

B. FISCAL RISKS AND BUDGET SENSITIVITIES

The prospective nature of the Budget means it is informed by forecasts and assumptions. Future events may unfold which could produce results different to forecasts – either positive or negative. This appendix analyses potential risks and events to the Budget. It also helps readers understand the magnitude of potential variations by providing a sensitivity analysis. The impact of these variations is considered on the operating statement and the balance sheet.

The sensitivity analysis is presented to explain a one percentage point change to the identified variable in each year – while other variables are held constant to the forecasts in this Budget. The result should be used as an estimated impact for a change in the relevant variable.

A positive impact from the variable change would improve the State's budget position or net worth, while a negative impact would weaken the budget position or net worth.

Due to their uncertainty, fiscal risks are not incorporated into the aggregates presented in the 2022-23 Budget. Further information on the State's contingent assets and liabilities is available in Appendix C of this Budget Paper.

B.1 Operating statement risks and sensitivities

State taxation revenue

The state of the economy affects the level of tax collected. Changes in a range of macroeconomic drivers – from property sale volumes and prices to employment levels and wage growth – can lead to major changes in the level of tax collected, increasing or decreasing government revenues accordingly.

The Government's own forecast assumptions for key macroeconomic variables across the Budget and forward estimates (as set out in Table B.1 below) are used to inform the revenue forecasts.

The forecasts prepared for the Budget are based on the latest available information. These forecasts are predictions about the future and the actual results may change as unknown events unfold. The extent of the variation will depend on the weighting accorded to each macroeconomic variable when forecasting the tax head in question. Table B.1 summarises these weightings.

Table B.1: Forecasting revenue – What weighting is given to different variables

	Forecast weightings						
	GST	Payroll tax	Transfer duty	Mineral royalties	Land tax	Gambling taxes	Motor vehicle taxes
Employment	Medium	High	N/A	N/A	N/A	Medium	High
Wages	Medium	High	N/A	N/A	N/A	Medium	Medium
Consumption	High	N/A	N/A	N/A	N/A	High	Medium
Dwelling investment	High	N/A	Medium	N/A	N/A	N/A	N/A
Dwelling prices	Low	N/A	High	N/A	High	N/A	Medium
Population growth	High	Low	Medium	N/A	Low	Low	Low
AUD exchange rate	N/A	N/A	N/A	High	N/A	N/A	N/A
Energy demand	N/A	N/A	N/A	Low	N/A	N/A	N/A

Notes:

- (a) High, medium and low provide only a broad indication of the model weighting for illustration.
(b) N/A here indicates only that the factor is not directly included as a variable in the relevant forecasting model, and does not signify that there is no relationship between the respective variable and tax head.

The main driver of payroll tax is total employee compensation, which in turn is a function of both wage and employment levels. At times, the pandemic had a significant impact on the labour market, with employment, hours worked and earnings all falling sharply during local outbreaks or when public health orders were introduced. These declines weighed on payroll tax receipts and were exacerbated by temporary government support measures for business. However, successful vaccination of the population, government stimulus measures, and the adaptability of households and businesses as they have transitioned towards living with COVID-19 in the community, has seen the economy become more resilient. The impact of the recent Omicron outbreak was relatively muted, and primarily seen through a fall in hours worked rather than employment. As of May 2022, reported employment was more than 90,000 above the level prior to the Delta lockdown and more than 130,000 above the pre-COVID level.

Payroll tax revenues are therefore forecast by applying growth rates, anticipated in Treasury's forecasts for NSW Average Compensation of Employees and NSW Employment, to underlying payroll tax levels. Table B.2 denotes the sensitivity of forecast payroll tax to a one percentage point increase in each of these variables respectively.

Table B.2: Revenue sensitivities – Payroll tax

Factors affecting payroll tax	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Average compensation of employees	120.3	127.5	135.4	142.8	Single percentage point increase in factor
Employment	123.2	134.5	146.3	157.9	

As the economy recovers, an outbreak of a more virulent strand of COVID-19 is an ongoing risk. A variant that is resistant to vaccinations and has more severe adverse health outcomes than Omicron could have significant adverse consequences for the economy and labour market. Aside from COVID-19, other risks for the labour market include macroeconomic and geopolitical uncertainties, slower population growth and changes in households' propensity to consume as interest rates rise.

