

## Newcastle Mines Grouting Fund

### **Overview**

The NSW Government has established the Newcastle Mines Grouting Fund (NMGF) to address the critical issue of mine subsidence and its impact on property development within Mine Subsidence districts in the Newcastle CBD. The government has appointed Hunter Development Corporation (HDC) as the fund administrator. The \$17 million fund has been extended to operate in its current form until the end of 2017.

The processes of the Fund do not take the place of any processes of Subsidence Advisory NSW (SANSW). The Fund has been designed to sit beside the established process of SANSW, responding to milestones in the project delivery process around design, delivery and validation.

### **What is the objective of the fund?**

The objective of the NMGF is to facilitate and promote new investment by providing financial certainty for proponents of development around the cost to remedy the unique matter of mine remediation. The fund is designed to remove the risk of significant cost escalations due to adverse ground conditions. It achieves this objective by covering grouting costs above a base developer contribution.

### **How does the Fund work?**

Subject to the conditions of the application being met the Fund underwrites grouting costs, exclusive of initial site investigation and consultancy fees beyond an upper cap value. The upper cap value is determined based on a rate per square metre of site area in each of the identified Area Categories.

### **How is the amount of funding determined?**

The base contribution of the proponent to the grouting funding is determined by the project's location within the Newcastle City Centre area. This can be found on the 'Mine Subsidence Board 2012' map of the Newcastle CBD. The map assigns categories to areas of the city based on SANSW knowledge of the extent of historical mine workings. Refer to [http://www.minesub.nsw.gov.au/templates/mine\\_subsidence\\_board](http://www.minesub.nsw.gov.au/templates/mine_subsidence_board).

Rates associated with each of the Category Areas are available on the Hunter Development Corporation website. <http://www.hdc.nsw.gov.au/>

The proponent shall use the per m<sup>2</sup> rate to determine the base rate of funding that the proponent will be required to cover. Eligible expenditure beyond this amount shall be claimable under the fund. This amount is referred to as the 'Contribution Amount' and is based on the final actual costs of the contractor.

Example Project: Assuming a site of 1,000 sqm and the determined upper limit is \$200 per sqm, the base proponent contribution for the site is \$200,000. If eligible costs to remediate (grouting or other stabilisation works) exceeds \$200,000, the Fund pays the difference. If it is less, there is no claim.

### **What does the Fund NOT cover?**

The Fund does not cover costs associated with:

- investigation and consultancy engagements including but not limited to: Investigation works, exploratory drilling, design, modelling, management, establishment, preliminaries and the like.
- work that is outside the SANSW approved grouting plan.
- rectification or rework associated with unsuccessful installation. This may include grout that does not reach the required strength or failed boreholes.

The template NMGF schedule of prices highlights costs that are admissible under the fund.

### **What application criteria apply?**

All sites within the Newcastle City Centre Area that have not yet commenced mine remediation works are deemed to qualify for the Fund.

Further criteria apply at the time of application including:

1. The project has obtained an approval for the mine remediation strategy from SANSW;
2. The project has obtained the relevant Planning Approval from the Consent Authority;
3. A brief outline of the project delivery plan including a program and any available details of anticipated grouting volumes is supplied: and
4. The proponent confirms that the procurement process of contractors delivering the grouting works will be consistent with the NSW Government Procurement Guidelines.

### **How are projects assessed and selected?**

Projects that meet the requirements of the criteria at the time of application will be assessed under the Fund. Each of the criteria is considered essential.

### **How is the Fund administered?**

The operations of the Fund are administered by the Hunter Development Corporation. Applications to the fund are to be formally submitted to HDC by emailing a completed application form and associated documentation to [nmgf@hdc.nsw.gov.au](mailto:nmgf@hdc.nsw.gov.au). HDC will review the application and assign a representative to become the point of contact with the proponent.

A Newcastle Mines Grouting Fund Steering Committee has also been established including the Department of Premier and Cabinet, Department of Planning and Environment and the Hunter Development Corporation to oversee and direct the activity of the Fund. The Steering Committee is

responsible for approval of applications and overall governance of the fund. HDC will put completed applications before the Steering Committee. The applicant will be advised of the outcome of the Steering Committee review of their application by their HDC point of contact. This notification will be emailed to the proponent as a formal written notice.

