

3. THE RESTART NSW FUND

- The Government established the Restart NSW Fund (Restart NSW) in 2011 to enable the funding and delivery of high-priority infrastructure projects.
- In 2014, Restart NSW was bolstered by the Government's Rebuilding NSW plan to invest \$20 billion in new infrastructure over 10 years. The Rebuilding NSW plan forms part of Restart NSW.
- Of the \$33.3 billion of inflows into Restart NSW, \$24.8 billion has been committed to specific projects and programs, representing an increase of 10.6 per cent since the 2018-19 Budget. Of the remaining balance, \$8.3 billion has been reserved to enable further project development and assurance processes prior to final funding decisions.
- Restart NSW has funded 650 commitments to local governments and non-government organisations, 210 of which have already been delivered.
- The Government has targeted 30 per cent of Restart NSW funding to regional areas outside the metropolitan areas of Sydney, Newcastle and Wollongong, over the life of the fund.

3.1 Overview

The Government established Restart NSW in 2011 to enable the funding and delivery of high-priority infrastructure projects. The fund was established to improve the State's economic growth and productivity. Restart NSW is supported by the Government's successful asset recycling program, which has enabled the Government to sustain record levels of infrastructure investment whilst maintaining the State's triple-A credit rating and negative net debt for the fourth consecutive year.

Table 3.1: Restart NSW Fund (expected position as at 30 June 2019)

	Restart NSW	Table reference
Total inflows ^(a)	\$33.3 billion	3.4
Commitments ^(b)	\$24.8 billion	3.2
Reservations	\$8.3 billion	3.3
Unallocated balance	\$0.2 billion	

(a) Total inflows exclude the unrealised investment returns in the NSW Infrastructure Future Fund (NIFF). These returns and future budgeted earnings in the NIFF will be allocated towards the Government's capital programs.

(b) Commitments include \$527.1 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.

The value of inflows into Restart NSW as at 30 June 2019 is expected to be \$33.3 billion (Table 3.4), of which the Government has committed and reserved \$33.1 billion for specific infrastructure projects and programs (see Chart 3.1).

A total of \$24.8 billion has been committed from Restart NSW for the planning and delivery of infrastructure projects and programs, as further detailed in Table 3.2. Of these commitments, \$15.7 billion has already been paid to over 600 projects across New South Wales.

Box 3.1: Completed regional Restart NSW projects

A total of \$7.4 billion¹ has been committed from Restart NSW programs for over 750 individual projects in regional New South Wales, with \$3.0 billion paid out to project proponents as at 2 June 2019. This funding has enabled the delivery of 251 completed regional infrastructure projects. Examples from across the range of programs include:

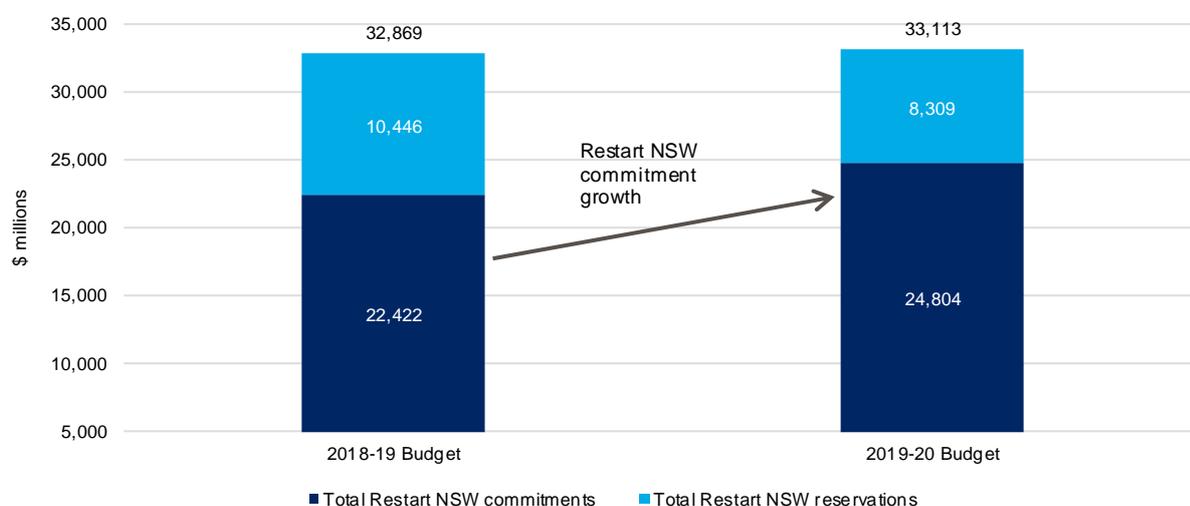
- Armidale Hospital (Regional Health Infrastructure program)
- Mudgee Airport Airside upgrade (Regional Tourism Infrastructure program)
- Nyngan Single Storage project (Water Security for Regions Program)
- New England Highway Pavements Strengthening Package (Regional Road Freight Corridor)
- Singleton Regional Livestock upgrade (Resources for Regions).

