



Accelerating Growth Loans

Pilot Guidelines

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1. Purpose

The guidelines set out the funding rules for the Jobs for NSW's Accelerating Growth Loans pilot.

You should read these guidelines carefully before making an application.

2. Initiative Overview

Accelerating Growth Loans (AGL) aim to drive jobs and business growth by providing emerging scalable fast growth businesses with capital to address barriers in accessing affordable finance from commercial sources.

Under the pilot, a total of \$3.5 million in loan funding (principal) is available.

The AGL pilot aims to test the market for these loans and evaluate the effectiveness of a loans program in accelerating the growth of jobs and businesses in NSW.

The AGL aligns with the overarching objectives of the *Jobs for NSW Act 2015* (NSW):

- to facilitate the creation of new jobs in NSW in a way that is responsive to changes in the economy
- to facilitate the development and attraction of new businesses, and the consolidation of existing businesses in NSW
- to facilitate the provision of innovative, cost-effective and strategically targeted incentives for economic development in NSW.

3. Loan Amount and Loan Term

3.1. Loans Available

- The minimum loan request is \$100,000 per project.
- The maximum loan request is \$300,000 per project.

3.2. Loan Term

- The minimum loan term is six months.
- The maximum loan term is 36 months

4. Eligibility

4.1. Who is eligible?

To be eligible for an AGL, at the time of an application your organisation must:

- Be a company incorporated under the *Corporations Act 2001* (Cth) which is registered for GST (other than a tax-exempt company), and its trading activities:
 - Must form a sufficiently significant proportion of its overall activities as to merit it being described as a trading corporation, or
 - Must be substantial and not merely peripheral activities of the organisation.
- Or be an individual, partnership or unincorporated trustee who agrees to form a company incorporated under the *Corporations Act 2001* (Cth) (other than a tax-exempt company), if the application for an AGL is successful.
- Employ a minimum of five people (including full time, part time and casual).
- Have an annual turnover between \$500,000 and \$3,000,000 in the most recent financial year.
- Have experienced turnover growth or employee growth at an average minimum of 20% each year over the previous three years, including the most recent financial year.
- Have ownership, access to, or beneficial use of, any intellectual property that is the subject of, or necessary to, carry out the funded project.
- Be a 'parent' organisation – that is, not a subsidiary of another organisation.
- Have had business operations underway for at least three years.
- Not be insolvent or under external administration.
- Have all Australian Taxation Office (ATO) requirements, payroll tax and superannuation contributions up-to-date.

And must also be able to satisfy the following:

- Have a business strategy to expand commercialisation of new or innovative product(s), process (es) or service(s) with intended employee and/or turnover growth of at least 20% each year over the next three years, with assistance from the AGL.
- be able to demonstrate the organisation has been unable to access affordable finance from commercial sources within the previous six months– evidenced by official document/correspondence from a commercial financial institution or through discussion between Jobs for NSW and your relationship manager at your financial institution.
 - Documentation submitted should indicate the quantum of finance requested and that offered by the lender, and the interest rate the lender was prepared to offer.

As one of the purposes of the pilot is to evaluate the effectiveness of a loans program in accelerating the growth of jobs and businesses in NSW, applicants are requested to provide business performance data at 12, 24 and 36 months post the pilot for this purpose.

Businesses in both Regional and metropolitan NSW are eligible and welcome to apply.

4.2. Permitted use of loan funds

In order to fuel jobs and business growth in NSW, AGL funds must:

- be used for the expansion of commercialisation of new or innovative product(s), process(es) or service(s).
- be allocated at a minimum of 50% for the purposes of employing staff (wages and/or training) in NSW, with the remainder able to be used to fund capital expenditure or operational expenditure to facilitate business growth.
 - The non-staff proportion of loan funding may be spent within NSW or elsewhere.
- not be used to refinance existing debt.
- not be used for project components already awarded other (Commonwealth, State or Local) government grants, loans, subsidies or funding.

5. How to apply

Before applying you should read and understand these guidelines, the online application form and the standard loan terms and conditions.

You can only submit one application per business organisation for the pilot.

To apply you must:

- complete the online application form through the Jobs for NSW online portal before the closing date
- provide all the information that is needed for us to assess your application
- address all eligibility and merit criteria requirements
- ensure all attachments are uploaded including the financial spreadsheet with historical and financial details and any other supporting documentation (e.g. business plan)

When you start an application for the first time you will receive an application reference number. Please ensure that the reference number is stated clearly on all supporting documentation for ease of identification.

You are responsible for making sure your application is complete and accurate. If you intentionally provide false or misleading information, your application may be excluded from consideration.

If you find an error in your application after submitting it you should phone us immediately on 1300 562 679.