Should an application be rejected the proponent will be provided with brief reasons and may be requested to provide additional information. Proponents may resubmit applications to the fund once matters that led to the rejection have been addressed.

#### **How long will my assessment take?**

Subject to meeting the criteria and providing all necessary information with the application, projects will be assessed within 6 weeks.

#### **How long does an approval last?**

Newcastle Mines Grouting Fund approval remains valid for the duration of the SANSW grouting plan approval. Should the NMGF approval lapse the proponent may re-apply to the fund once they have obtained an updated approval from SANSW.

Approvals are transferable should the development be on sold whilst a valid funding deed is in place.

#### **Is participation in the Fund compulsory?**

No. Participation on the basis of an application to the Fund is entirely at the discretion of the proponent.

#### **How are projects delivered?**

Generally works will be delivered by the proponent's contractor with validation provided by the proponent's technical consultant in accordance with SANSW approval.

The contractor delivering the mine remediation works (e.g. grouting) will be experienced in the works and be able to demonstrate that efficient work practices are to be implemented.

The Fund will provide a contact person for monitoring purposes only.

#### **What are the applicants' obligations?**

As a condition of receiving funding the applicant shall:

- Provide HDC seven days' written notice prior to commencing site work.
- Seek HDC's consent prior to issuing any information to the public that refers to the fund.
- Acknowledge the contribution of the fund in all publically available material associated with the development. The applicant shall provide HDC an opportunity to provide wording for the material.

- Provide HDC reasonable notice of any significant promotional event associated with the development. HDC may nominate a representative, including the minister, to attend.
- Provide signage at the project site that acknowledges the NSW Government's contribution.
- Provide access to the site to HDC and SANSW representatives.

#### **What are the reporting requirements?**

The proponent shall provide the Funds nominated representative with a weekly report during the course of site grouting works. This is expected to be a one page summary covering:

- Status of works
- Cumulative grout volume
- Cost summary, including current expenditure and estimated claimable costs at completion
- Risks, including mitigation measures that have been adopted.

Refer also the NMGF flowchart and funding deed.

#### **A template weekly report is available at the NMGF section of HDC's homepage.**

The proponent shall report to HDC and SANSW if costs are estimated to exceed the approved value by more than 15%.

#### **What are the record keeping requirements?**

The proponent shall maintain sufficient records of the grouting works to support a claim against the fund. Records shall be stored for a 7 year period after HDC pays the contribution amount.

The proponent must provide the Funds nominated representative reasonable access to the records for auditing purposes.

#### **When is the contribution paid by the fund?**

The NMGF provides its contribution to grouting costs at the completion of successful site works. Prior to making a claim the proponent shall:

- Complete and obtain written approval from SANSW of the grouting validation report.
- Finalise costs and confirm the 'Contribution Amount' that will be claimable under the fund.
- Signed certificate stating that the Applicant has complied with the NSW Government Procurement Guidelines.

The proponent shall complete a validation report at the completion of works and submit to SANSW. Formal approval of this report is required, to confirm that works have complied with the approved grouting plan, prior to making a claim on the fund. Upon receipt of the approval the proponent shall confirm the 'Contribution Amount' and submit a formal claim to HDC.

HDC will assess the claim within 15 business days of HDC receiving all required information. The process for the developer to receive payment will be:

- HDC will issue a payment certificate to the developer
- Applicant issues a tax invoice to HDC
- HDC pays the Applicant within 30 days of receiving the tax invoice

**How will the Fund be updated and reviewed?**

The Fund will undergo continued review and be subject to periodic updates, responding to the growing body of knowledge associated with the Mine Subsidence issue.

The NSW Government reserves the right to modify any aspect of the scheme at any time. Modifications will not adversely impact approved applications.

The NMGF area of the HDC website will be utilised to provide information relating to any changes to the architecture or operation of the fund.

**Where do I find more information?**

For more information refer to the Hunter Development Corporation Web site

<http://www.hdc.nsw.gov.au/>

or email [nmgf@hdc.nsw.gov.au](mailto:nmgf@hdc.nsw.gov.au) or call 02 4904 2750