

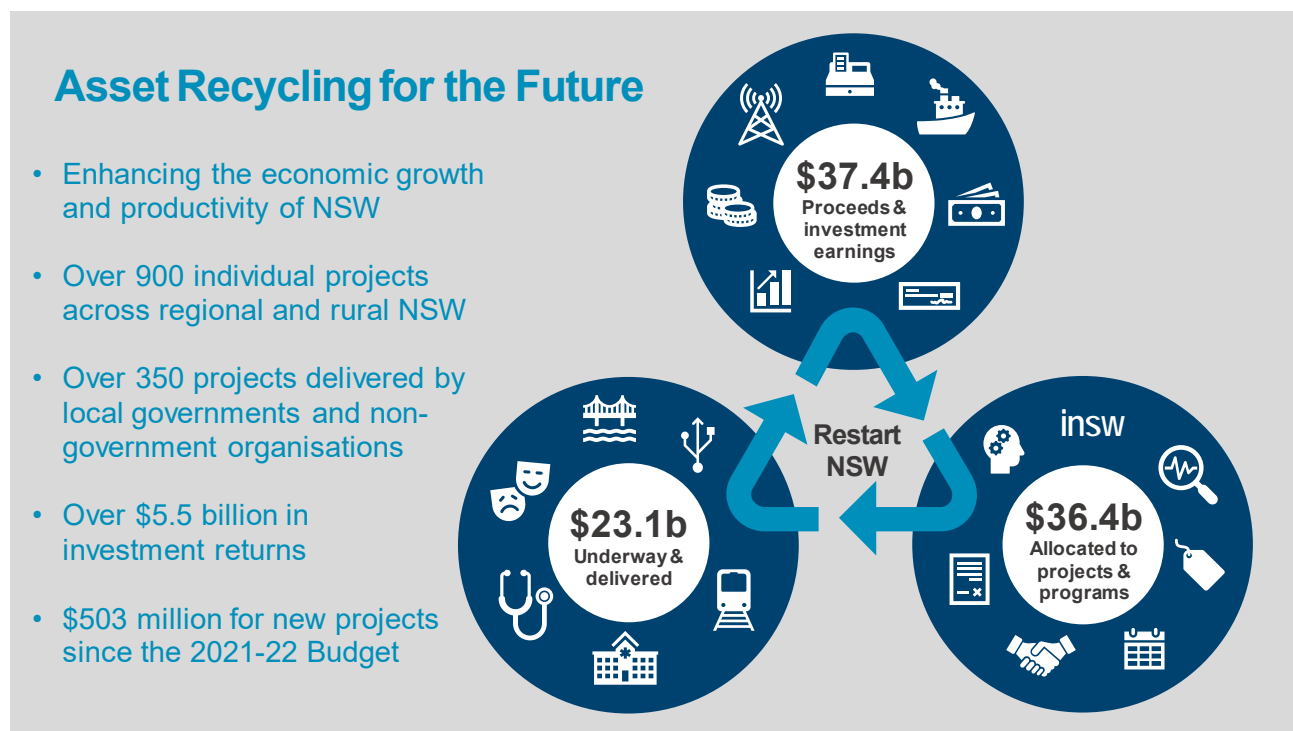
## 4. THE RESTART NSW FUND

- The Government established the Restart NSW Fund (Restart NSW) in 2011 to enable investment in the delivery of high-priority infrastructure projects.
- Of the forecasted \$37.4 billion inflows into Restart NSW as at 30 June 2021, \$30.6 billion has been committed to specific projects and programs. This represents an increase of 1.7 per cent compared to the 2020-21 Budget. Of the remaining balance, \$5.9 billion is reserved to enable further project development and assurance prior to final investment decisions.
- Restart NSW has invested in 746 commitments for local government and non-government organisations, with 361 of these completed and benefitting local communities as at 31 March 2021.
- The Government is on track to achieve its target of 30 per cent of Restart NSW allocations to regional areas outside the metropolitan areas of Sydney, Newcastle, and Wollongong, over the life of the fund.

### 4.1 Overview

The Government established Restart NSW in 2011 to improve the State's economic growth and productivity through the delivery of high-priority infrastructure projects. Restart NSW is supported by the Government's successful asset recycling program which has facilitated the continued delivery of the infrastructure program.

Figure 4.1: Restart NSW and Asset Recycling



The value of inflows into Restart NSW is forecast to be \$37.4 billion as at 30 June 2021. Of this amount, the Government has committed and reserved \$36.4 billion for specific infrastructure projects and programs, as shown in Table 4.1.

