

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.
- Of the \$35.3 billion of inflows into Restart NSW to 31 October 2020¹, \$30.1 billion has been committed to specific projects and programs, representing an increase of 9.9 per cent since the 2019-20 Half-Yearly Review. Of the remaining balance, \$4.4 billion has been reserved to enable further project development and assurance, prior to final funding decisions.
- As at 31 October 2020, Restart NSW has funded 743 commitments to local governments and non-government organisations, 333 of which have already been delivered as at 31 August 2020.
- The Government is on track to achieve its target of 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 facilitated the continued delivery of the infrastructure program, through the economic crisis caused by COVID-19.

The value of inflows into Restart NSW is expected to be \$35.3 billion (Table 3.1), of which the Government has committed and reserved \$34.5 billion for specific infrastructure projects and programs (see Chart 3.1).

Table 3.1: Restart NSW Fund (expected position as at 31 October 2020)

	Restart NSW	Table reference
Total inflows ^(a)	\$35.3 billion	3.4
Commitments ^(b)	\$30.1 billion	3.2
Reservations	\$4.4 billion	3.3
Unallocated balance ^(c)	\$0.9 billion	

- (a) Total inflows include the recognition of \$2.6 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.

¹ Note figures are for the period 1 July 210 to 31 October 2020 unless stated otherwise.

A total of \$30.1 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, \$21.2 billion has already been paid to over 800 projects across New South Wales.

A further \$4.4 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.

Box 3.1: New funding for regional Restart NSW projects

A total of \$8.5 billion² has been committed from Restart NSW programs for over 850 individual projects in regional New South Wales, with \$0.6 billion of new committed funding since the 2019-20 Half-Yearly Review. This new funding is enabling the delivery of 80 new regional infrastructure projects. Examples from across the range of programs include:

- Murwillumbah Education Campus (Regional Schools Renewal program)
- Narromine Freight Exchange (Regional Growth: Economic Activation Fund - Growing Local Economies)
- Maitland Hospital Development (Maitland Hospital Development)
- Goodooga Road Upgrade (Fixing Country Roads program)
- University of New England Tamworth Campus (Regional Growth: Economic Activation Fund – Growing Local Economies)
- Terrabella Bridge Replacement (Fixing Country Roads program).

Additionally, the Government has reserved a further \$1.1 billion across 22 different Restart NSW programs for future regional projects.

3.2 Restart NSW commitments and reservations

Restart NSW commitments

Total Restart NSW commitments are \$30.1 billion as at the 2020-21 Budget, including an additional \$2.7 billion committed to projects since the 2019-20 Half-Yearly Review (Table 3.2). Of these commitments, \$21.2 billion has been paid to over 800 projects across New South Wales.

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.

² Including \$301.2 million in funding from the Consolidated Fund for the \$1.0 billion Safe and Secure Water Program.

Table 3.2: Restart NSW commitments

	Commitments \$m
Commitments as at the 2019-20 Half-Yearly Review	27,360.6
Commitments approved since the 2019-20 Half-Yearly Review	
New Intercity Fleet (previously Next Generation Rail Fleet)	1,060.5
Western Harbour Tunnel and M6	477.0
Parramatta Light Rail	331.7
Regional Growth: Economic Activation Fund - Growing Local Economies ^(a)	163.9
Future Focused Schools	149.4
Fixing Country Roads program ^(a)	114.1
Regional Schools Renewal program ^(a)	107.1
Housing Acceleration Fund (HAF5)	76.5
Maitland Hospital Development	60.6
Regional Growth: Economic Activation Fund - First Class Food and Fibre ^(a)	50.8
Redevelopment of Circular Quay	26.6
Housing Acceleration Fund (HAF4)	24.3
Regional Road Freight Corridor ^(a)	23.2
Bridges for the Bush	22.8
Safe and Secure Water Program ^(b)	11.5
Regional Growth: Environment and Tourism Fund ^(a)	13.3
Regional Tourism Infrastructure program ^(a)	6.3
Corridor Identification and Reservation	6.2
NSW Cycling Infrastructure Initiative ^(a)	4.6
Water Security for Regions Program	0.2
Total commitments approved since the 2019-20 Half-Yearly Review	2,730.4
Reprofiling of existing commitments^(c)	-32.3
Total commitments as at the Budget	30,058.7

