801 958 1262 1016">Internal (HIE/HIS) generally large</td> <td data-bbox="1262 958 1418 1016" style="text-align: right;">150</td> </tr> <tr> <td data-bbox="801 1016 1262 1075">HIE Staff</td> <td data-bbox="1262 1016 1418 1075" style="text-align: right;">960</td> </tr> <tr> <td data-bbox="801 1075 1262 1155">External Small Business (inclusive of Long Island)</td> <td data-bbox="1262 1075 1418 1155" style="text-align: right;">63</td> </tr> <tr> <td data-bbox="801 1155 1262 1214">External Residents</td> <td data-bbox="1262 1155 1418 1214" style="text-align: right;">649</td> </tr> <tr> <td data-bbox="801 1214 1262 1263"></td> <td data-bbox="1262 1214 1418 1263" style="text-align: right;"><hr/>1,822</td> </tr> </table>	Electricity Customers			Number	Internal (HIE/HIS) generally large	150	HIE Staff	960	External Small Business (inclusive of Long Island)	63	External Residents	649		<hr/> 1,822
Electricity Customers															
	Number														
Internal (HIE/HIS) generally large	150														
HIE Staff	960														
External Small Business (inclusive of Long Island)	63														
External Residents	649														
	<hr/> 1,822														
Will you be on-selling energy (that is selling energy purchased from an authorised retailer) or purchasing it directly from the wholesale market?	Yes, HIS currently purchases from Origin and the Applicant on-sell to our customers on Hamilton Island, Dent Island and Long Island.														
What is the estimated aggregate annual amount of energy you are likely to sell (kilowatt hours or megawatt hours for electricity and mega joules or gigajoules of gas) and the average expected consumption of customers for each type of customer you service (that is residential customers and retail or commercial customers)?	<p>Estimated aggregate annual amount of energy the Applicant is likely to sell is 35 GWh for 2017 – 2018 financial years.</p> <p>Consumption breakdown by customer type - HIE: 47%, HIS: 11%, HIE Employees: 6%, Sub-lessees: 26%, Ext Small Business: 9% Other: 1%.</p>														
Will your customers be wholly contained within the site owned, controlled or operated by you? (For the purposes of this question, a body corporate may be taken to 'operate' premises it oversees).	With the exception of Long Island, our customers are wholly contained within the site controlled and operated by HIE with electricity supplied by the Applicant (i.e. Hamilton Island and Dent Island) .														
Will each premises/dwelling be separately metered? If the application is for a new development or a redevelopment and customers will be separately metered, please explain why not.	As a general rule most premises/dwellings are separately metered, however some staff accommodation and private complexes are not as they are serviced by a central meter.														

Information Required	Information
What types of meters will be used? For example, basic/accumulation meters, manually read interval meters or remotely read interval meters? Will these meters allow your customers to change retailers (i.e. not source their energy for you).	Basic accumulation and electronic meters are currently utilised on the island/s. Our system currently employs two systems being; manually read interval meters and remotely read interval meters. We are in the process of installing remotely read interval meters where possible. Note other electricity retail options are not available as the Applicant is the sole network service provider/retailer.
If customers dwellings/premises are separately metered, how often do you propose the meters to be read and by whom?	For manually read meters it is quarterly by the Applicant's staff and for remotely read meters it is daily.
How will you determine energy charges if customers are not separately metered?	In HIE staff accommodation complexes, where individual units are not metered, the total bill is divided equally amongst the unit holders.
What dispute resolution procedures do you intend to put in place to deal with energy related complaints and issues?	<p>In accordance with the condition 7.6, see Annexure A for example of existing Sub-lease. The Sub-lessee may dispute the charge as outlined.</p> <p>Employee disputes are managed by our staff accommodation management team and our People, Culture and Development team.</p> <p>For customers who are not subject to a Sub-lease and who are not employees (predominately Concessionaires) disputes are resolved in accordance with agreements in place with those parties..</p>
What energy rebates or concessions are available to your customers? If applicable, how can customers claim these?	None.
Will you make energy efficiency options available to your customers? Will your network incorporate solar or other generation options for sustainability purposes? If so, will you use gross or net metering?	<p>Currently the Applicant does not offer an energy efficiency audit to their customers.</p> <p>Renewal energy options are currently under review with a future policy to be determined.</p>
We may require you to provide evidence of customers' explicit informed consent for applications involving retrofitted embedded networks.	The Applicant believes this issue to be of limited relevance to the facts of this case.
Please provide any further information that you consider would assist us to assess your application.	Please see cover letter for addition information.