Transfer duty is forecast to contribute about 10.4 per cent of total general government revenue in 2022-23 and this is expected to fall to 9.7 per cent by 2025-26. The actual percentage will heavily rely on the performance of the housing market, including both the volume of residential property sales and the average transacted price. The relatively sharp increases in mortgage interest rates offered by banks and non-bank financial institutions since December 2021 are likely contributing to weaker property market activity. Transfer duty revenues are expected to decline as mortgage interest rates continue rising. Nonetheless, the residential property market has proven resilient in recent years. If the residential property market performs better than is currently expected, this would add to the State's budget result.

Table B.3 denotes the sensitivity of forecast transfer duty to a one percentage point increase in residential transacted prices and volumes respectively.

Table B.3: Revenue sensitivities – Transfer duty

Factors affecting transfer duty	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Residential prices (average transacted price)	109.9	90.2	100.3	111.8	Single percentage point increase in factor
Residential transaction volumes	90.4	72.7	80.5	89.0	

Other state taxes are typically less volatile than those mentioned above, and they generally correlate to changes in the broader NSW economy. For example, revenue from motor vehicle taxes, gambling taxes and other stamp duties typically rise and fall with consumption patterns across the State. As witnessed during the pandemic, consumption patterns can change suddenly and can be influenced by a range of factors, from employment to house price growth.

GST and other Commonwealth payments

GST is collected by the Commonwealth Government and then apportioned to the states.

Three main factors determine how much GST New South Wales receives over coming years:

- how much is collected in total across the nation (called the pool size)
- New South Wales' population as a proportion of the national population (called the population share)
- what portion of the pool is allocated to New South Wales (called the relativity).

None of these components are fixed.

Table B.4 illustrates the sensitivity of forecast GST distribution to New South Wales to a one percentage point increase in taxable consumption and dwelling investment (the main drivers of the GST pool size), and NSW population share.

Table B.4: Revenue sensitivities – GST

Factors affecting GST	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Taxable consumption	134	139	143	145	Single percentage point increase in factor
Dwelling investment	45	46	47	48	
Population share	810	833	861	895	

The Commonwealth Grants Commission (CGC) uses a formula to determine each state's relativity (measure of relative fiscal capacity), which then drives how much GST each state receives. Under this formula, the following events can lead to a changed share to New South Wales:

- changes to New South Wales' own-source revenue, relative to other states
- a change in the Commonwealth Grants Commission's assessment of how much expenditure New South Wales needs, compared to other states, to deliver an average standard of service and associated infrastructure
- a change to National Agreement and National Partnership payments relative to other states.

The CGC assesses states' GST needs based on the average spending and revenue policies of all states. The averages vary over time due to underlying changes in state policies as well as updated or new data. As such, projections of NSW's relativities are subject to a high degree of uncertainty. The forecasts in this Budget take into account expected National Agreement and National Partnership Payments and anticipated infrastructure project delivery. Actual results can vary from forecasts if there are new, renegotiated or ceased programs and infrastructure projects over the forward estimates period.

Royalties

New South Wales' mining royalties can be volatile and are expected to contribute 3.9 per cent of general government revenues in 2022-23. A large share of royalties revenue is generated from thermal and coking coal exports, which means that the amount of royalties collected are sensitive to changes in:

- coal production volumes – an increase in coal volumes increases the quantity of coal that royalties are charged on, hence increasing royalties revenue
- coal prices – an increase in US dollar coal prices increases the value of coal sold to domestic and international customers, also increasing royalties revenue
- exchange rates – an appreciation of the Australian-US exchange rate reduces the Australian dollar value of coal exports because coal exports are typically transacted in US dollars.

Table B.5 denotes the sensitivity of forecast royalties revenue to a one percentage point increase in coal prices, coal production volumes and the Australian-US exchange rate.