Additionally, the Government has reserved a further \$2.1 billion across 21 different Restart NSW programs for future regional projects.

A further \$8.3 billion has been reserved in Restart NSW for identified projects and programs, as detailed in Table 3.3. Reservations enable the Government to undertake comprehensive project development and assurance reviews prior to a final funding decision.

Total Restart NSW commitments have increased by 10.6 per cent since the 2018-19 Budget whilst reservations have decreased by 20.5 per cent, reflecting the transition of the Government’s infrastructure program from the planning reservations to the delivery stage commitments as shown in Chart 3.1 below.

Chart 3.1: Restart NSW commitments and reservations



¹ Including \$527.1 million in funding from the Consolidated Fund for the \$1.0 billion Safe and Secure Water Program.

3.2 Restart NSW commitments and reservations

Restart NSW Commitments

Total Restart NSW commitments are \$24.8 billion as at the 2019-20 Budget. This includes an additional \$2.4 billion that has been committed to projects since the 2018-19 Budget (Table 3.2 and Appendix A.1).

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 commitments funded from Restart NSW are supported by comprehensive business cases and have undergone rigorous financial analysis and economic assessment.

Major infrastructure projects being delivered through Restart NSW include Sydney Metro City and Southwest, and Parramatta Light Rail Stage 1.

Table 3.2: Restart NSW commitments

	Commitments \$m
Commitments as at the 2018-19 Budget	22,422.4
Commitments approved since the 2018-19 Budget	
Safe and Secure Water Program ^(a)	539.5
Regional Road Freight Corridor	353.9
Hospitals Growth program ^(b)	320.0
Regional Growth: Economic Activation Fund ^(c)	290.1
New Intercity Fleet (previously Next Generation Rail Fleet)	180.0
Fixing Country Roads program	138.3
Future Focused Schools	111.9
Western Sydney Roads for Western Sydney Airport	82.6
Lismore Hospital Redevelopment	79.4
Fixing Country Rail	73.4
Housing Acceleration Fund (HAF 5)	57.8
North South Metro Rail Link	50.0
Dubbo Base Hospital Redevelopment	36.8
Redevelopment of Circular Quay	18.5
NSW Cycling Infrastructure Initiative	11.4
Bridges for the Bush	10.0
Water Security for Regions Program	8.8
Regional Growth Roads	8.7
Culture and Arts	5.5
Traffic Management Upgrades	5.0
Bus Priority Infrastructure (including B-Line)	0.1
Total commitments approved since the 2018-19 Budget^(b)	2,381.8
Total commitments as at the 2019-20 Budget	24,804.2

(a) The Safe and Secure Water Program is partially funded from the Consolidated Fund (\$527.1 million) to enable the funding of crucial water infrastructure based on community needs (see Box 3.3).

(b) This includes \$20.0 million which relates to an increase in the proportion of Restart funding for the program with an equivalent reduction in funding from the Consolidated Fund.

(c) The Regional Growth: Economic Activation Fund is comprised of multiple subprograms that are funded from both Restart NSW and the Consolidated Fund, as detailed in Box 2.13.

Table A.1 in Appendix A details the total Restart NSW commitments approved by program since the 2018-19 Budget.

