

# Lake Macquarie Mines Grouting Fund

## FEDERATION FUNDING AGREEMENT – INFRASTRUCTURE

Table 1: Formalities and operation of schedule													
Parties	Commonwealth of Australia ( <b>Commonwealth</b> ) State of New South Wales ( <b>State</b> )												
Duration	This Schedule is expected to expire by 31 August 2036 or by agreement of the Parties, as outlined in the 'Additional terms' below.												
Purpose	This Schedule will support the delivery of the Lake Macquarie Mines Grouting Fund ( <b>Fund</b> ), to be operated in alignment with the operating principles outlined in the 'Additional terms' below. The purpose of the Fund is to strengthen developer confidence and support informed investment decisions in the Lake Macquarie Local Government Area ( <b>LGA</b> ) by providing a contingency fund that developers can apply to for contributions to the cost of grouting historic mines, in circumstances where the costs exceed agreed caps. The agreed caps are set by the Fund.												
Estimated financial contributions	<p>The Commonwealth will provide an estimated total financial contribution to the State of \$9.861m in respect of this Schedule.</p> <table border="1"> <thead> <tr> <th>Table 1 (\$ million)</th> <th>2025-26</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Estimated total budget</td> <td>9.861</td> <td>9.861</td> </tr> <tr> <td><i>Less estimated National Partnership Payments</i></td> <td>9.861</td> <td>9.861</td> </tr> <tr> <td>Balance of non-Commonwealth contributions</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table>	Table 1 (\$ million)	2025-26	Total	Estimated total budget	9.861	9.861	<i>Less estimated National Partnership Payments</i>	9.861	9.861	Balance of non-Commonwealth contributions	0.00	0.00
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Balance of non-Commonwealth contributions	0.00	0.00											
Additional terms	<p><b>Operating principles of the Lake Macquarie Mines Grouting Fund</b></p> <p>The Fund is a non-competitive, demand-driven form of financial assistance, which aims to mitigate the financial risks to development associated with mine subsidence in the LGA.</p> <p>The Fund will be operated in accordance with a publicly available program guideline, to be published and maintained by the Lake</p>												

Macquarie City Council (**Council**), as a third-party proponent and Fund operator.

### **Eligible expenditure**

The Commonwealth's financial contribution is only to be used for the purpose of making financial assistance payments from the Fund to eligible applicants, other than during the first twelve months from the date of execution of this Schedule, as set out below.

After the first twelve months, the costs of administering the Fund, including, but not limited to, payments to external service providers engaged to support the operation of the Fund, are to be met using interest revenue (see below) or other own-sourced funding. This can be achieved by ensuring that the cumulative amount of funding expended from the Fund balance on administration costs is not higher than the cumulative amount of interest revenue applied over the life of the Fund.

### **Eligible expenditure – first 12 months**

For twelve months from the date of execution of this Schedule only, the costs of administering the Fund, including payments to external service providers engaged to support the operation of the Fund, may be considered eligible expenditure of the Commonwealth's financial contribution.

The amount of the Commonwealth's financial contribution that can be spent on administering the Fund in the first twelve months may not exceed \$85,000.

### **Interest**

Interest revenue attributed to the Fund is to be reinvested into the balance of the Fund annually and not diverted to other uses.

Interest revenue must be clearly shown in the Annual Fund Reports (see below).

Interest revenue may be used towards the costs of administering the Fund, including costs payable to external service providers engaged to support the operation of the Fund.

Details of the engagement of external service providers are required as part of the reporting requirements outlined in Table 2, and the reason for engaging each external service provider should be clearly demonstrated.

### **Funding arrangements**

Consistent with Clause 20a of the *Federation Funding Agreement – Infrastructure*, the State's role includes facilitating submission of milestone requests from, and on-forwarding Commonwealth funding contributions to, the Council to meet the requirements of this Schedule.

It is understood that the Council will hold the Fund in a restricted reserve.

### **Commonwealth funding recognition**

In addition to the requirements set out in Clause 21 of the *Federation Funding Agreement – Infrastructure*, the State agrees to:

- a) Recognise the Commonwealth's funding contributions to the project in publications, promotional and advertising materials, including project signage, and public announcements and activities in relation to the project as appropriate;
- b) Provide reasonable opportunity for the Commonwealth to contribute to developing communications products and strategies for the project; and
- c) Provide the Commonwealth with equal access to products that they obtain for use in the development of promotional material for the project, including but not limited to project data, footage and images.

### **Communication and meetings**

The Parties will participate in regular project oversight meetings, with the attendance requirements, agenda and frequency to be agreed by officials.