Table B.5: Revenue sensitivities – Coal royalties

Factors affecting royalties revenue	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Coal prices	39.1	26.8	21.4	18.5	Single percentage point increase in factor
Coal volumes	38.6	26.3	20.9	18.0	
Exchange rate (\$A vs \$US)	(39.6)	(27.2)	(22.0)	(19.2)	

General expense risks¹

Some expenditure risks are largely within the Government's control and can be actively managed, whereas other risks are primarily outside of its control. For example, impacts associated with existing government policy, employee expenses or the reprofiling of expenditure can be more actively managed, while expenditure linked to Commonwealth payments, inflation, interest rate changes or natural disasters are largely exogenous risks.

The State's largest operating expense is employee related expenses, which includes salaries, wages, superannuation expenses and employment on-costs. Employee related expenses are impacted by factors including new enterprise bargaining agreements, public sector wages policy and the workforce size. Changes in these parameters can impact the Budget Result.

Some of the Government's larger non-labour operating expenses include the maintenance and depreciation of assets, electricity, insurance and fuel costs. Market fluctuations can see variations above or below what is forecast at the time of the Budget.

Health and education services represent a significant proportion of public sector expenditure in New South Wales. The State receives Commonwealth Government payments for these services. Any decrease in these payments or heightened demand for these services can worsen the budget result. Any further major outbreaks of COVID-19 would likely cause another short-term intensive public health response.

Pressures affecting public transport services, particularly train services, are a major risk to the forward estimates, particularly if much lower levels of patronage and farebox revenue in the wake of COVID 19 persist more permanently.

Agency budgets are prepared with consideration to the Government's forecast of inflation at the time of Budget. Once agency budgets are published for the 2022-23 year (Budget Papers No. 2, 4 and 5), the Government does not subsequently adjust them if inflation comes in higher than forecast. This is consistent with the principle that once Parliament passes the Appropriation Bill, that forms a legal upper limit on how much the Consolidated Fund can be drawn down in that financial year. There are very limited circumstances in which exigencies of Government can be approved by the Treasurer and Governor for urgent and unforeseen expenditures in 2022-23.

Should events unfold in the coming months which lead to a further upward revision of inflation at the next Budget, that would flow through to a higher projection for expenses in years after 2022-23. At the same time, should events unfold over the next twelve months and the Government believes it would be appropriate to revise down its inflation forecasts relative to what is in this Budget, that would lead to a reduction in projected expenses.

Table B.6: *Expense sensitivities*

Factors affecting expenses	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Expenses					
Employee Expenses (excl super)	(426.4)	(428.7)	(440.3)	(452.6)	Single percentage point increase in factor
Government expenses subject to inflationary pressures ^(a)	(283.8)	(260.7)	(246.5)	(252.8)	
Government services demand growth					
Health and education expenses	(503.3)	(492.7)	(499.5)	(517.2)	

(a) Government expenses subject to inflationary pressures include a mix of accounts such as operating expenses and grants and subsidies.

¹ The Budget includes allowances for Parameter and Technical Adjustment and anticipated timing changes. See Chapter 5 Expenditure for more information.

Other expenditure risks that could impact the budget result include:

- higher maintenance, depreciation and operating costs associated with the Government's record infrastructure program
- unforeseen legal expenses or costs associated with litigation
- unforeseen events (e.g. weather events) which lead to the deferral of project or program delivery
- changes to parameters that impact the liabilities and associated expenditure for superannuation, long service leave, other employee provisions and insurance provisions (see below for further balance sheet risks and sensitivities).

Investment revenue and borrowing costs

Following gains through most of calendar year 2021, investment returns have declined in the first four months of 2022. Financial markets have become more volatile as uncertainty about the global economic outlook, and thus impacts on asset values, has increased. The main source of uncertainty relates to the timing and pace of monetary policy changes as central banks globally act to ensure inflation remains under control. In turn, uncertainty around inflation is being driven by:

- how well and how quickly economies reopen and normalise following COVID-induced shutdowns or other restrictions
- COVID-19 resurgences continuing to impact global supply chains with flow on effects being higher commodity and the prices of other goods and services
- the ongoing Russia-Ukraine conflict, which is also impacting certain commodity prices, mainly energy and food

NSW Treasury works closely with TCorp to manage risk and navigate through the current volatile interest rate environment. NSW Treasury continues to develop financial risk management strategies that seek to optimise and protect the State's balance sheet.