Table 4.1: Restart NSW Fund (expected position as at 30 June 2021)

	Restart NSW	Table reference
Total inflows <sup>(a)</sup>	\$37.4 billion	4.4
Commitments <sup>(b)</sup>	\$30.6 billion	4.2
Reservations	\$5.9 billion	4.3
Unallocated balance <sup>(c)</sup>	\$1.0 billion	

(a) Total inflows include the recognition of \$4.6 billion of unrealised investment returns in the NSW Infrastructure Future Fund (NIFF) as an inflow into Restart NSW. A portion of the investment returns in the NIFF remain unallocated as a prudential buffer against future volatility and are not presently recognised as an inflow into Restart NSW.

(b) Commitments include \$301.2 million in funding from the Consolidated Fund for the \$1.0 billion Safe and Secure Water Program to enable the funding of crucial water infrastructure based on community needs.

(c) The Government intends to invest the current unallocated balance into infrastructure projects in regional New South Wales.

A total of \$30.6 billion has been committed from Restart NSW for the planning and delivery of infrastructure projects and programs, as further detailed in Table 4.2. Of these commitments, \$23.1 billion has already been paid to over 850 projects across New South Wales as at 26 May 2021.

A further \$5.9 billion has been reserved in Restart NSW for identified projects and programs, as detailed in Table 4.3. Reservations enable the Government to undertake comprehensive project development and assurance reviews prior to final allocations.

## 4.2 Restart NSW commitments and reservations

### Restart NSW commitments

Total Restart NSW commitments are \$30.6 billion as at the 2021-22 Budget, including an additional \$503.1 million that has been committed to projects since the 2020-21 Budget (Table 4.2). Of these commitments, \$23.1 billion has been paid to over 850 projects across New South Wales as at 26 May 2021.

A commitment can only be made once the Treasurer has accepted a specific funding recommendation from Infrastructure NSW for an individual project, as required by the *Restart NSW Fund Act 2011*. All Restart NSW commitments are supported by comprehensive business cases and have undergone rigorous financial analysis and economic assessment.

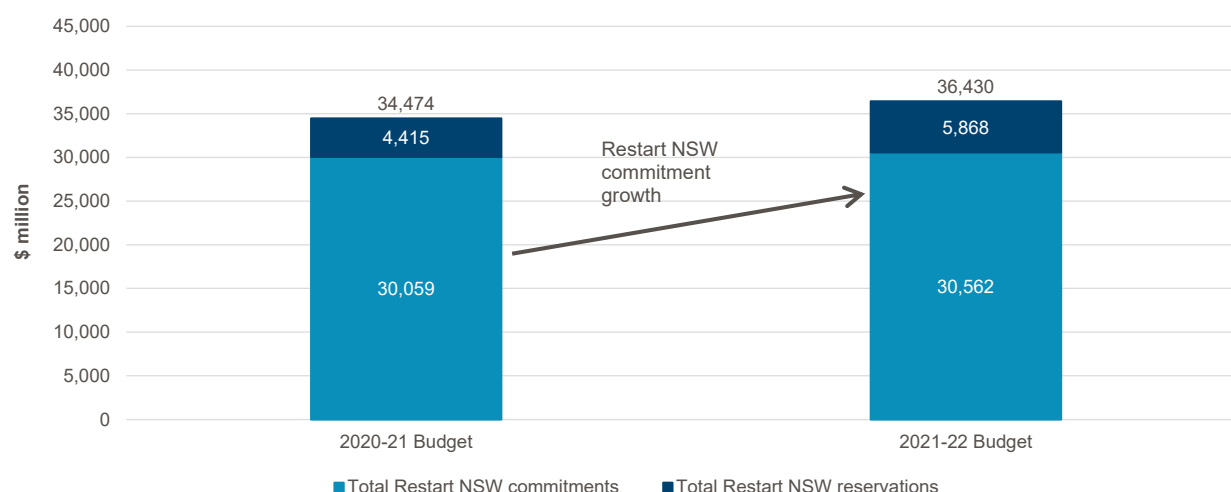
Table 4.2: Restart NSW commitments

	Commitments \$m
<b>Commitments as at the 2020-21 Budget</b>	<b>30,058.7</b>
<b>Commitments approved since the 2020-21 Budget</b>	
Regional Road Freight Corridor	226.3
Western Sydney roads for Sydney's Second Airport	219.4
Newcastle Inner Bypass 'Missing Link' (Rankin Park-Jesmond)	32.5
NSW Cycling Infrastructure Initiative	30.7
Housing Acceleration Fund (HAF5)	27.8
Smart Motorways	21.6
Fixing Country Rail	17.5
Bridges for the Bush	11.0
<b>Total commitments approved since the 2020-21 Budget</b>	<b>586.7</b>
<b>Reprofiling of existing commitments<sup>(a)</sup></b>	<b>(83.6)</b>
<b>Total commitments as at the 2021-22 Budget</b>	<b>30,561.8</b>

(a) Includes savings from completed projects and relinquished funding for projects no longer proceeding.

