

## Department of Regional NSW

### Performance of the Regional Investment Activation Fund and the Regional Job Creation Fund

#### Question on Notice – Department of Regional NSW

**Mr STEPHEN BALI:** Maybe later we can get some more details on the outlier. Finally, just exploring some of the earlier questions where we talked about what if they don't achieve it. Companies would have tooled up, they would have gone through the council processes. If they don't achieve, in three to five years, the jobs they anticipated, I know you were saying that you'll try to recoup some of the money, but to a large extent do we look at issues beyond their circumstances, such as they couldn't find the employees? We could bankrupt these businesses. Generally, one in three businesses don't survive in the long term. Do we look at, before we start claiming back the money, the circumstances surrounding the position and make us waive the repayment because it was really not their fault?

**JONATHAN WHEATON:** Probably a few points. We certainly would take into consideration the circumstances of business as we go through any of that process, and usually we negotiate terms under what would be a mutual termination, and under those terms that would be negotiated in the various different factors that were in place for that business at any given time. I probably would need to take it on notice around the specifics of what the requirements are of the deed because it is public expenditure that leaves government for a start and sometimes there are less risky ways to do that with local councils. They're governed by the Local Government Act. They're there; they're an establishment to government. They're there, and the partnership and the conditions around how we would administer grants are different for local government in just how we have businesses.

So we have additional checks and balances, and in any case, like you said, there are businesses that go into liquidation at any given time. The statistics are what they are, but then I guess you have to take that with the risk of then running a program like this that there is always — we know the data on the businesses and business failures that then we're trying to pick the winners to start with, with good evidence-based decision making and robust compliance and due diligence up-front to minimise the risk in the back end, and we certainly take into account the businesses circumstances in our grant when we're —

ANSWER:

If a project cannot be delivered funds should be returned.

Available project delivery options are assessed before considering action to terminate a project or commence recovery of funds. This may include varying the project (including descoping and reducing job deliverables) in line with the Program Guidelines and the terms of executed funding deeds.

If project delivery options are not available, the Department will consider any extenuating circumstances before commencing debt recovery. This may include:

- Where funding recovery would cause financial hardship
- Where the grantee has made best efforts to meet their obligations but has been unable to due to matters outside their control