Global inflationary pressures in the first half of 2022 have forced central banks to start tightening monetary policy sooner and more intensely than first expected. This has resulted in a sharp increase in bond yields as well as heightened volatility in capital markets, with defensive assets such as bonds being particularly impacted. These conditions may be expected to prevail for some time yet.

The Government's interest expense is partially a function of the interest rates it must pay on its new and refinanced borrowings. While the vast majority of the Government's existing debt portfolio is fixed-rate debt (and hence, not affected by movements in interest rates), it will be adversely affected by rising interest rates, as new borrowing and refinancing requirements will be priced at higher interest rates, as well as higher interest payments on its outstanding floating-rate debt. There has been a forecast increase in borrowing requirements since the 2021-22 Half-Yearly Review, with a corresponding increase in forecast interest expense.

Global financial markets are also sensitive to interest rate changes, with rising interest rates negatively impacting company valuations and stock prices as well as fixed income valuations. The Government's exposure to financial assets means its investment returns are sensitive to variations from forecasts. Investment returns may be above or below estimates which would impact revenue. Adopting the Attribution Managed Investment Trust regime for the majority of government investment funds can reduce investment revenue volatility impacts on the budget result by smoothing fund distributions over time. The large size of the State's investments means that a one percentage point movement in assumed investment return rates has a material impact on the Government's budget result. A one percentage point movement in interest rates would change interest expenses on borrowings and interest revenue on any invested cash, with offsetting impacts on the Budget Result.

Table B.7: Financial markets and interest rates sensitivities

Financial markets and interest rate sensitivities	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Investment revenue ^(a)	245.0	291.7	367.2	454.8	Single percentage point increase in factor
Interest revenue ^(b)	7.0	9.1	8.1	7.6	
Interest expenses ^(b)	(168.7)	(452.3)	(672.3)	(896.3)	

(a) A single percentage point increase in the expected investment rate of return (NIFF, SAHF, NGF and SHLF only).

(b) A single percentage point increase in interest rates.

B.2 Balance sheet risks and sensitivities

Risks to the State's balance sheet include unanticipated changes:

- to the value of existing assets and liabilities (those already on the balance sheet)
- from the potential recognition of contingent assets and liabilities (those not shown on the balance sheet as the accounting recognition criteria are not yet met).

The risks and performance of funds are monitored closely, with risk appetites and asset allocation strategies reviewed annually to ensure they remain appropriate.

Liabilities for defined benefit superannuation and long service leave are estimated with reference to a range of factors, including but not limited to assumed rates of investment returns, salary growth, inflation and discount rates.

The State also faces potential obligations that are non-quantifiable, but which can be broadly grouped into commercial transactions and other contingent liabilities. For example, the Government provided limited general warranties to purchasers and lessees under several energy transactions and retained responsibility for remediation costs associated with pre-existing contamination at several power station sites.

Investments

The State holds several investment funds which are managed by TCorp, including the NSW Generations Fund (NGF), the NSW Infrastructure Future Fund (NIFF), the Social and Affordable Housing Fund (SAHF), the Snowy Hydro Legacy Fund (SHLF), and the Treasury Managed Fund (TMF). Under the existing governance arrangements, NSW Treasury recommends the risk appetite and/or investment strategy to Treasury's Asset and Liability Committee (ALCO) for endorsement. ALCO then recommends the risk appetite and investment strategy to the Treasury Secretary (as the Treasurer's delegate), or the Treasurer, as required.

These funds have varying levels of exposure to growth assets (assets with higher levels of risk). The NIFF, for instance, has a relatively small allocation to equities (at around 15 per cent) and keeps around half of its portfolio in liquid cash and bonds, which are defensive assets, so it can meet the State's short to medium-term infrastructure expenditure. On the other hand, the NGF has a high allocation of growth assets because of its long-term investment horizon, with about 40 per cent of its portfolio invested in Australian and internationally listed shares. This is in line with its strategic policy objective of helping ease the debt burden on the State's future generations.

Under the *NSW Generations Funds Act 2018*, funds in the NGF can only be directed towards the repayment of State debt. Fitch, Moody's and S&P Global² recognise the balance of the NGF Debt Retirement Fund as an offset to the State's debt metrics. Accordingly, market volatility that impacts the balance of the NGF carries additional risks to the State's debt metrics. NSW Treasury manages this risk through the NGF investment strategy (the mix of assets it is invested in) which remains aligned to a long-term investment horizon. The NGF is invested in a diverse range of assets including domestic and international equities, bonds, property and infrastructure.