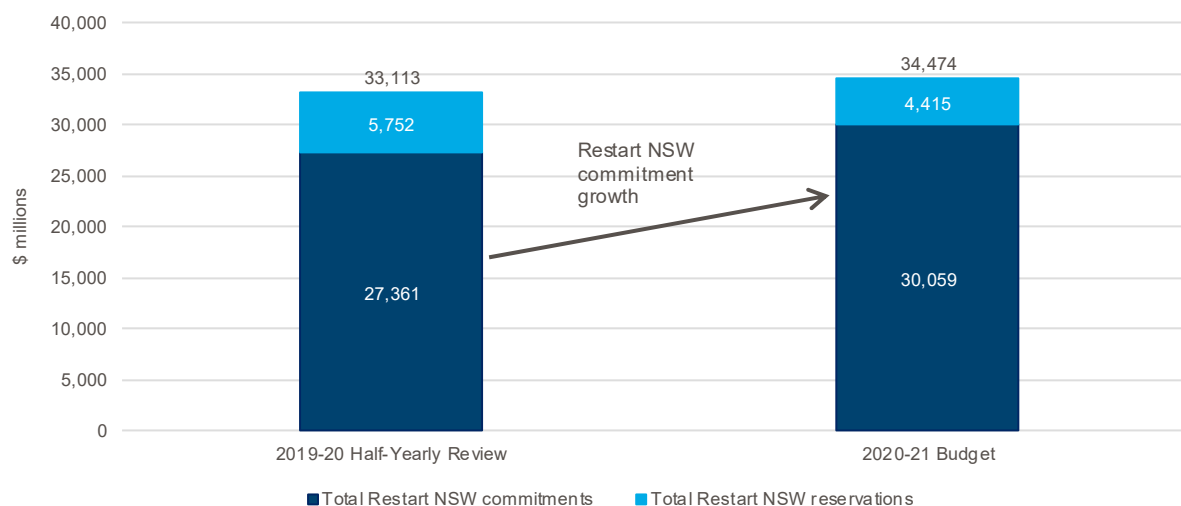
(a) The program includes commitments funded from the Regional Community Recovery Fund (part of the \$1.0 billion Bushfire Infrastructure Package).

(b) The Safe and Secure Water Program is partially funded from the Consolidated Fund (\$301.2 million) to enable delivery of crucial water infrastructure based on community needs.

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

The additional \$2.7 billion in commitments to invest in infrastructure projects and programs, represents a 9.9 per cent increase on the \$27.4 billion in commitments approved at the 2019-20 Half-Yearly Review (Chart 3.1). This reflects the transition of the Government's infrastructure program from planning reservations to delivery, in particular the New Intercity Rail Fleet, the Western Harbour Tunnel and the Parramatta Light Rail.

Chart 3.1: Restart NSW commitments and reservations



Restart NSW reservations

A total of \$4.4 billion of Restart NSW funds are reserved to deliver future projects and programs as at the 2020-21 Budget (Table 3.3).

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.

Significant reservations created since the 2019-20 Half-Yearly Review includes \$2.0 billion for Sydney Metro West and \$0.1 billion for the Regional Community Recovery Fund that was part of the Government's \$1.0 billion Bushfire Infrastructure Package.

Table 3.3: Restart NSW reservations

	Reservations \$m
Reservations as at the 2019-20 Half-Yearly Review	5,751.8
Reservation movements since the 2019-20 Half-Yearly Review	
Sydney Metro West	2,000.0
Regional Community Recovery Fund	111.1
Regional Project Development and Delivery Fund	12.4
Sports Stadia	-810.0
Commitments funded from reservations ^(a)	-2,650.0
Total reservations as at the 2020-21 Budget	4,415.3

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

3.3 Funding sources

Restart NSW is forecast to reach \$35.3 billion by 31 October 2020 (Table 3.4), an increase of \$2.0 billion since the 2019-20 Half-Yearly Review, almost entirely due to the recognition of a further \$2.0 billion in investment earnings from the NSW Infrastructure Future Fund (NIFF).

