



# Investment Attraction Incentives 2018-2021

## Guidelines and Application Requirements

Economic Development & Strategy Branch

## **OVERVIEW AND INTENT**

The City of Logan Investment Attraction Incentive Fund (IAIF) are available to businesses to attract future investments in key strategic industries, where the nature and scale of the proposed investment will stimulate significant economic and community benefits, diversity and value-add to the wider regional economy beyond the growth of the business itself.

The IAIF is a discretionary scheme which seeks to attract and support projects that will deliver the greatest benefits to the City of Logan. The focus of the incentives package is on projects that will:

- create new jobs;
- create direct value-add through construction and operations;
- catalyse additional investment;
- catalyse growth in a key strategic area; and
- support growth of other companies.

All applications for the City of Logan Incentives Package will be assessed on a quarterly basis by the Assessment Panel. These meetings are scheduled to take place on (subject to change):

- September 2019;
- December 2019;
- March 2020; and
- June 2020.

Council requires applications to be submitted at least ten (10) business days prior to these meetings for the application to be considered by the panel at the next review.

Applicants will be advised of the outcome of their application within 30 days of the Panel meeting.

## **KEY TARGET SECTORS**

The IAIF is specifically targeted to businesses in the following industries:

- advanced manufacturing;
- transport and logistics;
- health and medical;
- professional and business services;
- emerging and innovative industries;
- agricultural and bio-technology; and
- tourism infrastructure.

## **MINIMUM ELIGIBILITY CRITERIA**

The following minimum eligibility criteria have been developed to ensure the efficacy and targeted use of financial incentives. Please refer to Eligibility Table 1 on page 5 for further detail.

1. Minimum capital investment of \$2 million.
2. Minimum of ten (10) new Full Time Equivalent (FTE) jobs created.
3. Project is contestable.
4. Proven commercial viability of the project.
5. The company has been operational for more than 2 years.
6. The project does not cause significant detriment to, and/or be in substitution for, existing businesses in the city.



A further condition related to eligibility is (subject to milestones):

- Construction projects must commence capital works (confirmed financial commitment to proposed location) within 12 months of written confirmation that the IAIF application has been successful.
- Non-construction projects must be operational within twelve (12) months of written confirmation that the IAIF application has been successful.

## **INELIGIBLE BUSINESSES AND PROJECTS**

The following projects, activities and organisations may not be eligible for direct financial assistance:

- A project where the primary focus is retail, wholesale, importing, property development or non-value-adding production;
- A project which can be more appropriately funded by another government program;
- Planning, pre-feasibility and feasibility work;
- Provision of working capital or funds to service financing arrangements;
- Offshore investment;
- Individual product promotion;
- Production and routine operations;
- Government departments or agencies, government-owned corporations or regional development organisations; and
- Funding will not be provided retrospectively.

## **APPLICATION PACKAGE**

In order to assist in the determination of the request for an incentive, Council requires a comprehensive proposal outlining detailed information regarding both the proponent company and the project.

The information requirements are set out in the Application Package. This includes:

- Application Checklist
- Application Form and additional documents

### Application Checklist

The Application Checklist provides an easy reference for applicants to ensure they have included all of the supporting documents and information for their application.

### Application Form

The Application Form sets out the required information that applicants must submit for their applications to be considered for the IAIF. The below provides further clarification on the information that is to be provided to Council.

1. Company Overview – Summary of the company that includes the Executive Summary of a company's Business Plan, the core function, the goods and services offered, vision statement, business goals over the next 5 years and the key milestones to achieve this.
2. Organisational Chart – Include a diagram that shows the structure of the organisation, the relationships, job titles and reporting hierarchy.

3. List of Board Members – Include the names and positions/titles of each board member (If applicable).
4. Management Capability - Include a capability statement on the senior management of the company which includes, their name, their role, area of expertise, length of service with the company and their key skills or strengths.
5. Project Overview – Summary of the project that includes what the project is, what it intends to achieve, how it will be funded, when the company expects to make a return from the project, timeline for construction and/or operations. This includes a section to provide evidence of current and future employee numbers based on a Full-Time, Part-Time and Casual basis.
6. Capital Expenditure – Provide an overview of the proposed capital expenditure and one-off (non-operational) costs associated with the project. Information required includes, where relevant, the amount of capital expenditure for the project into the following categories:
  - a. land and buildings
  - b. plant and equipment
  - c. technology
  - d. intellectual property
  - e. infrastructure
  - f. Other one-off establishment costs e.g. Relocation and fit-out costs

**Please refer to the Capital Expenditure Summary Sheet, which is included in the application package, to complete this section.**

7. Employment details - applicants must provide a breakdown of existing employment levels by category on a Full Time Equivalent basis as well as the projected employment levels once the project is complete.