Box 3.2: Restart NSW funding more local infrastructure

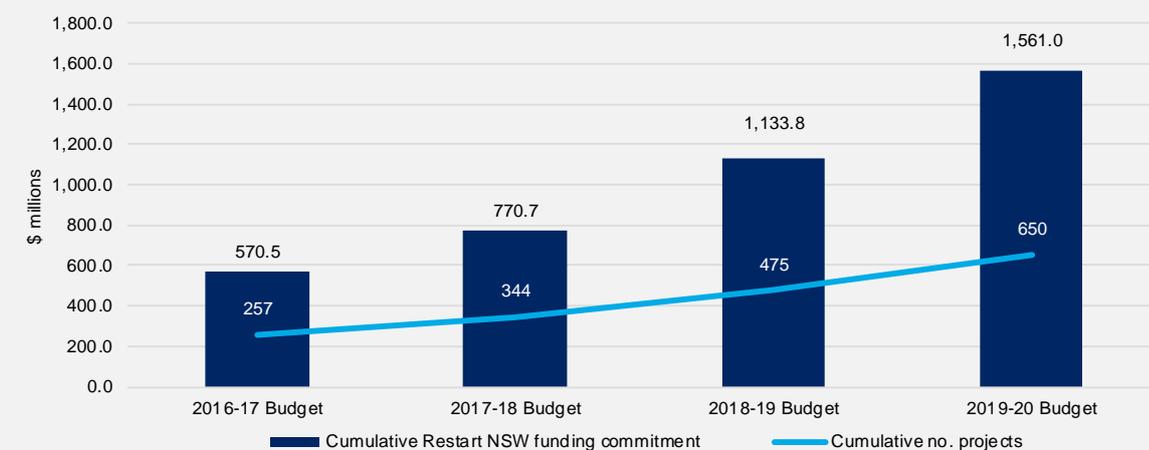
The Government continues to invest in local infrastructure initiatives alongside major infrastructure projects including the Western Harbour Tunnel and F6 Extension. Communities across the State are benefitting from significant investments in cycling infrastructure, water treatment plants, local road upgrades, civic centres and regional airports.

Since the 2018-19 Budget, there has been a 37.8 per cent increase in the funding committed to local infrastructure projects. This includes investments in the Illawarra Regional Airport, the Wentworth Water Treatment Plant Augmentation Scoping Study and the Emu Creek Bridge Replacement.

Almost \$1.6 billion has been committed from Restart NSW to local governments and non-government organisations for the delivery of 650 projects. Of these projects, 560 will have Restart NSW funding deeds in place by 30 June 2019 (worth \$1.4 billion), allowing the projects to proceed.

Since Restart NSW was established, 210 local infrastructure projects have been delivered, providing critical infrastructure to both metropolitan and regional areas of the State.

Chart 3.2: Restart NSW commitments to local infrastructure projects



Restart NSW Reservations

A total of \$8.3 billion of Restart NSW funds are reserved to fund future projects and programs, as at the 2019-20 Budget (see Table 3.3 and Table A.2).

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.

Significant reservations created since the 2018-19 Budget include \$44.0 million for the Denmark Link Road and \$200.0 million for the Redevelopment of Circular Quay (of which \$18.5 million has been committed for planning).

Additionally, the Government has created project-level reservations within the Growing Local Economies program reservation for the following election commitments: the Orange Sports Complex (\$25.0 million), the Bellingen Coastal Communities Sewer project (\$10.0 million), and the Valla Employment Lands (\$3.0 million).

Table 3.3: Restart NSW reservations

	Reservations \$m
Reservations as at the 2018-19 Budget	10,446.4
Reservation movements during 2018-19	
Redevelopment of Circular Quay ^(a)	200.0
Denmark Link Road	44.0
Commitments funded from existing reservations ^(b)	(2,381.8)
Total reservations as at the 2019-20 Budget	8,308.6

(a) Of this reservation, \$18.5 million was approved during the budget year.

(b) This includes \$527.1 million in funding from the Consolidated Fund for the \$1.0 billion Safe and Secure Water Program. This program is partially funded from the Consolidated Fund to enable the funding of crucial water infrastructure based on community needs.