The State will liaise with the Council where required, to assist the Commonwealth with performing its roles and responsibilities. The State will provide relevant information on the status and progress of the Fund to the Commonwealth (in accordance with the performance milestones in Table 2, the Change notification requirements below, and occasionally on request with reasonable notice).

### **Change notification requirements**

While this Schedule is in effect, the State is required to notify the Commonwealth whenever there are changes to the operation of the Fund or changes and issues that may impact the Fund's ability to achieve the **Purpose** agreed in this Schedule. Key changes to the operation may include changes to external service provider contracts, program guidelines, the Council's internal procedure for managing the Fund, deed template, or key Fund parameters (such as the capped rates or defined town centre locations).

This requirement is in addition to the performance milestone requirements in Table 2.

### **Annual Fund Reports**

The performance milestones include Annual Fund Reports, which must be submitted to the Commonwealth in accordance with the performance milestones at Table 2, and will include, at a minimum:

- Evidence of the Fund's role in enabling developer confidence and supporting informed investment decisions, which may include, but is not limited to:

- Industry surveys
- Evidence of development activity in eligible areas where the Fund has been cited as a contributing factor to investment decisions.
- The number of applications received, the number of applications approved, and the number of applicants that have entered into a Funding Deed, over the preceding twelve months and cumulatively over the life of the Fund.
- An annual income and expenditure statement for the relevant financial year (ending 30 June), including yearly and cumulative totals over the life of the Fund, of:
  - Interest revenue applied to the Fund
  - Payments made to any external service providers engaged to support the operation of the Fund
  - Other administration costs incurred by the Council and costed to the Fund, supported by evidence such as timesheets or general ledger records.
  - Any financial assistance payments made to applicants, including details of the applicant and the development receiving the payment.
  - The current Fund balance.
- Number of enquiries made to the Council regarding the Fund, and any relevant feedback received from industry or stakeholders regarding the operation of the Fund
- A summary of key media and communications activities over the preceding twelve months, including media releases and stakeholder or community engagement activities.
- Details of any reviews or evaluation of the Fund and any updates to the Fund operation or governance, including contracting, varying, renewing or re-tendering any external service provider contracts, and any updates to the program guideline, internal procedures, deed template, or key Fund parameters (such as the capped rates or defined town centre locations).
- A current risk register, highlighting any new or realised risks or issues and mitigation measures that are being enacted in response.

#### **Fund Review Report and Schedule re-negotiation**

Submission of a Fund Review Report to the Commonwealth is required at Milestone 6 and again at Milestone 10, in accordance with the performance milestones at Table 2.

The Fund Review Report will include a summary of the Fund's progress and outcomes to date. At Milestone 10, the Fund Review Report will

provide the rationale to support negotiation of a new Schedule and continued operation of the Fund. This will allow the State and the Commonwealth, with the involvement of the Council, to commence negotiations for a new Schedule to be executed at the expiry of this Schedule.

In particular, the Fund Review Report will include, at a minimum:

- Overview of Fund activities to date
- Demonstration of the Fund's impact to date on development in the LGA, and anticipated benefits of continuing the Fund
- Demonstration of the Fund's contributions and alignment to the Council's plans or policies
- Demonstration of the Fund's contributions and alignment to State and Commonwealth plans or policies where applicable
- Lessons learnt
- Overview and explanation of any proposed changes to the Fund operation or governance
- Any updates to the financial assumptions underpinning the Fund such as estimated annual administration costs, drawdown rates or projected benefits
- Any identified disbenefits of the Fund including any potential negative impacts on the community or environment
- Details of proposed further engagement with the public and stakeholders, including media activities

#### **Fund closure**

If, at any time, including after the expiry or termination of this Schedule, the Fund is closed, the Commonwealth should be given prior notification and reserves the right to recover any unused funding.

The Commonwealth may also request closure of the Fund and the return of unused funding for the following reasons:

- The Fund has achieved the agreed purpose (see **Purpose**) and is exhausted or no longer required
- The Fund is not achieving the agreed purpose (see **Purpose**)
- The Commonwealth contributions are used in a way that is not in accordance with this Schedule, specifically:
  - Funding or interest revenue is used for other purposes not agreed in this Schedule or otherwise agreed by the Parties
  - Failure to meet the requirements outlined in this Schedule

#### **Repayment amounts to the Commonwealth**

The total amount repaid to the Commonwealth shall notionally be the balance of the Fund at closure and will be agreed between the Parties. In determining the timing and amounts of repayments, the Parties will make due provision for any contractual obligations, or outstanding financial commitments arising from executed funding deeds under the Fund.

