

Economic Development Assistance Policy

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Document Control

| Responsible GM | Tim Ellis | |
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| Division | Regional City Strategy and Transition | |
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| | | |
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1. Background

This policy relates to the following SMART Strategic Directions from the Council Plan 2021:

Latrobe City has a highly skilled workforce, access to education and training and we are invested in growing the capacity of our community, supporting innovation and invention.

We are focussed on creating opportunities and exploring health innovation, digital industries, alternative energy and value added advanced technology and manufacturing. We support diversification of our industrial base and the development of opportunities for highly skilled employment into the future.

2. Objectives

The objective of the Economic Development Assistance Policy is to provide guidance to Council and a substantive framework for the provision of economic assistance to facilitate new investment, diversification of the municipality's industrial base and improvements in skills to achieve additional employment in Latrobe City.

The policy is also designed to facilitate local industrial and manufacturing industry to be internationally competitive and to build on to the unique strengths and competitive advantage of the region. This assistance is evidence of the Council's commitment to increasing employment opportunities throughout the municipality.

3. Scope

The policy is designed to attract new employers and to facilitate expansion of existing employment providers in Latrobe City. This specific aim is designed to encourage expansion by the provision of some form of direct individual financial assistance.

4. Principles of Management

4.1 Policy Implementation

4.1.1. Range of Assistance Available

Without limiting the options available, individual packages may include:

Non-Monetary Assistance

- Provision of statistical data;
- Provision of information on the local business environment including relevant networks;
- Facilitation of investment through identifying potentially suitable premises;
- Support in dealing with legislative and approval processes; or
- Assistance in gaining state or federal government financial aid.

Monetary Assistance

- Waiving of Council fees;

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- Rate relief;
- Infrastructure contributions (roads, parking, etc);
- Assistance in connection of services;
- Facilitation of consolidation/aggregation of sites;
- Transfer of Latrobe City Council land at reduced cost;
- Purchase or head lease of land and sub-lease;
- Construction of premises for purchase or lease;
- Contribution towards adaptation or fit out of buildings;
- Staff training;
- Staff relocation and settling-in expenses;
- Equipment, purchase or lease; or
- Provision of consultant advice to assist with gaining state or federal government financial aid.

The package of measures adopted in each case will depend on individual circumstances and may change or evolve as negotiations progress. Each individual financial assistance package may involve some risk exposure for Latrobe City Council; this risk will be assessed in each case and managed relative to the merits of the economic development proposal in question.

4.1.2. Preference for Non Direct Financial Assistance

Wherever possible, non-direct financial incentive assistance measures should be employed as a preference, with monetary support offered only if deemed necessary to secure an investment. Non direct financial incentive assistance can include a range of measures targeted to meet the identified needs of the project as outlined in Section 4.1.1.

4.1.3. Individual Financial Assistance Packages

Where there is a demonstrated benefit to Latrobe City in terms of job creation, strategic advantage or new investment, Council may offer individual financial assistance packages to economic development prospects, tailored to suit individual business needs. In addition to this, officers will investigate state or federal government assistance that may be available, either as stand alone funding or in partnership with Council.

All agreements between Latrobe City Council, individuals or corporate entities will be in writing detailing all aspects of the agreement and the responsibilities of each party.

Whenever an assistance package results in an identifiable cost to Latrobe City Council, this cost should be quantified and subjected to risk and benefit assessment (see below). In doing so, it is imperative that Council not become involved with businesses which will only survive in an environment of ongoing direct support.

4.1.3.1 Maximum Period

Financial Assistance Packages will be granted for a maximum of three years unless otherwise authorised by Council.

4.1.3.2 Benefit Assessment

Each economic development prospect will be assessed on a case by case basis. In determining the level of economic development assistance, the following factors will be regarded as beneficial:

- Number of direct jobs created;
- Indirect jobs likely to result;
- Likely sustainability of jobs created;
- Expansion potential;
- Extent of new investment;
- Diversification of the local economy;
- Strategic linkages to other industries;
- Impact on existing businesses or suppliers within Latrobe City;
- Demonstration effect or civic image impact; or
- Level and type of community engagement by the firm, examples may include community sponsorship or volunteerism..

4.1.3.3 Confidentiality

To strike a balance between the imperative of transparent governance and the necessity for maintenance of commercial confidentiality, Council will initially deliberate on a proposed financial assistance package under "Items closed to the Public".

Subsequently, if Council resolves to approve assistance, this will generally be reported at an open Council meeting unless Council approves full confidentiality status. It will be incumbent on the company to demonstrate why some or all agreement details should be kept confidential.

4.1.4. Risk Assessment

Each individual financial assistance package shall be at a value appropriate to the general funding guide and budget funding available, and undergo a risk assessment to ensure Latrobe City Council's exposure is minimised.

In tailoring specific assistance packages Latrobe City Council must be satisfied that the applicant is committed to the project and is able to provide evidence that they have or will invest in the proposed project. Evidence must also be produced that the project is a sustainable one.