Table 3.4: Restart NSW funding sources

	Commitments \$m
Asset recycling	25,124.7
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)	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
Cash deposits from the Consolidated Fund	2,336.5
Windfall tax revenues	2,293.0
Investment earnings to date^(a)	3,530.9
Asset Recycling Initiative payments	1,007.9
Waratah Bonds	1,038.4
Total Inflows (see Table 3.1)	\$35.3 billion

(a) Total inflows include the recognition of \$2.6 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.

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, \$9.6 billion from Restart NSW has been committed and reserved for programs and projects in regional New South Wales. This comprises \$8.5 billion in commitments and \$1.1 billion in reservations for future projects.

Since the 2019-20 Half-Yearly Review, the Government has committed an additional \$605.9 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 3.5: Significant Restart NSW programs in regional New South Wales

Program	Description	Restart NSW commitment at the 2020-21 Budget \$m
Regional Growth: Economic Activation Fund ^{(a)(c)}	Targets investment in economic enabling infrastructure and enhanced data connectivity to supports local communities.	916.9
Fixing Country Roads program ^(a)	Improves local and regional roads managed by local government in country areas, especially roads allowing higher mass vehicles to operate.	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 ^{(b)(d)}	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.	222.8
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 ^(a)	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 ^(b)	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.	19.7
Hunter Infrastructure and Investment Fund ^(b)	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.

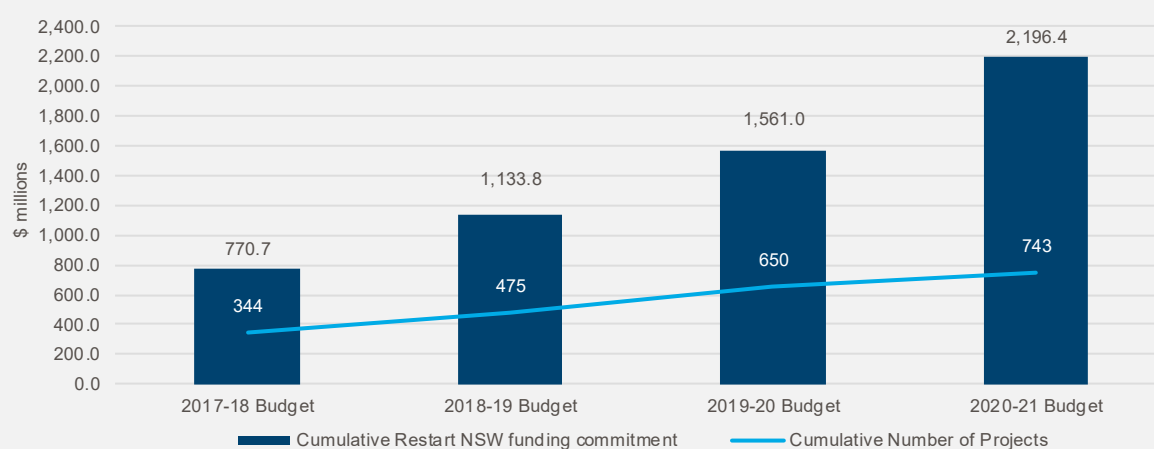
Box 3.2: Restart funding more local infrastructure

The Government continues to invest in local infrastructure initiatives with an increase of \$635.5 million (40.7%) in commitments since the 2019-20 Budget (Chart 3.2).

A total of \$2.2 billion has been committed from Restart NSW to local governments and non-government organisations for the delivery of 743 projects. Of these projects, 685 have Restart NSW funding deeds in place worth \$1.9 billion, allowing the projects to proceed.

As at 31 August 2020, 333 local infrastructure projects have been delivered since Restart NSW was established, providing critical infrastructure to both metropolitan and regional areas of the State.

Chart 3.2: Restart NSW commitments to local infrastructure projects



3.5 Governance and project selection framework

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 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.