6. Application Process

6.1. How your application will be assessed

Jobs for NSW will assess applications to determine whether:

- The organisation is eligible to receive an AGL under the pilot.
- The proposed project is eligible for funding.

As per the eligibility criteria described above, Jobs for NSW will determine eligibility for financial assistance based on information provided in the application form and all other pertinent information.

An assessment will be made by Jobs for NSW of the projected jobs growth outcomes of the proposal and whether they justify Government investment, including:

- Total jobs to be created by the proposed project over time and
- Whether the proposed outcomes would be achieved without Government assistance.
- The affordability of finance offered by commercial lenders.

Applications will also be assessed competitively by Jobs for NSW with regards to:

- Market opportunity
- Value proposition
- Execution plan
- Management capability
- Scalability

The applicant organisation's financial position will also be analysed to determine whether the requested loan can be repaid. In order for an application for an AGL to be assessed, applicants must lodge a completed application with all the required supporting documentation. Incomplete or late Applications will not be considered.

Applicants should note that lodging an application does not guarantee that they will receive an Accelerating Growth Loan. Jobs for NSW reserves the right to request further information from the applicant to assess their application (e.g. for the purposes of a third-party credit assessment). If an applicant does not provide the supporting documentation, their Application will be declined.

6.2. Shortlisted applications

Those applications which are ranked most highly will be shortlisted and be subject to due diligence and a financial risk assessment.

Due diligence and financial risk assessments will be undertaken by Veda Pty Ltd (and its subsidiary Corporate Scorecard Pty Ltd), a third party. Applicants may be required to provide additional information to Jobs for NSW, which may be shared with Veda Pty Ltd exclusively for this purpose. At this stage, you will also be asked to provide verification of your identity. The cost of this due diligence screening is \$1,500 (ex. GST) per application, which will be recovered from applicants who are successful in accessing a loan through the pilot.

The applications which best meet the objectives of the Jobs for NSW AGLs with regard to the final scores and the associated financial risk assessment will be recommended to the Jobs for NSW CEO for consideration and approval.

The applications approved by the CEO will be offered loans in order of recommendation until the \$3.5 million allocated for the pilot is committed.

The CEO's decision is final in all matters, including:

- the approval of applications for funding
- the terms and conditions of funding

Jobs for NSW will not be reviewing decisions.

7. If your application is successful

Successful applicants will enter into a loan agreement with Jobs for NSW, which will include a job creation milestone. Funding for successful projects will be provided in accordance with the terms of the agreement and any applicable milestones.

7.1. Standard Loan Agreement

To receive a loan, you must enter into a loan agreement with the Crown in the Right of the State of New South Wales acting through the Department of Industry, Skills and Regional Development trading as Jobs for NSW (ABN 72 189 919 072). A sample of the standard terms is available on jobsfornewsw.com.au.

You will have 10 business days from the date of offer to execute a loan agreement with Jobs for NSW. During this time we will work with you to finalise details. We may withdraw the offer if both parties do not execute the loan agreement within this time. Under certain circumstances we may extend this period.

We will not be able to advance any funds until an executed loan agreement is in place.

7.2. “Know Your Customer”

Before funds can be provided under the loan agreement, the person authorised to act on behalf of the Borrower will need to have their identification verified. The following document(s) will be required to be provided:

Option A

One of:

- current Australian state or territory driver licence or proof of identity card
- Australian passport that is current or has expired within the last two years

Option B

One of:

- Australian or foreign birth certificate or birth certificate extract
- Australian or foreign citizenship certificate

Plus, one of:

- a document issued by the Commonwealth or a state or territory within the last 12 months that shows financial benefits paid to you
- a document issued by the ATO within the last 12 months that shows money to be paid to you or that you need to pay to them (make sure you cross out your Tax File Number)
- a document issued by a local government body or utility provider within the last three months that shows the services provided to you at your address.

7.3. Interest Rate and Security

A fixed concessional interest rate will apply for the loan period under the pilot. The rate will be reviewed and revised, if necessary, in accordance with material changes in the market.

As at 26 August 2016, the interest rate on the loan will be fixed at 9.2% per annum for the term of the Agreement.

Loans may be offered on an unsecured basis, depending on the risk profile of the applicant and the proposed use of loan proceeds. Provision of security is one of the factors that will be considered in the shortlisting process. Further, shortlisted applicants who provide security (i.e. commercial assets, residential assets or director's guarantee) are likely to improve their overall risk profile as assessed in the due diligence and financial risk assessment.

7.4. Advance of Funds

The full amount of the AGL will be paid to the successful applicant's nominated bank accounts. Details for repayment of the loan will be specified in the offer.