In addition, the following guidelines will be observed:

4.1.4.1 Grants to Private Sector Bodies under \$5,000

Grants at this level of funding will not require a formal risk assessment. However, basic Australian Securities and Investment Commission (ASIC) searches for company and director status will be undertaken and the applicant will be requested to provide a business plan and current financial statements for the Economic Investment and Transition Unit to inspect.

4.1.4.2 Grants to Private Sector Bodies between \$5,000 and \$50,000

Grants at this level will require the submission of externally audited financial statements for the previous two years, and cash flow forecasts for the next 12 months. Latrobe City Council will conduct searches to confirm the present legal status of companies, directors and authorised officers. A grant at this level may be required to be independently underwritten to the full allocation.

4.1.4.3 Grants to Private Sector Bodies over \$50,000

Grants at this level of funding will require Latrobe City Council to assess all components of point 4.2 above. In addition, a formal financial condition report will be sought at the expense of Latrobe City Council from an appropriate Mercantile Agent, member of the Australian Society of Certified Practising Accountants or a registered member of the Institute of Chartered Accountants in Australia. An externally prepared strategic business plan and / or feasibility study for the proposed project must also be submitted specifying how the funds granted by Council will be utilised.

A grant at this level may be required to be independently underwritten to the full allocation.

4.1.5. Delegations

In negotiating economic development assistance, the ability to flexibly enter into reasonable commitments is important both to succeed in individual cases and to create an image of Latrobe City Council as a commercially-driven organisation.

To strike a balance between this objective and maintaining sound Latrobe City Council supervision of finance and risk, the Chief Executive Officer is authorised to approve a grant of up to \$50,000 subject to the following.

No delegation is provided for:-

- Entering into equity involvements in businesses or provision of loan arrangements;
- Financial Assistance Packages exceeding three years;
- Construction of premises for purchase or lease; or

- Leasing or purchase of premises.

Financial assistance over \$250,000 will be considered for approval by Council at an Ordinary Council meeting consistent with Section 4.1.3.3 of this policy.

4.1.6. Accountability Mechanisms

Each assistance grant will be monitored by Latrobe City Council to ensure that the beneficiaries strictly observe all the obligations under any grant agreement. Where funding is provided for the creation of employment places Latrobe City Council will establish a process to verify the accuracy of employment figures.

4.1.6.1 Legal Agreement

The company will be required to enter into a legal agreement with Latrobe City Council, tailored to individual circumstances as required.

4.1.6.2 Monitoring

Any company receiving direct financial assistance will be required to report on the project and account for any monies advanced by the Council at intervals sufficient enough to enable Latrobe City Council to be kept up to date on the status of the project. Such report must be certified by a responsible officer of the business.

4.1.6.3 Annual Return

Each year for the duration of the agreement the company will be required to submit an annual return, reporting on pertinent aspects of the legal agreement and authenticated via statutory declaration. For grants over \$50,000, annual returns will be assessed for compliance by an appropriate Mercantile Agent, member of the Australian Society of Certified Practising Accountants or a registered member of the Institute of Chartered Accountants in Australia. A summary report on all current projects shall be prepared for Latrobe City Council annually

4.1.6.4 Breaches

Latrobe City Council will investigate and formally report on all cases where there is evidence to suggest that a beneficiary is in substantial default of its contractual obligations and has failed to comply with all reasonable reminders. A formal legal opinion will be sought in any case where the interest of Council may be prejudiced.

5. Accountability and Responsibility

Accountability and responsibility for this policy is outlined below.

5.1 Council

- Responsibility to ensure this Policy is consistent with Latrobe City Council Strategic Direction and other Latrobe City Council Policy
- Responsibility for the decision to approve this Policy by Council Resolution

5.2 Chief Executive Officer

- Overall responsibility for compliance with this policy
- Overall responsibility for enforcing accountability
- Overall responsibility for providing resources
- Overall responsibility for performance monitoring

5.3 General Manager

- Responsibility for compliance with this policy
- Responsibility for enforcing accountability
- Responsibility for providing resources
- Responsibility for performance monitoring

5.4 Manager

- Develop frameworks and procedures in compliance with this policy
- Enforce responsibilities to achieve compliance with frameworks and procedures
- Provide appropriate resources for the execution of the frameworks and procedures

5.5 Employees, Contractors and Volunteers

- Participate where required in the development of frameworks and procedures in compliance with this policy.
- Comply with frameworks and procedures developed to achieve compliance with this policy.

6. Evaluation and Review

This policy will be reviewed on request of Council, in the event of significant change in the Executive team, significant changes to legislation applicable to the subject matter of the policy or, in any other case, during each Council term (generally four years).

7. Definitions

Include definitions of any words which are critical to the interpretation of the policy or whose meaning is distinguishable from common use/understanding.

8. Related Documents

List all related Latrobe City Council Policies, Frameworks and Procedures.

9. Reference Documents

List any external reference materials, such as Acts, Regulations, Guidance, Industrial Instruments, Planning Instruments, etc.

10. Appendices