Expense Management Services Agreement

This Expense Management Services Agreement (this "Agreement") is made by and between EXPENSE CONTROL MANAGEMENT ("ECM"), and

____ ("Client")

ABN ___________________________as of the________ day of _____________________, 20_________

RECITALS:
WHEREAS, ECM provides expense management consulting services designed to enhance the efficiency and profitability of its clients through effective cost control strategies;

WHEREAS, the Client desires to engage ECM to analyse and recommend strategies for managing its expenses in accordance with the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and terms and conditions set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. **ENGAGEMENT AND SERVICES:**
   - 1.1. **Services Provided:** ECM will conduct a thorough examination and analysis of the Client's historical and projected expenses across designated categories (collectively, the "Expense Categories"). ECM agrees to deliver a comprehensive written report summarising the analysis, including feasible alternative strategies to aid in reducing costs within each Expense Category.
   - 1.2. **Scope of Service:** The services to be provided under this Agreement are limited to those expressly described herein unless otherwise agreed in writing by the parties.
2. **CLIENT RESPONSIBILITIES:**
   - 2.1. **Access to Information:** The Client shall provide ECM with access to all necessary financial documents, records, and other information pertinent to the Expense Categories.
   - 2.2. **Notification and Liability for Implementation:**
     - 2.2.1. **Notification Requirement:** The Client is required to notify ECM in writing, or provide cooperation in response to ECM's written inquiries, regarding the implementation of any recommendations, whether implemented in whole or in part. This notification or cooperation should be provided promptly upon implementation or upon ECM's request.
     - 2.2.2. **Notification of Supplier Changes:** The Client must notify ECM in writing, within fourteen (14) days, of any renewal, extension, variation, renegotiation or cessation of its supply arrangements with any Introduced Supplier (as defined in Section 3), including the commercial terms of any renewal. This information is required to calculate fees accurately under Section 3, including the Supplier Continuity Fee.
     - 2.2.3. **Liability Period:** The Client is liable for any recommendations implemented within a period of 12 months from their receipt or longer if the Client has entered into a contract with a service provider for a longer term. In such cases, the liability shall extend in line with the duration of the signed supplier contract. During this period, the Client agrees to compensate ECM according to the terms outlined in Section 3 of this Agreement for any cost reductions achieved as a result of implementing such recommendations. Where the Client continues to acquire services from an Introduced Supplier (as defined in Section 3) beyond this period, the Supplier Continuity Fee in Section 3 applies.
3. **COMPENSATION:**
   - 3.1. **Fees:** The Client agrees to compensate ECM for services rendered based on the realised savings achieved through the implementation of ECM's recommendations. Specifically, ECM will receive a fee equal to thirty percent (30%) of the total realised savings, credits, or refunds:
   - 3.2. For a period of 12 months following the implementation of each recommendation within the Expense Categories, or
   - 3.3. For the duration of the signed agreement between the Client and the service provider responsible for that particular expense, if the contract extends beyond 12 months.
   - 3.4. The compensation will be calculated based on the actual realised savings as reflected in the Client's invoices or bills received after the implementation of ECM's recommendations.
   - 3.5. **Minimum Invoice Amount:** Notwithstanding any other terms, if the total compensation payable to ECM is **less than $2,000**, the full amount will become due immediately upon implementation of the savings, rather than being distributed over the 12-month period or billing period as described above.
   - 3.6. **Example of Fee Calculation and Payment Schedule:**
     - 3.6.1. **Example Scenario:** For instance, if ECM's recommendations lead to a total cost saving of

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$20,000 annually in the Client's electricity expenses, ECM is entitled to a compensation of $6,000 (30% of $20,000).

3.7. **Invoicing and Payment Terms:** This compensation of $6,000 will be distributed over twelve (12) monthly invoices, with each invoice amounting to $500. Upon receipt of each monthly invoice, the Client is required to make the payment within seven (7) days.

3.8. **Late Payment Penalties:**

3.8.1. **Late Payment Fee:** If the Client fails to fully pay any invoice within the 7-day period following receipt, the overdue amount will incur a late payment fee of 1.5% per month until full payment is received.

3.8.2. **Recovery Costs:** Additionally, should ECM incur any costs in the process of pursuing the collection of overdue payments, including attorneys' fees, the Client will be liable for these costs.