The outlook for financial markets remains highly uncertain. Market sensitivity to rising interest rates and the potential of market corrections in the future can impact business and investor confidence and therefore asset values.

During this period of increased uncertainty, NSW Treasury continues to work alongside TCorp to closely monitor and manage the risk exposures of the State's investment funds.

Superannuation and long service leave liabilities

Forecast liabilities for superannuation and long service leave are based on a wide range of parameters. These include assumptions around salary growth, inflation, investment returns and discount rates. A change in any of these parameters may affect the valuation of the liabilities for superannuation and long service leave. The long service leave liability is also subject to variations in the rate of employee retention.

Table B.8: Superannuation liabilities sensitivities^(a)

Factors affecting superannuation liabilities ^(b)	2022-23	2023-24	2024-25	2025-26	Sensitivity
	Budget	Forward estimates			
	\$m	\$m	\$m	\$m	
Change in public sector wages and salaries	80	140	190	260	Single percentage point increase in factor
Change in Sydney CPI	660	1,310	1,920	2,740	
Change in investment return	(310)	(640)	(1,000)	(1,380)	
Change in discount rate	(7,700)				
Change in public sector wages and salaries	(80)	(140)	(180)	(250)	Single percentage point decrease in factor
Change in Sydney CPI	(660)	(1,300)	(1,890)	(2,710)	
Change in investment return	310	630	980	1,340	
Change in discount rate	8,800				

(a) A positive number in the table indicates an increase in the size of the liabilities, and vice versa. For example, a single percentage increase in public sector wages increases net liabilities, which weakens the financial position.

(b) For producing superannuation liabilities sensitivities, *AASB 119 Employee Benefits* is used.

Any change in the growth of public sector salaries will affect the superannuation entitlements of those employees in a defined benefit scheme that are still in the workforce, while a decrease in CPI will lower the benefit payments to all members as their pension is indexed by the Sydney CPI. An increase in the investment return on superannuation assets will increase the funding level of the superannuation liability and improve the budget result. For further information on the unfunded superannuation liability, refer to Chapter 6 of this Budget Paper.

² S&P Global applies a haircut to balances in the NGF Debt Retirement Fund consistent with the haircuts applied in its liquidity methodology

B.3 Specific fiscal risks

The COVID-19 pandemic

NSW Treasury economic forecasts account for a shift to an endemic phase for COVID-19, characterised by moderate and regular outbreaks, but with limited negative health and economic outcomes. However, an outbreak of a more virulent COVID-19 variant, that is resistant to current vaccines, remains a significant fiscal risk for New South Wales, both in terms of lower revenue, as well as higher discretionary and non-discretionary spending on support measures, healthcare and other services.

The reintroduction of significant mobility restrictions on the population is unlikely but cannot be ruled out. Such restrictions have shown to have a significant, albeit temporary, negative impact on spending, employment (or hours worked) and business and consumer confidence.

A more likely outcome would be widespread symptomatic infections which, combined with the reintroduction of more stringent isolation requirements, could significantly constrain the supply of labour and weaken business and consumer confidence. The contractionary impact on the economy may not be as severe as a 'lockdown' but could potentially be longer lasting. This would put further pressure on already stressed global supply chains and increase the risk of a recession.

The COVID-19 pandemic has significantly impacted travel demand on the public transport network, leading to major revenue shortfalls in Opal revenue. Transport for NSW expects patronage to gradually recover towards pre-COVID-19 levels over the next five years. However, there are still major uncertainties around changing employee workplace flexibilities and a switch of preference to car travel, some of which may be permanent shifts.

Natural disasters

New South Wales was impacted by widespread storms and floods in February and March 2022. This followed the widespread storms and floods in February and March 2021 and November 2021, and the summer bushfires in 2019-20. Further natural disasters as a result of the changing climate will present a downside risk to the budget and potentially impact the recovery efforts underway for affected areas.

