

## **RE: Performance of the Regional Investment Activation Fund and Regional Job Creation Fund**

### **Supplementary Questions**

- 1. What specific assistance did the Department of Regional NSW provide to support the Regional Job Creation Fund application process?*

Our regional contact from the department helped us to interpret the requirements in the funding application form, and reviewed our application form before submission, to make sure our answers were relevant and clearly addressed the requirements.

- 2. In your submission, you suggested that more nuances should be allowed in setting milestone deadlines by the Department of Regional NSW. In your opinion, what does a nuanced approach look like?*

Firstly, I appreciate that there are political drivers at play, including election cycles, and the desire for a reasonably quick translation between investment made and jobs created. However, the reality of major capital investment, particularly involving construction, is that things take longer to complete. For young, growing businesses like ours, we couldn't commit to large capital investment without government support, and the consultant fees for DA and CC submissions cost hundreds of thousands of dollars (after purchasing the land), so we weren't going to initiate anything until award of the grant. This meant we had 6-12 months after land purchase before we could even start construction, and a 3-year window to finish the works and employ the new staff became impossible to achieve. I also read another submission from the Defence sector, which noted their long timeframes to win work and thus grow their workforce.

On the other hand, businesses typically want to fulfil their employment obligations as quickly as possible, so that they can close out the liability aspect of the grant funds, and move the funds from their balance sheet to their income statement.

For future incarnations of this grant program, I would recommend setting the deadline for employment goals based on the type of capital investment made, and the sector the business operates in. I would even go so far as to suggest that the grant application form should have a default grant term (eg: 3 years), but also have an allowance to change this term (with justification, subject to approval). Furthermore, if a company is able to fulfil its obligations in advance of the set term, I suggest there should be a mechanism to allow early completion, which would thus close out the funding deed and release the recipient from the continuing liability aspect of the funding.

- 3. Your submission mentions that a lack of clear guidelines impacted your business's cashflow*



*planning. Can you provide more details on the impacts? What support did the Department of Regional NSW offer to address the impacts?*

Firstly, the department was very cooperative in splitting up the grant funds into 3 payments (40/30/30) instead of 2 (40/60), which did help us with our cashflow for the project. Based on our expectations that the final claim would be released after the funds were spent, we spent our operating funds on the factory construction, and our finance partner included payment of this grant in their conditions (as it related to the factory funding). Not receiving the funds put a strain on our cashflow, and we needed to obtain other finance from a shareholder to cover the shortfall. We also needed to request multiple extensions from our major finance partner for fulfilling their condition.