3.9. **Estimated Savings and Reconciliation Clause:** To ensure fairness and transparency, ECM will calculate its 30% compensation based on estimated annual savings derived from the Client's historical spend over the previous 12 months. These estimates are used to project savings over the following 12 months, and ECM's monthly invoices may reflect this projection.
At the end of the 12-month period, ECM will conduct a reconciliation to compare estimated savings with actual realised savings based on the invoices provided by the Client. If actual savings exceed the estimate, ECM will invoice the difference. If actual savings are less than estimated, ECM will issue a credit or adjustment accordingly.

3.10. **Early Adjustment Trigger Clause:** In the event that the Client's actual monthly spend in any applicable Expense Category increases or decreases by more than 20% compared to the baseline used for estimated savings — for two (2) consecutive months — ECM reserves the right to initiate an earlier reconciliation and adjustment of invoiced fees to reflect a more accurate savings outcome. This adjustment ensures fairness for both parties in light of material changes to the Client's operating expenses.

3.11. **Supplier Continuity Fee (Introduced Suppliers):** In recognition of ECM sourcing and introducing new suppliers to the Client, the following applies in addition to the compensation terms above:

3.11.1. **Introduced Supplier:** means a supplier, broker or service provider first identified, sourced and introduced to the Client by ECM under this Agreement, and with whom the Client had no supply relationship in the twelve (12) months prior to that introduction. References to an Introduced Supplier include any renewal, extension or renegotiation of supply with that supplier and any successor entity to that supplier.

3.11.2. **Continuity Fee:** Where the Client continues to acquire the relevant services from an Introduced Supplier after the initial compensation period described in this Section 3 has ended, the Client agrees to pay ECM a Supplier Continuity Fee, calculated on the realised savings verified for the first twelve (12) months following implementation (the "Year 1 Savings"), as follows: (i) fifteen percent (15%) of the Year 1 Savings in respect of the first renewal year; (ii) seven point five percent (7.5%) of the Year 1 Savings in respect of the second renewal year; and (iii) no further Continuity Fee thereafter. The Continuity Fee is fixed by reference to the Year 1 Savings and does not require any further savings calculation or baseline adjustment.

3.11.3. **Worked Example:** If the Client's prior annual spend in a category was $100,000 and ECM's Introduced Supplier reduces this to $80,000, the Year 1 Savings are $20,000 and ECM's Year 1 fee is $6,000 (30%). If the Client remains with the Introduced Supplier, the Continuity Fee is $3,000 in the first renewal year (15% of $20,000) and $1,500 in the second renewal year (7.5% of $20,000), with no fee payable from the third renewal year onward.

3.11.4. **Cessation:** The Continuity Fee ceases immediately, on a pro-rata basis, if and when the Client ceases to acquire the relevant services from the Introduced Supplier. The Client remains free at all times to test the market and to change suppliers.

3.11.5. **Fresh Market Review:** If, during any renewal year, ECM conducts a further market review or renewal negotiation for the relevant Expense Category and new realised savings are verified against the Introduced Supplier's renewal terms or the best available market alternative at that time, the standard fee of thirty percent (30%) of those new realised savings applies in place of the Continuity Fee for the applicable period, on the terms set out in this Section 3.

3.11.6. **Disclosure and Payment:** The Continuity Fee schedule will be confirmed to the Client in dollar terms following the Year 1 reconciliation. Continuity Fees are invoiced and payable in accordance with the invoicing, payment and minimum invoice terms of this Section 3.

3.12. **GST:** All fees and amounts payable under this Agreement are exclusive of GST. Where GST is payable on a supply made under this Agreement, the Client must pay the GST amount in addition to the relevant fee, subject to receipt of a valid tax invoice.

4. CONFIDENTIALITY:

4.1. **Confidentiality Obligation:** ECM acknowledges that during the engagement, it will have access to confidential and proprietary information relating to the Client's operations. ECM agrees to maintain the confidentiality of all such information and not to disclose it to any third party without the prior written consent of the Client, except as necessary to perform the agreed services.

4.2. **Client Confidentiality Obligation:** The Client acknowledges that in the course of the engagement it will have access to confidential and proprietary information of ECM, including without limitation ECM's benchmarking data, pricing intelligence, supplier arrangements, reports, analyses, methodologies and commercial terms ("ECM Confidential Information"). The Client agrees to keep ECM Confidential Information confidential, to use it solely for the purpose of evaluating and implementing ECM's recommendations, and not to disclose it to any third party (including any competitor of ECM or any other cost-reduction consultant or adviser) without ECM's prior written consent, except to the Client's professional advisers on a confidential basis or as required by law.

4.3. **Extension to Service Providers:**

4.3.1. **Service Provider Confidentiality:** ECM also maintains strict confidentiality agreements with all service providers who are involved in the recommendation process. These agreements require service providers to uphold the same level of confidentiality and discretion as ECM in handling any confidential and proprietary information pertaining to the Client.