The additional \$503.1 million in commitments represents a 1.7 per cent increase on the \$30.1 billion in commitments approved at the 2020-21 Budget (Chart 4.1). This reflects the transition of the Government's infrastructure program from planning reservations to delivery.

Chart 4.1: Restart NSW commitments and reservations



## Restart NSW reservations

A total of \$5.9 billion of Restart NSW funds are reserved to deliver future projects and programs as at the 2021-22 Budget (Table 4.3).

Reservations are Restart NSW funds that have been set aside for specific projects and programs prior to receiving a funding recommendation from Infrastructure NSW. This enables the Government to undertake additional project development and assurance processes before making a final decision on whether to proceed with a project.

The Budget aggregates include the estimated direct budget impact of spending Restart NSW reservations. This reflects the Government's commitment to fully invest all reservations in economically beneficial projects and programs over the life of the fund.

Table 4.3: Restart NSW reservations

	Reservations \$m
<b>Reservations as at the 2020-21 Budget</b>	<b>4,415.3</b>
<b>Reservation approved since the 2020-21 Budget</b>	
Sydney Metro West	1,400.0
Regional Road Freight Corridor	320.0
New Intercity Fleet (previously Next Generation Rail Fleet)	280.0
<b>Total reservations approved since the 2020-21 Budget</b>	<b>2,000.0</b>
<b>Reservations used to fund commitments since the 2020-21 Budget<sup>(a)</sup></b>	<b>(547.5)</b>
<b>Total reservations as at the 2021-22 Budget</b>	<b>5,867.8</b>

(a) Includes savings from completed projects and funding relinquished for projects no longer proceeding.

### 4.3 Funding sources

Restart NSW is forecast to reach \$37.4 billion by 30 June 2021 (Table 4.4), an increase of \$2.1 billion since the 2020-21 Budget, almost entirely due to the recognition of a further \$2.0 billion in investment earnings from the NSW Infrastructure Future Fund (NIFF).

Table 4.4: Restart NSW funding sources

	Total Inflows \$m
<b>Asset recycling</b>	<b>25,124.7</b>
TransGrid (including stamp duty)	6,578.6
Ausgrid (including stamp duty)	5,561.4
Port Botany and Port Kembla (including stamp duty)	4,253.3
Endeavour Energy (including stamp duty)	2,841.9
Land and Property Information	2,606.8
Newcastle Port (including stamp duty)	1,575.6
Macquarie Generation (including stamp duty)	713.6
Property NSW (various asset recycling transactions)	504.8
Sydney Desalination Plant	312.0
Green State Power	86.9
Eraring Power Station	48.1
Delta Electricity (various asset recycling transactions)	25.6
Pillar Corporation (including stamp duty)	16.2
<b>Cash deposits from the Consolidated Fund</b>	<b>2,336.5</b>
<b>Windfall tax revenues</b>	<b>2,293.0</b>
<b>Investment earnings to date<sup>(a)</sup></b>	<b>5,543.1</b>
<b>Asset Recycling Initiative payments</b>	<b>1,007.9</b>
<b>Waratah Bonds</b>	<b>1,130.4</b>
<b>Total Inflows (see Table 4.1)</b>	<b>37.4 billion</b>

(a) Total inflows include the recognition of \$4.6 billion of unrealised investment returns in the NSW Infrastructure Future Fund (NIFF) as an inflow into Restart NSW. A portion of the investment returns in the NIFF remain unallocated as a prudential buffer against future volatility and are not presently recognised as an inflow into Restart NSW.

The Government established the NIFF in December 2016 as the investment vehicle for Restart NSW proceeds. These proceeds are invested in a range of financial assets with a higher earning potential than cash deposits and an investment horizon that matches the forecast expenditure requirements of Restart NSW. Earnings from the NIFF support the delivery of the Government's Restart NSW and Rebuilding NSW infrastructure programs.

### 4.4 Investing in regional New South Wales

The Government has committed to investing 30 per cent of Restart NSW in regional areas outside of the metropolitan areas of Sydney, Newcastle and Wollongong over the life of the fund.