National Redress Scheme for survivors of institutional child sexual abuse

On 9 March 2018, the NSW Government announced it would opt into the National Redress Scheme for survivors of institutional child sexual abuse. The forecast liabilities for the Scheme are based on a wide range of assumptions and parameters. These include assumptions about the exposure and latency of reporting abuse in New South Wales, and the number of applicants. Adjustments may be made to these parameters once more applications are received or as more data becomes available. In turn this could affect the actual liabilities and expenses of redress over the 10-year life of the Scheme.

Global risks

Global factors are a major source of uncertainty for the economic and financial outlook. Russia's invasion of Ukraine has exacerbated inflationary pressures (particularly for energy and food prices) that were already evident as a result of global supply chain issues that emerged during the initial outbreaks of COVID-19. These factors have prompted a response from most major central banks, which have started to raise interest rates (in some cases quite aggressively). The potential strain on households and businesses runs the risk of derailing the global economic recovery, especially if global central banks tighten monetary policy more than needed. A forewarning of this is the negative growth outcome for the US economy in the March quarter.

Meanwhile, China continues to pursue a zero COVID strategy, which at times involves severe lockdowns of major regions. This not only impacts Chinese growth, but it is also exacerbating the impact on supply chains given the critical role of China in the global production chain.

A downturn in global economic activity would negatively impact on the domestic economy and commodity prices, posing a fiscal risk.

Geopolitical tensions remain elevated as well. In recent years, a range of formal and informal international trade limitations were implemented on Australian goods which included coal, beef and copper exports.

Interest rate risk

The RBA's monetary policy measures played an important role in supporting the NSW economy through the COVID-19 pandemic. Low interest rates and other monetary policy stimulus, including purchases of government bonds and term funding facilities for financial institutions, have lowered borrowing costs, provided liquidity to the financial sector, and supported house price growth and consumer spending.

However, unexpectedly strong inflation and evidence of a pick-up in wages has prompted the RBA to begin withdrawing some of that stimulus. The expected trajectory of monetary policy 'normalisation' adopted in the Budget is reasonably swift, but is less than the consensus in financial markets as at mid-June 2022.

A greater increase in interest rates than has been assumed could pose a risk to domestic activity which in turn might impact tax revenues. In addition, higher interest rates could pose a risk through increased interest payments on Government debt, to the extent that bond markets adjust to movements in monetary policy in Australia and other domestic and international factors.

Infrastructure related risks

Infrastructure projects – costs and delivery risks

The State's total infrastructure program expenditure is estimated at \$112.7 billion over four years, after including an allowance for the observed tendency for capital expenditure to slip each year. Total capital expenditure could vary as individual projects proceed through their lifecycles, particularly if there are renewed COVID-19 restrictions or further disruptions as a result of natural disasters that lead to greater than anticipated aggregate capital expenditure slippage. Uncertainty regarding the ongoing impacts of COVID-19, international supply chain disruptions, geopolitical instability, availability and capacity of expert labour and capital equipment, and increasing complexity of projects (particularly, brownfield projects) can all impact on both the cost and delivery timeframe for infrastructure projects. The Government actively manages the cost and delivery timeframe of projects³.

Physical Asset portfolio

The State's physical asset portfolio continues to grow as the NSW Government delivers its record investment in infrastructure. By the end of 2022-23, the portfolio is projected to be \$450.3 billion in value. The NSW Government is placing additional focus on asset management, so that the portfolio remains adaptable to changing service needs, provides continuity of service in the event of shocks and stresses, and is maintained in a safe and sustainable way.

³ The Budget includes an allowance for project slippage. See Chapter 5 Expenditure for more detail.

The Restart NSW Fund

The Budget includes the estimated impact of expensing funds from the Restart NSW Fund to Government agencies (capital expenditure) and non-government proponents, principally local councils (recurrent expenditure in the form of grants). These estimates are informed by assumptions around the expenditure profiles of approved projects and unapproved projects (on the assumption that a formal approval will be forthcoming).

Changes to the timing of these approvals and project delivery schedules may affect the profile of actual expenditure. Unreserved balances in the Restart NSW Fund are not reflected in the Budget until a reservation or commitment is made. See Chapter 3 of Budget Paper No. 3 *Infrastructure Statement* for more information.