Subject to the other provisions of the Loan Agreement, Jobs for NSW will agree to advance the funds equal to the loan amount to the nominated account within 3-5 Business days after the acceptance of the offer. We will make one advance only.

Loans provided to successful applicants will be administered by the NSW Rural Assistance Authority (RAA) – a business unit within the NSW Department of Industry, Skills and Regional Development, on behalf of Jobs for NSW.

7.5. Repayment

The repayment amounts and repayment frequency offered to successful applicants will be a monthly payment in repayment of the loan and payment of accrued interest on the Principal Outstanding.

Interest accrues and is calculated on the basis of a 365 day year and for the actual number of days elapsed. The accrued interest is payable on each payment date as outlined in accordance with the repayment schedule.

Late payments may incur an interest charge of 2% per annum over the Interest Rate.

Conditions relating to loan repayments and defaults will be as detailed in the Standard Terms. At any time during the term of the loan, borrowers may prepay the whole or any part of their loan, without incurring any additional fees.

7.6. Voluntary prepayments

Successful applicants may make a voluntary prepayment on the balance owing without charge providing us with notice of five business days. Your notice must also specify the prepayment date and the amount of the prepayment. The interest charges will be recalculated to reflect your voluntary prepayment.

7.7. How we monitor your progress

Successful applicants will be required to acknowledge their responsibility for monitoring their jobs growth and financial performance, and agree to provide regular financial and business information and progress reports to Jobs for NSW. Reporting intervals are generally on a quarterly basis, but will be negotiated and agreed with Jobs for NSW prior to execution of a loan agreement.

Successful applicants will also be required to proactively notify Jobs for NSW of any changes to their financial position which may impact their ability to service and repay their loan within the loan term.

8. Other things you should know

8.1. Costs of making an application

Submitting an application does not guarantee funding. Applicants are responsible for all costs incurred in the preparation and lodgement of their application.

Due diligence will be conducted on shortlisted applications by Veda Pty Ltd, through their subsidiary Corporate Scorecard. The cost of this due diligence screening is \$1,500 (ex. GST) per application. The costs of due diligence screening will be recovered from applicants who are successful in accessing a loan under the pilot.

Jobs for NSW may withdraw program funding for any reason and in any circumstances.

Applicants should read the Pilot Guidelines to be fully informed of the requirements.

8.2. Confidentiality and Privacy

Jobs for NSW will treat information received in applications as confidential. However, documents Jobs for NSW holds are subject to the *Government Information (Public Access) Act 2009* ("GIPA Act"). This means that the information contained in application forms and other information you provide may be released in response to a request lodged under the GIPA Act.

If your application is successful, the information provided in and supporting this application will form part of an agreement with Jobs for NSW in respect of any assistance provided. It is a condition of any assistance that you must reach an agreement with Jobs for NSW on any public announcement of the project in NSW and the State Government's role in any official launch of the project.

In the case of unsuccessful applications, Jobs for NSW may publish the number of unsuccessful applications, but would not disclose the details of the applicant or proposal. Any publications and reporting would be conducted in accordance with the reporting requirements of Jobs for NSW in the *Jobs for NSW Act 2015* and the recommendations of the NSW Auditor-General's Report, 'Performance Audit – Government Assistance to Industry'.

Where Jobs for NSW collects personal information from an applicant for the purposes of assessing eligibility for a loan, this information may be disclosed to staff administering the program, Our Community Pty Ltd and to Veda Pty Ltd (and its subsidiary Corporate Scorecard), in order to assess and administer the application. If the applicant does not provide this information Jobs for NSW will not be able to assess the application. This information will

be held by Our Community Pty Ltd and by Jobs for NSW. Information on how to contact Jobs for NSW regarding your information is available at <http://www.industry.nsw.gov.au/privacy>.

8.3. Publicity

If the applicant receives assistance, Jobs for NSW reserves the right for such assistance to be the subject of publicity and/or used for case studies.

Any assistance will be conditional on agreement being reached with Jobs for NSW on any public announcement of the project and the State Government's role in any official launch of the project.

No public announcements should be made (by any parties) regarding applications prior to agreements being signed.

8.4. Disclaimers

These Guidelines have been prepared to provide general information about the Pilot and does not contain all terms and conditions in connection with a successful loan application. If you are successful, please ensure you read the loan agreement and supporting legal documentation carefully. While every effort has been made to ensure this document is accurate, should there be any inconsistencies between these guidelines and the loan agreement, the loan agreement always takes precedence.

These Guidelines contain information of a general nature only and does not constitute financial advice by Jobs for NSW or the NSW Government. Jobs for NSW recommends that each applicant obtains its own independent financial and legal advice before entering into a loan agreement and associated documents.