To date, \$10.2 billion from Restart NSW has been committed and reserved for programs and projects in regional New South Wales. This comprises \$8.8 billion in commitments and \$1.5 billion in reservations for future projects.

Since the 2020-21 Budget, the Government has committed an additional \$238.2 million for regional projects.

Additionally, the Government has bolstered investment in regional New South Wales through initiatives such as the Snowy Hydro Legacy Fund, which will invest \$4.2 billion in major and transformative infrastructure.

Table 4.5: Significant Restart NSW programs in regional New South Wales

Program	Description	Restart NSW commitment at the 2021-22 Budget \$m
Regional Growth: Economic Activation Fund <sup>(a)(c)</sup>	Targets investment in economic enabling infrastructure and enhanced data connectivity to support local communities.	912.8
Fixing Country Roads program <sup>(a)</sup>	Improves local and regional roads managed by local government in country areas, to address key freight pinch points and drive freight productivity.	458.2
Water Security for Regions Program	Secures water supplies and drought-proofs regional communities, including dams and bores, and includes the Regional Waste Water and Backlog Water program.	341.4
Bridges for the Bush	Improves road freight productivity by replacing or upgrading bridges in regional New South Wales.	309.1
Resources for Regions <sup>(b)(d)</sup>	Supports regional mining-related communities by addressing infrastructure constraints.	223.2
Fixing Country Rail	Relieves bottlenecks by upgrading parts of the regional rail network constraining efficient freight movement.	240.3
Maitland Hospital Development	A new facility to meet the growing health service needs for the surrounding communities of the Hunter Valley now and into the future	195.0
Regional Freight Pinch Point and Safety Program	Improves key road and rail freight corridors in regional areas including the Golden Highway, Kings Highway, Gocup Road and Bells Line of Road.	169.0
Regional Tourism Infrastructure program <sup>(a)</sup>	Improves the economic competitiveness of the State through funding critical regional tourism infrastructure.	110.0
Regional Health Infrastructure program	Fast-tracks regional health infrastructure in Coraki, Grafton, Macksville, Manning, Lismore and Armidale.	50.0
Western NSW Freight Productivity Program	Supports sealing, widening and other improvement works on the Cobb Highway, Silver City Highway and other freight corridors in western New South Wales.	44.7
Illawarra Infrastructure Fund <sup>(b)</sup>	Supports economic growth in the Illawarra region.	35.9
Cobbora Transition Fund	Drives productivity and economic growth in local communities impacted by the land acquisition and other activities associated with the Cobbora Coal Project.	18.3
Hunter Infrastructure and Investment Fund <sup>(b)</sup>	Promotes economic growth and enhances the liveability of the Hunter region.	16.3

(a) The program includes commitments funded from the Regional Community Recovery Fund (part of the \$1.0 billion Bushfire Infrastructure Package).

(b) Only includes the regional component of the program.

(c) The Regional Growth: Economic Activation Fund is comprised of multiple subprograms that are funded from both Restart NSW and the Consolidated Fund.