The Parties may agree to alternate uses of the remaining funding with agreement and approval from the Commonwealth.

#### **Termination or expiry of this Schedule and acquittal of funds**

The following scenarios may result in termination or expiry of this Schedule:

- a) The Fund is closed
- b) The Fund is not closed, but the Parties agree that continued oversight of the Fund is no longer required
- c) When all project deliverables outlined in this Schedule have been completed (anticipated to occur around 10 years from execution) and this Schedule is replaced by a new Schedule, to be negotiated and agreed between the Parties

If the Parties propose to terminate the Schedule or allow it to expire, they will notify the Council in writing.

In scenarios a) and b), termination or expiry will not be considered final until a Post-Completion Report is submitted to, and accepted by, the Commonwealth.

The Post-Completion Report will be a short factual report acquitting final details of the use of Commonwealth funds under this Schedule.

The Post-Completion Report will include, at a minimum:

- Summary of the use of Commonwealth funding
- Summary of key costs and expenditure in the establishment and operation of the Fund
- Details of any approved changes to the purpose and use of the funding (note changes must have obtained prior approval)
- Details of key activities undertaken (including dates) in establishment and operation of the Fund
- Details of performance, outcomes and benefits achieved, including linkages to Commonwealth priorities and policies where applicable

In scenario c), a Post-Completion Report is not required, noting future reporting requirements may be negotiated and agreed in a new Schedule.

**Table 2: Performance requirements, reporting and payment summary**

Performance milestones	Report due	Payment
<p><b>Milestone 1 – Readiness to commence Fund operation</b>                      Confirmation of readiness to commence operation of the Fund, demonstrated by:</p> <ul style="list-style-type: none"> <li>• Submission of the Council’s final authorised internal procedure for the Fund</li> <li>• Submission of request for quote documentation for the external service provider, including planned open and close dates</li> <li>• Submission of final Fund Guideline and final versions of other relevant Fund documentation including application form and contribution deed template</li> <li>• Submission of a draft media release for the launch of the Fund and details of associated announcements such as online updates</li> </ul>	30 April 2026	\$9,861,000
<p><b>Milestone 2 – Annual Fund Report accepted by the Commonwealth – Year 1</b>                      Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under ‘Additional terms’.</p>	31 August 2027	Nil
<p><b>Milestone 3 – Annual Fund Report accepted by the Commonwealth – Year 2</b>                      Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under ‘Additional terms’.</p>	31 August 2028	Nil
<p><b>Milestone 4 – Annual Fund Report accepted by the Commonwealth – Year 3</b>                      Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under ‘Additional terms’.</p>	31 August 2029	Nil
<p><b>Milestone 5 – Annual Fund Report accepted by the Commonwealth – Year 4</b>                      Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under ‘Additional terms’.</p>	31 August 2030	Nil

<p><b>Milestone 6 – Annual Fund Report and Fund Review Report accepted by the Commonwealth – Year 5</b></p> <p>Acceptance by the Commonwealth of:</p> <ul style="list-style-type: none"> <li>• An Annual Fund Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</li> <li>• A Fund Review Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</li> </ul>	31 August 2031	Nil
<p><b>Milestone 7 – Annual Fund Report accepted by the Commonwealth – Year 6</b></p> <p>Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</p>	31 August 2032	Nil
<p><b>Milestone 8 – Annual Fund Report accepted by the Commonwealth – Year 7</b></p> <p>Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</p>	31 August 2033	Nil
<p><b>Milestone 8 – Annual Fund Report accepted by the Commonwealth – Year 8</b></p> <p>Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</p>	31 August 2034	Nil
<p><b>Milestone 10 – Annual Fund Report and Fund Review Report accepted by the Commonwealth – Year 9</b></p> <p>Acceptance by the Commonwealth of:</p> <ul style="list-style-type: none"> <li>• An Annual Fund Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</li> <li>• A Fund Review Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</li> </ul>	31 August 2035	Nil
<p><b>Milestone 11 – Annual Fund Report accepted by the Commonwealth – Year 10</b></p> <p>Acceptance by the Commonwealth of an Annual Fund Report on the Fund, including, at a minimum, the information outlined under 'Additional terms'.</p>	31 August 2036	Nil

The Parties have confirmed their commitment to this schedule as follows:

Signed for and on behalf of the Commonwealth  
of Australia by



The Honourable Catherine King MP  
Minister for Infrastructure, Transport, Regional  
Development and Local Government

12/3/2026

Signed for and on behalf of the  
State of New South Wales by



The Honourable Paul Scully MP  
Minister for Planning and Public Spaces

26/3/2026