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## **AUDITOR-GENERAL'S REPORT**

### **Government Assistance to Industry**

The NSW Acting Auditor-General, Tony Whitfield, today released a report on the effectiveness of government assistance to industry. Governments provide assistance to industry for a number of reasons, including facilitating economic growth, increase employment, support regional development, or grow priority industries.

The audit examined seven programs administered by the former Department of Trade and Investment, Regional Infrastructure and Services that provide at least \$2 million per year in grants and subsidies to industry. This included the State Investment Attraction Scheme and Regional Industries Investment Fund.

“The Department was unable to demonstrate that assistance provided to industry was effective in achieving development objectives,” said the New South Wales Acting Auditor-General, Tony Whitfield. “The lack of principles or guidelines on when it is appropriate to give taxpayer money to private businesses for the purpose of industry development is a concern for public accountability,” he added.

#### **No agreed definition of industry assistance or rationale for its use**

There is no agreed definition of industry assistance and no overarching rationale for its use. The Department advises that addressing a government priority is a rationale for using industry assistance. However, there are many ways to achieve outcomes sought by government. Industry assistance is one lever among many.

#### **No comprehensive program evaluations**

The Department has not comprehensively evaluated any of its industry assistance programs.

“It is unclear whether programs have been achieving their objectives or that current program design is the most efficient mode,” said the Acting Auditor-General.

#### **Reporting on industry assistance programs limited**

Information was published about the expected benefits of assistance programs in terms of jobs, capital investment and exports. However, reporting was inconsistent. Payments were linked to milestone achievement for a number of programs, but the Department did not report on whether benefits were sustained after payment.

#### **Insufficient detail published about some recipients**

Two of the main industry assistance programs - Regional Industries Investment Fund and State Investment Attraction Scheme - did not provide sufficient information about where and how taxpayer money is being spent. The Arts and Cultural Development Program is a good example of what information should be published.

“While the Department must take confidentiality and future applicant expectations into account, the public also deserve to know where its money is being spent,” said Mr Whitfield.

#### **No clear targets for industry assistance programs**

While industry assistance programs set broader goals - largely economic - none set targets for their contribution to former NSW 2021 goals or other Government strategic goals. This limits the Department's accountability for results.

**Unclear whether programs aligned with government priorities**

The Department did not consistently record information on the industries it selected for assistance. Without this information, it cannot demonstrate how its industry assistance programs aligned with the Government's industry priorities. Better collection, analysis and reporting will help to ensure that industry assistance is appropriately targeted.

**Cost-benefit analysis provides rigour but benefits not followed up**

The Department rarely follows up to check whether benefits are being sustained after the industry assistance ceases. It does conduct detailed cost-benefit analysis prior to providing assistance for projects over \$200,000.

**Further Information**

For further information, please refer to the report's [executive summary](#) or [full report](#) on the Audit Office website.

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