

## 4. THE RESTART NSW FUND

- The Restart NSW Fund (Restart NSW) was established in 2011 to enable investment in high-priority infrastructure projects.
- Estimated lifetime inflows into Restart NSW are \$37.7 billion at 30 June 2022.
- \$34.5 billion has been committed to specific projects and programs, representing an 12.8 per cent increase from the 2021-22 Budget.
- \$1.9 billion has been reserved for specific projects that need further development and analysis to determine if they should be funded.
- 30 per cent of Restart NSW funding is targeted at regional and rural areas. The Government's commitment is on track to be achieved over the life of the fund.

### 4.1 Overview

Established in 2011, Restart NSW has innovatively funded infrastructure, supported job growth and economic productivity, improved regional liveability and delivered sustainable community assets. Restart NSW was made possible by the Government's successful asset recycling program which facilitates the continued delivery of the infrastructure with the State.

Table 4.1: Restart NSW Fund (expected position as at 30 June 2022)

	Restart NSW	Table reference
Total inflows <sup>(a)</sup>	\$37.7 billion	4.4
Commitments <sup>(b)</sup>	\$34.5 billion	4.2
Reservations	\$1.9 billion	4.3
Unallocated balance	\$1.3 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.

## 4.2 Restart NSW commitments and reservations

### Restart NSW commitments

Total Restart NSW commitments are \$34.5 billion as at the 2022-23 Budget, including an additional \$4 billion in project commitments since the 2021-22 Budget (Table 4.2). Of these commitments, \$26.5 billion has been paid to over a thousand projects across New South Wales as since Restart NSW's inception.

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*. Restart NSW commitments are only progressed once they have a comprehensive business case and have undergone rigorous financial and economic analysis.

Table 4.2: Restart NSW commitments

	Commitments \$m
<b>Commitments as at the 2021-22 Budget</b>	<b>30,561.8</b>
<b>Commitments approved since the 2021-22 Budget</b>	
Sydney Metro West	3,400.0
Regional Road Freight Corridor	451.8
Housing Acceleration Fund (HAF4)	32.1
Corridor Identification and Reservation	29.1
NSW Cycling Infrastructure Initiative	14.5
Bridges for the Bush	12.6
Housing Acceleration Fund (HAF5)	10.6
Batemans Bay Bridge Replacement	7.4
Regional Project Development and Delivery Fund	5.7
Fixing Country Roads	4.1
<b>Total commitments approved since the 2021-22 Budget</b>	<b>3,967.8</b>
<b>Reprofiling of existing commitments<sup>(a)</sup></b>	<b>(48.4)</b>
<b>Total commitments as at the 2022-23 Budget</b>	<b>34,481.2</b>

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

The additional \$4 billion in commitments represents a 12.8 per cent increase on the \$30.6 billion in commitments approved at the 2021-22 Budget.

### Restart NSW reservations

A total of \$1.9 billion of Restart NSW funds are reserved to deliver future projects and programs as at the 2022-23 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 2021-22 Budget</b>	<b>5,867.8</b>
<b>Reservations approved since the 2021-22 Budget<sup>(a)</sup></b>	<b>0.0</b>
<b>Reservations used to fund commitments since the 2021-22 Budget</b>	<b>(3,919.4)</b>
<b>Total reservations as at the 2022-23 Budget</b>	<b>1,948.4</b>

(a) A reservation is a project or program identified by the Government as a priority for Restart funding, subject to recommendation from Infrastructure NSW. The NSW Government has not announced any Restart reservations since the 2021-22 Budget, with the focus being on delivering existing Restart commitments.

### 4.3 Funding sources

Restart NSW inflows are forecast to reach \$37.7 billion by 30 June 2022 (Table 4.4).

