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# Reinvest Proceeds

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***On this page:*** *Understand the need to reinvest proceeds transparently to ensure the public sees a clear link between monetization and infrastructure improvement. Read more below, or visit the main page for the Asset Recycling Handbook and Content Outline, or Download the Full Report.*

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**The need for a dedicated fund to manage proceeds**

Proceeds from asset monetization should be managed in a way so that the public sees clear link between of infrastructure monetization and reinvestment.

This may entail the establishment of a dedicated fund where the proceeds from asset recycling transactions are invested and where funds are then drawn down for specific greenfield infrastructure projects. A robust governance framework (ideally enshrined in legislation) should govern the fund to ensure integrity and accountability of key decisions made in terms of investments and drawdowns. Infrastructure projects to be funded through asset monetization should also respond to the Environmental, Social and Governance (ESG) sustainability resilience criteria, given public scrutiny. Additionally, transparency in fund management, with clear utilization roadmaps, is critical to addressing resistance and reinforcing public trust. Recognizing the complexities of reallocating asset value across ministries and subnational entities, structured intergovernmental coordination is essential to ensure sectoral alignment and address fund control concerns, further detailed out in the Re-investment section of the Handbook.

**Case study - Restart NSW (Australia)**

In 2011, the New South Wales Government established the Restart NSW Fund to enable the funding and delivery of high-priority infrastructure projects that improve the state's economic growth and productivity. It is supported by the government's asset recycling program, with proceeds deposited into the Restart NSW Fund before being invested into infrastructure projects. As of June 2024, the NSW Government has provided Restart NSW funding to more than 817 local projects, for a total of $2.47 billion. Over 660 projects are now complete or closed, and a further 157 are in various stages of delivery.

The Restart NSW Fund is governed by the Restart NSW Fund Act 2011. Under the Act, Infrastructure NSW is responsible for assessing and recommending Restart NSW projects which improve the 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, as demonstrated by having a BCR greater than 1.

Projects funded from the Restart NSW Fund include a mixture of NSW Government agency-led infrastructure projects, as well as local and community infrastructure projects being delivered by local government, non-government organizations and other entities. Thirty per cent of Restart NSW funding is

targeted at regional and rural areas (outside the metropolitan areas of Sydney, Newcastle, and Wollongong) over the lifetime of the fund.

Source: Restart NSW, Infrastructure NSW

### Define avenues for utilization of proceeds

Defining the utilization of proceeds in a clear and transparent manner is the key focus following the setting up of a dedicated fund. There are typically three avenues of which proceeds can be used – (1) funding new, high-priority infrastructure projects for economic growth and productivity through both public and/ or private sector delivery models, (2) meeting operating expenditure of existing assets, and (3) repayment of existing debt

### Funding new, high priority infrastructure projects

Funding new, high-priority infrastructure projects should be the primary objective of asset recycling. The application of funds offers the strongest linkage between monetization of assets and re-investment of proceeds for a successful asset recycling program. The development of new priority infrastructure through both public and/ or private sector delivery models in an asset recycling program also brings about tangible benefits such as increased employment and overall standard of living for the population. The productivity of the economy also improves in the long-term as the demand for infrastructure and its associated services are met. Structured engagement with government stakeholders should be undertaken to determine priority sectors and projects, balancing economic needs with long-term fiscal strategy.

### Meeting operating expenditure of existing assets

The proceeds from the monetization of assets can be repurposed for the operating expenditures of existing infrastructure assets. The cash proceeds can supplement project cash flows through their addition into maintenance reserve accounts to cover cash shortfalls in projects that are facing irregular cash inflows or insufficient project revenues. The use of proceeds from monetization for operating expenditures can relieve pressure on limited fiscal budgets to continuously provide for assets that are unable to fund their own operating expenditures. This allows tax revenues to be spent on value creation and financing of new infrastructure. Proactive engagement with the ministries and agencies is required to ensure that a well-defined framework is in place to assess which assets require operating support to avoid fund misallocation and ensure sustainability.

### Repayment of existing debt

Governments with a manageable level of debt can also benefit from the repayment of existing debt as the de-leveraging of balance sheets creates additional headroom for new borrowings for the financing of new infrastructure assets. The repayment of existing debt frees up tax revenues for valueadded social and economic spending by the government. Government consultations should focus on ensuring that debt repayment strategies align with fiscal objectives, avoiding unintended consequences such as increased pressure on ministries that depend on asset-generated revenues for ongoing obligations.

**Related Content**

- **The PPPRC Asset Recycling Section**

- **Executive Summary: Asset Recycling**

- **Asset Recycling Projects**

- **Asset Recycling Programs**

- **Table of Contents for Asset Recycling**

**Additional Resources**

- Asset Recycling Handbook (Download PDF)

*This section has not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the content will be reviewed and adapted for specific transactions.*

*This is a new section of the website and is currently in draft form. For feedback on the content of this section or to suggest additional links or materials, please contact the PPP Resource Center using the feedback form.*