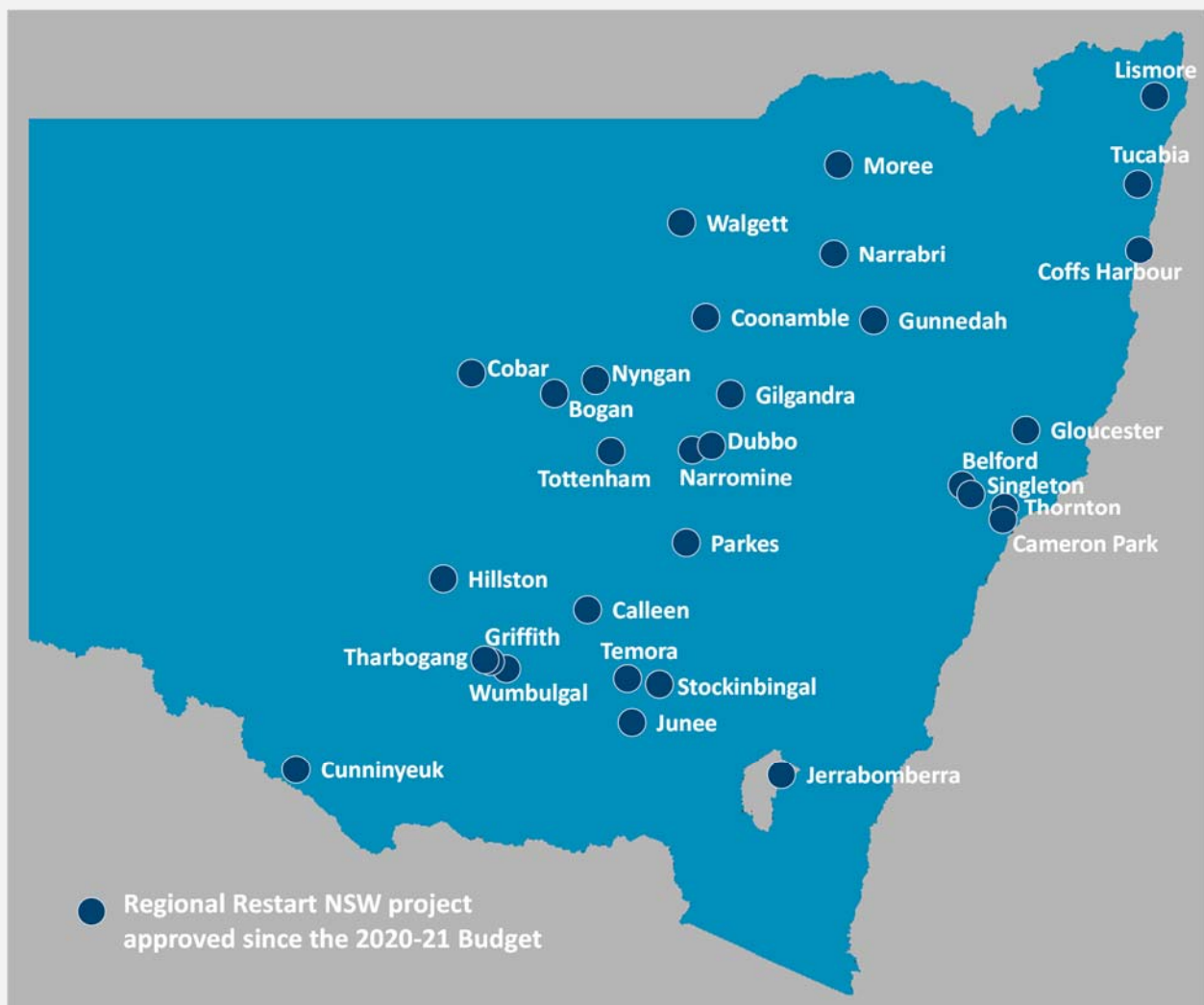
(d) Restart NSW commitments to this program are separate to the funds invested for the Resources for Regions program, from within the Regional Growth: Economic Activation Fund.

### Box 4.1: New investment into regional Restart NSW projects

A total of \$8.8 billion<sup>1</sup> has been committed from Restart NSW programs for over 900 individual projects in regional New South Wales. This includes \$238.2 million of new committed funding since the 2020-21 Budget, enabling the delivery of 32 new regional infrastructure projects all across New South Wales as shown in the map below (Figure 4.2). Examples of regional projects to be delivered from across the range of Restart NSW programs include:

- New England Highway: Singleton Bypass (Regional Road Freight Corridor program)
- Junee to Griffith – Intermediate Loop (Fixing Country Rail program)
- Heavy Duty Pavement – Narrabri to Moree (Regional Road Freight Corridor program)
- Colemans Bridge in Lismore (Bridges for the Bush program)
- Jerrabomberra Water and Sewer Services (Housing Acceleration Fund (HAF5))

Figure 4.2: Regional Restart NSW projects approved since the 2020-21 Budget



Additionally, the Government has reserved a further \$1.5 billion across 24 different Restart NSW programs for future regional projects.

<sup>1</sup> Including \$301.2 million in funding from the Consolidated Fund for the \$1.0 billion Safe and Secure Water Program.

## 4.5 Governance and project selection framework

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The Government has implemented a comprehensive governance framework to ensure that Restart NSW funds are invested effectively in infrastructure projects that enhance the State's economic growth and productivity.

The *Restart NSW Fund Act 2011* (the Act) is central to this governance framework. It provides the Government, through the Treasurer, with clear oversight of Restart NSW expenditure and sets out the process for fund allocation. The Act entrusts Infrastructure NSW with responsibility for independently assessing projects and making recommendations to the Treasurer regarding the use of Restart NSW funds.

New infrastructure projects considered for Restart NSW funding are subject to a comprehensive selection process and need to demonstrate that they are financially and economically justifiable. The components of the project assessment framework are:

- strategic assessment to ensure the project aligns with the Act criteria and existing government priorities
- economic assessment to ensure the project can produce a net economic benefit and improve economic growth and productivity in the State (demonstrated by a benefit-cost ratio of greater than one)
- investor assurance, which includes an independent review process to ensure, where required, the project has successfully completed the appropriate business-case processes.