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</b>	<b>5,551.1</b>
<b>Asset Recycling Initiative payments</b>	<b>1,007.9</b>
<b>Waratah Bonds</b>	<b>1,374.2</b>
<b>Total Inflows (see Table 4.1)</b>	<b>37.7 billion</b>

Inflows have increased by since the 2021-22 Budget due to proceeds received from Waratah Bonds (\$244 million) and interest earnings (\$8 million).

The Government established the New South Wales Infrastructure Future Fund (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

Over its lifetime, 30 per cent of Restart NSW funding is targeted at regional and rural areas (areas outside of Sydney, Newcastle and Wollongong).

To date, \$10.2 billion from Restart NSW has been committed and reserved for programs and projects in regional and rural New South Wales, comprising of \$9.2 billion in commitments and \$1.0 billion in reservations for future projects.

Since the 2021-22 Budget, the Government has committed an additional \$492.4 million for regional projects, representing around 87 per cent of new commitments excluding Sydney Metro West.

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

Program	Description	Restart NSW commitment at the 2022-23 Budget \$m <sup>(a)</sup>
Regional Road Freight Corridor	Investing in major regional corridors to improve freight movements across NSW. Restart has invested in works across the New England, Newell, Oxley, Pacific, Princes, Golden and Mitchell Highways.	589.8
Regional Growth: Economic Activation Fund – Growing Local Economies	Investing in infrastructure supporting job creation and economic growth in regional NSW. Over 100 projects have received Restart funds.	423.0
Water Security for Regions	Secures water supplies and drought-proofs regional communities, including dams and bores, and includes the Regional Wastewater and Backlog Water program	339.8
Batemans Bay Bridge Replacement	A new bridge building better connections in and around Batemans Bay for motorists, freight, river users, pedestrians and cyclists and easing traffic congestion along the Princes Highway.	207.4
Maitland Hospital Development	Providing an improved range health services for the Hunter region delivering an additional 150 beds and treatment spaces.	195.0
Grafton Bridge	An additional 525 metre bridge for Grafton providing road network improvements for Grafton and the stage significant Summerland Way.	177.0
Regional Rail Fleet	Replacing the current regional fleet with safer, comfortable and more accessible trains.	170.0
Bridges for the Bush	Upgrading and replacing bridges across regional NSW.	153.0
Regional Tourism Infrastructure Program	Supporting regional tourism by contributing to critical visitor economy infrastructure projects such as rail, trains, airports and cruise terminals.	109.0
Lismore Hospital Redevelopment	Expanding hospital capacity and capability to deliver health care for people in the Lismore region.	79.4

(a) Table only included Restart funded components of projects. Projects may have received other funding

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

A total of \$10.2 billion<sup>1</sup> has been committed and reserved from Restart NSW programs for over a thousand individual projects in regional New South Wales. Projects receiving Restart funding since the 2021-22 Budget include:

- M1 Pacific Motorway Extension to Raymond Terrace
- M1 Pacific Motorway Hexham Straight Project
- Rawsonville, Moama, Briner, Tabulam and Monkerai Bridges under the Bridges for the Bush Program
- Batemans Bay Bridge Replacement
- Muswellbrook Bypass
- Newell Highway: Narrabri to Bellata Heavy Duty Pavement
- Yass Murrumbateman – Water Quality Improvement

## 4.5 Governance and project selection framework

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

The *Restart NSW Fund Act 2011* (the Act) is the centrepiece of this framework. Under the Act Infrastructure NSW is responsible for independently assessing and recommending Restart NSW projects which improve economic growth and productivity of NSW across all sectors. Infrastructure NSW uses a project's benefit cost ratio (BCR) to assess this: a project's benefits must exceed the cost of its delivery by having a BCR greater than 1.

New infrastructure projects considered for Restart NSW funding are subject to a comprehensive selection process, the components being:

- strategic assessment ensuring the project aligns with the Act criteria and existing government priorities
- economic assessment ensuring 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, including an independent review process for projects over \$10 million to ensure they have met the relevant business case requirements.

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

