

Jobs for NSW

Loan Guarantees

Frequently Asked Questions

What is the Loan Guarantee Program?

Loan Guarantees are a new initiative aiming to drive jobs and business growth in NSW by providing established and scalable, fast-growth businesses with capital to address barriers in accessing sufficient finance from commercial sources.

Access to adequate early-stage funding is a key accelerator of growth. Through this program, Jobs for NSW will guarantee up to 50% of a loan amount from an approved financial institution (up to \$5 million of the loan total). The loan is to be used to scale the business and to create new jobs in NSW.

The Loan Guarantee 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

What is a Loan Guarantee?

A Loan Guarantee is a promise by one party, in this case Jobs for NSW ('Guarantor'), to provide a guarantee to the Financial Institution ('Lender') that a portion of the loan amount is repaid, mitigating some of the risk for the financial institution.

Which Financial Institutions can Jobs for NSW provide a guarantee to?

Jobs for NSW can provide a guarantee to Financial Institutions that are Australian Authorised Deposit-taking Institutions (ADIs). A list of ADIs can be found at apra.gov.au/adi/pages/adilist.aspx.

What funding is available?

Individual Loan Guarantees can be up to \$5 million but no more than 50% of the value of the loan.

Who can apply for a Loan Guarantee?

To be eligible for a Loan Guarantee, fast-growth businesses must have the following characteristics:

- have a registered ABN and be an incorporated company

- employ a minimum of 5 people (this may include full-time, part-time and casual employees)
- be creating a minimum of 30 additional Full-Time Equivalent (FTE) jobs within three years in NSW
- demonstrate that they have been unable to access sufficient funds from the Lender to facilitate a business expansion

How can a business benefit from a Loan Guarantee?

Loan Guarantees allow for access to funding which banks would not support without a partial loan guarantee. A Loan Guarantee by the NSW Government (AAA rated) can both influence lending decisions by banks and could result in a lower interest rate for the borrower.

How can a Loan Guarantee be used?

Loan Guarantees may be used to scale operations through working capital leading to job creation in NSW.

What are the terms of a Loan Guarantee?

Jobs for NSW will partner with financial institutions and, subject to job creation opportunities, will provide a financial loan guarantee of:

- up to 50% of the amount lent to the fast-growth business by a financial institution, to a maximum of \$5 million, depending on the proposal
- repayment term of typically two to five years
- a guarantee fee will be charged by the guarantor and will be based on the specific loan request, use of funds and financial performance of the borrower
- milestone reporting arrangements will be negotiated taking into account the transaction and the purpose of the Loan Guarantee
- the terms of the loan will be established by the Lender

How are fees charged for Loan Guarantees?

Fees and terms for Loan Guarantees will be calculated on a project-by-project basis, taking into account:

- The loan rates by the Lender are typically determined on a case-by-case basis; the same applies to the guarantee fee charged by the Guarantor. Both depend on:
 - the risk profile of the applicant and the proposed use of loan proceeds
 - the requested term of the Loan Guarantee
 - duration of the loan

What costs are associated with applying?

Due diligence and financial risk assessments on shortlisted applications will be undertaken for Jobs for NSW by a third party advisor, Equifax Australasia Credit Ratings Pty Limited. The cost of this screening is \$4,895 (inc. GST) per application, which will be recovered from applicants who are successful in accessing a Loan Guarantee.

The applicant will also be charged legal costs associated with preparing documentation. Other costs associated with producing an application are borne by the applicant.

How do I apply for a Loan Guarantee?

In the first instance, you should speak with your financial advisor (e.g. licensed financial advisor, accountant, bank manager) to assess the suitability of a Loan Guarantee for your business.

To learn more about the loan products please contact a Jobs for NSW Client Engagement Advisor by calling 1300 JOB NSW (1300 562 679) or emailing enquiries@jobsfornew.com.au.