9. How to contact us

For further information or clarification you can contact us on 1300 562 679 or send an email to accelerate@jobsforNSW.com.au.

Appendix A. Glossary

This section of the document contains definitions of terms used in relation to the AGL pilot program, including in the application form.

Authorised Applicant	means any director or company secretary of a business organisation that has lodged an Application for an Accelerating Growth Loan
Business Day	means a day (not being a Saturday, Sunday or public holiday) on which banks are generally open for business in New South Wales
Commercial in confidence information	means all trade secrets, financial information and other commercially- or scientifically-valuable information of whatever description and in whatever form (whether written or oral, visible or invisible) which: (a) is by its nature confidential; (b) a party has designated as confidential; (c) is capable of protection under statute law, at common law or equity as confidential information; or (d) is derived or produced partly from information described in (a), (b) or (c) above. It does not include information that: is in the public domain; or a party receiving the information independently knows or develops other than as a result of a breach of an agreement or any other obligation of confidentiality owed by or to any other person.
Intellectual Property	Intellectual property (IP) is the property of your mind or proprietary knowledge. Basically, IP is the productive new ideas you or your company creates. IP may be an invention, trade mark, design, brand, or the application of your idea.
Operating Expenses	means the day-to-day costs of operating a business in order to derive income. It excludes items whose use normally extends for more than the current accounting period (normally one year)
Pilot	means the pilot of the Accelerating Growth Loans program.
Project	means any project referred to in an application and/or that is being funded under the AGL pilot.
Regional NSW	means all areas of NSW outside the metropolitan areas of Sydney, Newcastle and Wollongong and is defined in terms of Local Government Areas (LGAs). <i>Please see detailed information on these areas at the end of this table.</i>
Staff expenses	means expenses associated with wages and training only.
Subsidiary	Any entity, that has the meaning given in the Corporations Acts but as if "body corporate" includes any entity. It also includes an entity required by Accepted Accounting Principles to be included in the consolidated annual financial statements of that entity or that would be required if that entity were a corporation.
Successful applicant	means an eligible applicant that satisfies the loan assessment criteria and has been offered a loan through the AGL Pilot.

Appendix B. Regional NSW

Businesses in Regional NSW are eligible and welcome to apply.

Regional NSW refers to all areas of NSW outside the metropolitan areas of Sydney, Newcastle and Wollongong.

Other areas of NSW are considered 'metropolitan' for the purposes of the AGL.

The following Local Government Areas (LGAs) are defined as 'Regional NSW' under the AGL pilot (note these are subject to any LGA changes, including the pending merger proposals under the NSW Government's *Stronger Councils* policy):

- *Far West*: Broken Hill; Central Darling; Unincorporated
- *Orana*: Bourke; Bogan; Brewarrina; Cobar; Coonamble; Gilgandra; Mid-Western Regional; Narromine; Walgett; Warren; Warrumbungle; Western Plains Regional.
- *Northern Inland*: Moree Plains; Narrabri; Gunnedah; Liverpool Plains; Gwydir; Inverell; Tamworth Regional; Uralla; Walcha; Armidale Regional; Glen Innes Severn; Tenterfield.
- *Northern Rivers*: Tweed; Kyogle; Lismore; Byron; Ballina; Richmond Valley; Clarence Valley.
- *Mid North Coast*: Coffs Harbour; Bellingen; Nambucca; Kempsey; Port Macquarie Hastings; Mid-Coast.
- *Hunter*: Upper Hunter; Muswellbrook; Singleton; Dungog; Maitland; Cessnock; Lake Macquarie; Port Stephens. (Note Newcastle is not regional under the Jobs for NSW Act).
- *Central Coast*: Central Coast.
- *Central West*: Lachlan; Bland; Parkes; Forbes; Weddin; Cowra; Cabonne; Orange; Blayney; Bathurst Regional; Lithgow; Oberon.
- *Murray*: Wentworth; Balranald; Murray River; Edward River; Berrigan; Federation; Albury; Greater Hume.
- *Riverina*: Carrathool; Hay; Griffith; Murrumbidgee; Leeton; Narrandera; Lockhart; Wagga; Wagga; Coolamon; Snowy Valleys; Temora; Junee; Gundagai.
- *Illawarra*: Shellharbour; Kiama. (Note Wollongong is not regional under the Jobs for NSW Act).
- *Far South Coast*: Shoalhaven; Eurobodalla; Bega Valley.
- *Southern Inland*: Hilltops; Upper Lachlan; Wingecarribee; Yass Valley; Goulburn Mulwaree; Queanbeyan-Palerang; Snowy Monaro Regional.