3.3 Funding sources

Restart NSW is forecast to reach \$33.3 billion by 30 June 2019 (Table 3.4), an increase of \$391.1 million since 30 June 2018, primarily due to investment earnings and Waratah Bond returns.

Table 3.4: Restart NSW funding sources (expected position as at 30 June 2019)

Funding source	Total Inflows \$m
Asset recycling	25,101.7
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)	481.7
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
Cash deposits from the Consolidated Fund	2,336.5
Windfall tax revenues	2,293.0
Investment earnings to date^(a)	1,505.3
Waratah Bonds	1,038.4
Asset Recycling Initiative payments	1,007.9
Total Inflows (see Table 3.1)	\$33.3 billion

(a) Investment earnings to date include the recognition of \$600.0 million of 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.

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.

3.4 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, \$9.5 billion from Restart NSW has been committed and reserved for programs and projects in regional New South Wales. This is comprised of \$7.4 billion in commitments and \$2.1 billion in reservations for future projects.

The Government has committed an additional \$1.1 billion for regional projects since the 2018-19 Budget. Significant new regional commitments and reservations are detailed in Chapter 2.3 of this *Infrastructure Statement*.

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 (see Box 2.10 in Section 2.3).

Table 3.5: Significant Restart NSW programs in regional New South Wales

Program	Description	Restart NSW Commitment as at the 2019-20 Budget \$m
Bridges for the Bush	Improves road freight productivity by replacing or upgrading bridges in regional New South Wales.	268.4
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.	20.0
Fixing Country Rail	Relieves bottlenecks by upgrading parts of the regional rail network constraining efficient freight movement.	222.8
Fixing Country Roads	Improves local and regional roads managed by local government in country areas, especially roads allowing higher mass vehicles to operate.	354.3
Hunter Infrastructure and Investment Fund ^(a)	Promotes economic growth and enhances the liveability of the Hunter region.	75.0
Illawarra Infrastructure Fund ^(a)	Supports economic growth in the Illawarra region.	100.2
Regional Freight Pinch Point and Safety	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 Growth: Economic Activation Fund ^(b)	Targets investment in economic enabling infrastructure and enhanced data connectivity to support local communities.	528.3
Regional Health Infrastructure	Fast-tracks regional health infrastructure in Coraki, Grafton, Macksville, Manning, Lismore and Armidale.	50.0
Regional Tourism Infrastructure	Improves the economic competitiveness of the State through funding critical regional tourism infrastructure.	103.7
Water Security for Regions	Secures water supplies and drought-proofs regional communities, including dams and bores, and includes the Regional Waste Water and Backlog Water program.	340.1
Western NSW Freight Productivity	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

(a) The Illawarra Infrastructure Fund, Hunter Infrastructure and Investment Fund and Resources for Regions program also include funding commitments to projects located in Newcastle and Wollongong.

(b) The Regional Growth: Economic Activation Fund is comprised of multiple subprograms that are funded from both Restart NSW and the Consolidated Fund, as detailed in Box 2.13.

Box 3.3: Safe and Secure Water Program

Program: The \$1.0 billion Safe and Secure Water Program was established to fund eligible water and sewerage projects in regional New South Wales from Restart NSW. Safe water sources and sewerage services are vital for public health, economic development, and commercial activities.

Service delivery objective: This program aims to improve regional communities' access to dependable, clean and safe water supplies and sewerage services.

Funding allocation: The Safe and Secure Water Program was relaunched in 2018 with partial funding from the Consolidated Fund to enable the accelerated funding of crucial infrastructure based on community needs.

Implementation: To date, over 45 eligible projects have been funded from Restart NSW with the remaining balance to be funded from the Consolidated Fund. This includes funding for the construction of a 270-kilometre pipeline between the Murray River and Broken Hill to provide water security for local communities, Hay Wastewater Treatment Plant and the Manilla Water Supply System Upgrade.

3.5 Governance and project selection framework

The Government has implemented a comprehensive governance framework to ensure that Restart NSW funds are invested effectively into 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 the responsibility for independently assessing projects and making recommendations to the Treasurer for 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.