To commence an application, please complete the Preliminary Application form at jobsfornew.com.au

My project will create more than 30 FTE jobs, but not within the first three years of commencement, is it eligible?

No. Eligibility criteria for a Loan Guarantee require that the project will accelerate the growth of your business. This must be done by directly adding the equivalent of at least 30 FTE jobs in your business in NSW within three years.

Do I need to employ 30 full-time staff to be eligible for this product?

No. We require a minimum of 30 FTE jobs within three years. The FTE reflects a 35 hour work week and can comprise more than 30 individuals working on a full-time, part-time or casual basis.

If my project creates new jobs in NSW, but not within my organisation, am I eligible to apply for funding?

No. New jobs being created as a result of the project must be directly created within the applicant organisation.

Can I apply for a Loan Guarantee if my project was previously assessed by Jobs for NSW and deemed ineligible?

Yes. Any new application will be assessed separately and would be subject to the eligibility criteria and assessment processes of the relevant program.

What are the terms and conditions of the Loan Guarantee?

The Loan Guarantee product comes with Standard Terms and Conditions. If you meet the eligibility criteria, Jobs for NSW can provide the terms and conditions of the Loan Guarantee. You should seek financial advice and obtain independent review of your legal obligations before entering into an agreement.

Can I apply if my business headquarters is located overseas or in another state?

Yes, however you may only apply if the project site address is located in NSW and jobs are being created in NSW. To be eligible for a Loan Guarantee your business must have a registered ABN and be an incorporated company.

Can an agent apply on my behalf?

All applications must be completed by a person who is authorised to submit the application on behalf of the applicant organisation.

How will my application be assessed?

Jobs for NSW will assess each application on its merits after receipt of the application.

Key considerations will be based on:

- The applicant's eligibility for the program
- The extent and nature of the jobs created
- The creation of 'additional' jobs in NSW, being jobs that would not otherwise be created in the absence of Jobs for NSW support
- The ability of the company to service the loan, based on current and future cash flows, justified by contracts and/or pipeline

Applications will also be assessed competitively by Jobs for NSW on the information provided by the applicant with regard to the following assessable areas:

- Market opportunity
- Value proposition
- Management capability
- Scalability
- Other items that impact the performance of the business

The approval process requires that any application for funding fits within the strategic objectives of Jobs for NSW, and each funding request will be assessed

against the Jobs for NSW Project Assessment Framework. Clients will also be asked to provide information and complete a due diligence interview for a credit assessment. The Jobs for NSW approval process requires Board and Ministerial approval.

When will my application be assessed?

Applications will be assessed on a competitive basis following the receipt of completed application forms. Your Jobs for NSW Client Engagement Advisor will advise you as your application progresses through the assessment framework.

Who will be assessing my application?

Jobs for NSW, with due diligence and financial risk assessments on shortlisted applications undertaken for Jobs for NSW by a third party advisor, Equifax Australasia Credit Ratings Pty Limited.

Will the information I provide in the application be secure?

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, SmartSimple Software Inc. and to a credit assessment agency 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.

Information collected will be held by SmartSimple Software Inc. Information on how to contact Jobs for NSW regarding your information is available at industry.nsw.gov.au/privacy.

Can I make edits to an application that has already been submitted?

If you have made a mistake in your submitted application please contact Jobs for NSW on 1300 562 679.

When will I know if my application has been successful?

After the completion of the assessment process, Jobs for NSW will contact you to advise the outcome of your application, using the contact details supplied in the application form. Your Client Engagement Advisor will keep you fully informed throughout the assessment process.

Can I contact someone if I need help with my application?

Yes, you may phone Jobs for NSW on 1300 562 679 or email enquiries@jobsforNSW.com.au.

However, please note that advice provided will relate only to the program criteria and how to complete the application form, 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 Guarantee.

Where can I find more information?

Please call Jobs for NSW on 1300 562 679 or email enquiries@jobsforNSW.com.au.