**Please refer to the Employment Categories Summary Sheet, which is included in the application package, to complete this section.**

8. Contestability – Provide documented evidence that other sites outside the City of Logan are being investigated for this project.
9. Commercially viable – Applicants must prove that the project is fully funded and would proceed without the assistance of Council's Investment Attraction Incentive. Council requires applicants to submit at least 2 of the following:
  - a. Financial Plan;
  - b. Profit & Loss Statements for the past two (2) financial years;
  - c. Statement guaranteeing finance from a financial institution;
  - d. Other financial proof.
10. Competitors – Applicants must list their major competitors and if they know of any operating in the City of Logan.
11. Summary of benefits – Provide an overview on the positive affect that this project will have for the City of Logan and why funding should be allocated to this project. Include supply chain benefits the project will provide, the creation of opportunity for local employment, integration with the local community, philanthropy, any current business networks or memberships and the company's willingness to participate in local business networks.
12. Government Grants – List all of the successful applications to either State or Federal grants and/or programs that the applicant has received. Applicants can also include successful international grants and other business awards they have received.

**It should be noted that all information provided by the applicant will remain Commercial in Confidence.**

#### **APPLICATION PROCESS**

- a) Initial meeting with Council's Economic Development & Strategy Branch (mandatory) to discuss eligibility and process.
- b) Applicant submits application form and supporting information
- c) Economic Development & Strategy officers prepare a report summary to form the agenda for the Investment Attraction Incentive Fund Panel meeting.
- d) Investment Attraction Incentive Fund Panel meetings to be convened on a quarterly basis to assess applications.
- e) Applicant notified of the outcome of the Investment Attraction Incentive Fund Panel meeting. If successful, applicant will be provided with a formal offer and contractual agreement.
- f) Reporting and milestones established through contractual agreement.
- g) Applicant will submit milestone reports to effect payment of funds.
- h) Monitoring and reporting for the period of the agreement.

Successful applications will receive an offer of financial assistance. If the business accepts the offer, it will enter into a formal agreement with the City of Logan which will outline the terms and conditions of the financial incentive.

Once signed by both parties the agreement becomes legally binding. The payment of incentives is through reimbursement of approved costs incurred.

Financial assistance (where granted) will be provided once the project is completed with documentary evidence of expenditure.

**Table One - Eligibility Criteria**

<p><b><u>Eligibility Criterion 1</u></b>  <i>A minimum capital investment of \$2 million</i></p>	<p>Applicants must show that their project will have a minimum capital investment of AUD \$2 million.</p> <p><b>Owner occupier:</b> Capital expenditure will include costs associated with land purchases, construction and fit out of the building, as well as transportation costs, new technology, equipment and other identified costs.</p> <p><b>Leasing (New construction):</b> Ensure that the owner/developer is included as a co-applicant. In this scenario the owner/developer will also need to complete an application form.</p> <p><b>Leasing (existing):</b> Include the costs associated with fit out of the building, as well as transportation costs, new technology, equipment and other identified costs. Leasing arrangements will <b>not</b> be able to be included as a capital cost.</p>
<p><b><u>Eligibility Criterion 2</u></b>  <i>Minimum of Ten (10) new Full Time Equivalent (FTE) jobs created – these must be genuine ‘new’ jobs, not transported or relocated workforce.</i></p>	<p>The applicant must increase their employment base by at least 10 new FTE positions to be eligible for the fund. These must be genuine new jobs. Jobs that are being transferred or relocated from an old or existing company site are not to be included in the application. The applicant can combine the hours of new Part Time or Casual staff to create the equivalent of a full time employees hours. For the purpose of this application, 36.25 hours are considered Full Time hours. Contract staff are deemed ineligible and are <b>not</b> to be included in this total.</p>
<p><b><u>Eligibility Criterion 3</u></b>  <i>Project is contestable, i.e. the company is or has been (and can provide evidence) of consideration of other locations and would not otherwise happen in the City of Logan.</i></p>	<p>Provide details on potential sites outside the City of Logan that are being considered for the project. Evidence can be in the form of correspondence (emails, completed application forms etc.) between the applicant and commercial real estate agents or other investment groups, including Local, State or Federal Governments and International Investment groups.</p>
<p><b><u>Eligibility Criterion 4</u></b>  <i>Proven commercial viability of the project in the absence of any financial assistance.</i></p>	<p>The applicant must demonstrate that the project is fully funded and would be able to operate without the assistance of the City of Logan’s Investment Attraction Incentives.</p>
<p><b><u>Eligibility Criterion 5</u></b>  <i>Is a registered company that has been operational for more than 2 years, is affiliated with a parent company or whose directors have extensive, prior experience in business management.</i></p>	<p>The applicant must demonstrate that the company applying for the Investment Attraction Incentives has been in operation for more than 2 years. If this is not the case, the applicant must demonstrate that the senior management of the applying company have extensive experience in running and starting other companies. If the applying company is an off-shoot or wholly owned subsidiary of a parent company, they can also include this as evidence of capability.</p>
<p><b><u>Eligibility Criterion 6</u></b>  <i>Project does not cause significant detriment to, and/or be in substitution for existing businesses in the City</i></p>	<p>The applicant must demonstrate that their business will not adversely affect or replace existing businesses within the City of Logan. The applicant must have a net positive impact on the region and not simply absorb existing jobs.</p>