4.3.2. **Purpose of Disclosure:** Disclosure of confidential information to service providers is strictly limited to what is necessary for the effective execution of the services agreed upon in this engagement. ECM ensures that all service providers are aware of and comply with these confidentiality requirements.

4.4. **Duration of Confidentiality:** This obligation of confidentiality shall survive the termination or conclusion of this Agreement and continue for a period of five (5) years thereafter.

5. TERM AND TERMINATION:

5.1. **Term:** This Agreement shall commence on the effective date and shall continue until terminated by either party upon 30 days written notice. Termination of this Agreement does not affect the Client's obligation to pay any fees accrued or payable under Section 3, including the Supplier Continuity Fee, which survives termination in accordance with its terms.

5.2. **Termination for Cause:** Either party may terminate this Agreement immediately upon written notice if the other party breaches any of its material obligations hereunder and fails to cure such breach within 30 days of receipt of written notice of such breach.

6. MISCELLANEOUS:

6.1. **Independent Contractor Status:** ECM, including its personnel, functions as an independent contractor and not as an agent or employee of the Client. This arrangement specifies that ECM operates autonomously and is not subject to the control or supervision of the Client beyond the scope of this engagement.

6.2. **Limitation of Liability:**

6.2.1. **General Limitation:** ECM shall not be held liable for any direct, indirect, consequential, or incidental damages, including but not limited to, damages for lost profits or business interruption, which may arise from or relate to the performance or non-performance of any supplier recommended by ECM or the implementation of ECM's recommendations.

6.2.2. **Scope of Liability:** This limitation applies to all aspects of ECM's services, emphasising that ECM's role is advisory and does not include managerial or directive functions with respect to the Client's operations or any third-party suppliers involved.

6.3. **Dispute Resolution:** If a dispute arises out of or in connection with this Agreement, the parties must first attempt in good faith to resolve it by negotiation between senior representatives within fourteen (14) days of written notice of the dispute. If the dispute is not resolved within that period, the parties must refer it to mediation administered in Adelaide, South Australia by a mediator agreed between the parties or, failing agreement within seven (7) days, a mediator nominated by the Resolution Institute, with the costs of the mediator shared equally. Neither party may commence court proceedings (except for urgent interlocutory relief) until the mediation has concluded or been terminated. Nothing in this clause prevents either party from exercising rights in respect of undisputed amounts due and payable.

6.4. **Governing Law:** This Agreement shall be governed by and construed in accordance with the laws of the State of South Australia.

6.5. **Entire Agreement:** This Agreement constitutes the entire agreement between the parties regarding its subject matter and supersedes all prior agreements and understandings, whether written or oral, relating to such subject matter.

IN WITNESS WHEREOF, the parties hereto have executed this Expense Management Services Agreement as of the day and year first above written.

Client:	**ECM Representative:**
Signature: ________________________________	**Signature:** ________________________________
Name: ________________________________	**Name:** ________________________________
Title: ________________________________	**Title:** ________________________________
Date: ________________________________	**Date:** ________________________________

Schedule 1 — Key Terms at a Glance

This summary is provided for convenience only. If there is any inconsistency, the full terms of this Agreement prevail.

Item	Summary
Our fee	30% of the realised savings, credits or refunds ECM achieves in each expense category — verified against your own invoices.
The guarantee	No savings, no fee. If ECM finds you nothing, you pay nothing.
How savings are measured	Estimated from your prior 12 months' spend, then reconciled at 12 months against actual invoices — any shortfall is invoiced, any excess is credited back to you.
Worked example	$20,000 a year saved on electricity → fee of $6,000, paid as 12 monthly instalments of $500.
Payment terms	Invoiced monthly, payable within 7 days. Late amounts accrue interest at 1.5% per month. If the total fee is under $2,000, it is payable in full on implementation.
If your spend changes	If monthly spend in a category moves more than 20% from baseline for two consecutive months, ECM may bring the reconciliation forward.
Staying with a supplier ECM introduced	After the first 12 months: 15% of the Year 1 saving in the first renewal year, 7.5% in the second, nothing after that. Stops immediately if you leave that supplier.
Your freedom	You may test the market and change suppliers at any time. You contract directly with suppliers — ECM advises and recommends only.
Confidentiality	Mutual — ECM protects your information, you protect ECM's — and survives for 5 years after the engagement ends.
GST	All fees are exclusive of GST.
Ending the agreement	Either party, 30 days' written notice. Fees already accrued, including any continuity fee, remain payable.