

Investment Attraction Policy

Reference Number:	Section 4 No. 02
Responsible Department:	Economic Development
Related Policy/Procedure:	See section 4
Date of Adoption:	25 August 2020
Current Review Date:	N/A
Minute Reference:	2020/142
Version Number:	Original
Applicable Legislation:	Local Government Act 1999
Next Review Date:	August 2023
Review Frequency:	Triennially

1. PURPOSE

- 1.1 The Investment Attraction Policy (the Policy) provides the strategic context and governance platform to support Council's Investment Attraction Framework.
- 1.2 This Policy:
 - 1.2.1 defines investment attraction and its relevance to Council's Economic Development Plan 2020-2030
 - 1.2.2 articulates the service principles that underpin Council's Investment Attraction Framework and expectations in relation to these principles
 - 1.2.3 establishes the circumstances within which investment attraction activities should and should not occur
 - 1.2.4 establishes the scope for investment attraction activities and the range of incentives that can be considered
 - 1.2.5 provides for appropriate due diligence to underpin any incentive mix offered by Council to a potential investor and
 - 1.2.6 prescribes the consultation, assessment, approval authorities, reporting and monitoring arrangements to apply to Council's Investment Attraction Framework to ensure that its administration occurs in a transparent and accountable manner.

2. POLICY OUTCOME

This Policy seeks to encourage the ongoing diversification and evolution of the local economy, remaining resilient and adaptive to disruption and change. It will facilitate greater economic diversity, more local jobs and investment with increased levels of innovation and adaption to grow the economy at a rate amongst the highest in regional South Australia.

3. POLICY SCOPE

- 3.1 This Policy applies to all dealings with commercial entities where those dealings seek to leverage new investment within the region or a local precinct, or reinvestment within the region or a local precinct, with the purpose of expanding priority sectors of the economy and creating new employment opportunities. Priority sectors may include, but not necessarily be limited to:

- 3.1.1 Agriculture
- 3.1.2 Food and beverage manufacturing
- 3.1.3 Professional, scientific and technical services
- 3.1.4 Tourism
- 3.1.5 Equine industry
- 3.1.6 Healthcare (including emergency services, aged care and retirement living)
- 3.1.7 Creative industries
- 3.2 The Policy does not apply to:
 - 3.2.1 the administration of Council's Sponsorship, Grants and Incentive Scheme
 - 3.2.2 sponsorships, donations, advertising, naming rights, service level agreements or joint ventures
 - 3.2.3 dealings with commercial entities that primarily relate to growth dependent investment in residential and/or retail developments
 - 3.2.4 dealings with commercial entities that are primarily for the purpose of achieving the delivery of Council-owned assets and
 - 3.2.5 dealings with commercial entities that are contracted by State or Federal Government agencies or Government owned corporations to deliver infrastructure and/or services within the region.

4. POLICY STATEMENT

The Investment Attraction Framework provides a holistic approach to support worthwhile business investment and reinvestment in the regional economy where the investment would not otherwise occur, occur in a timely fashion or at a regional scale.

Diversification of the economy, attracting new investment, and supporting existing local businesses are important aspirations for the region. These strategic directions are reflected as priorities in Council's Economic Development Plan 2020-2030.

Relevant key principles in Council's Economic Development Plan 2020-2030 include:

- Industries of the future: focus on sectors that have high likelihood of catalysing future growth in a manner de-coupled from environmental degradation. For example, advanced technology, high value-add, circular economy, low carbon, local job creation, and which align with the Light region's competitive advantages;
- Boldness: we will provide a leadership role in economic development by participating in pilot projects that might be ground-breaking regional firsts, acknowledging that there is a level of risk that they may not achieve wider implementation or overwhelming success;
- Innovation: we will enable and curate a local economy that is grounded in technology and innovation, which is constantly adapting and evolving within a digitally connected world and a changing climate;
- Collaboration: we will work collaboratively with our partners to generate economic outcomes for our community and look to establish innovative partnership models to achieve this. We will learn from our peers and take advice from experts.

- **Liveability:** we will support local businesses to attract workers by maintaining the Light region's great lifestyle and promoting our region as a place people want to live and work, maintaining its social connectedness and promoting prosperous communities.

Council's Economic Development Plan 2020-2030 recognises the importance of fostering and supporting economic and employment growth as well as the ongoing diversification and evolution of the local economy.

The Investment Attraction Framework enables Council to proactively seek worthwhile investment and associated employment opportunities as part of diversifying the regional economy.

To this end, Council will consider strategic interventions in the regional economy through the application of the Investment Attraction Framework where:

- there is a need to diversify the economy to provide a more stable business environment and establish an economic resilient area and/or
- there is a need to provide certainty and confidence for investors through leadership and support.

Such interventions will be consistent with Council's sustainability goals and objectives in its Strategic Plan and its Economic Development Plan 2020-2030 and be commensurate with good governance practice.

The success of the Investment Attraction Framework – that is, achieving a more resilient economy – is dependent on Council generating:

- within the organisation, a culture of investment attraction;
- a service ethos that instils confidence in investors and
- a reputation that Council values worthwhile investment and will be an effective enabler to ensure such investment is brought to fruition in a timely manner and at least cost to the investor.

All employees of Council engaged in dealings within the scope of this Policy must act in a way that supports the intent and objectives of this Policy. Nothing in this Policy requires or authorises an employee of Council to act in any way that is contrary to law.

5. GUIDING PRINCIPLES

- 5.1 The involvement of Council in investment attraction activities is always discretionary and will be based on a case by case assessment of whether there will be economic gain for the community, a town/precinct and/or the region as a whole.
- 5.2 New investment and reinvestment will only be proactively sought where economic value is created. It will not be sought where it may erode value to the region, for example by creating competition with existing local business except where such competition is likely to occur regardless of the investor's location within Australia.
- 5.3 Resources will not be directed to growth dependent investment, circumstances where the investment is based on a unique competitive advantage for the region, and/or where it is likely that such investment would occur without Council intervention.
- 5.4 Council will only apply resources to attract investment or reinvestment where this is considered to have sufficient strategic merit to warrant intervention and where it is

considered that, without that intervention, the investment would not occur in the locality or region. Strategic merit includes:

- 5.4.1 the creation of significant additional employment;
- 5.4.2 a contribution to the supply chain for an existing sector;
- 5.4.3 an investment with potential flow on effects to other sectors (eg an education enterprise that supports growth in health or aviation) and/or localities within the Council area; and/or
- 5.4.4 a service needed by a particular community or township/precinct/locality.

6. FRAMEWORK

6.1 The Investment Attraction Framework comprises:

- this Policy
- an investment attraction service culture within Council
- the development of relationships and partnerships to build the reputation of the region as an ideal business investment location
- a targeted program of activities and collateral to promote the region to new investors
- the Light Regional Council Development Incentive Scheme to support high value, worthwhile investment and reinvestment proposals of significance to the regional economy and
- performance measures to assess the impact and appropriateness of Council's investment attraction activities.
- a Development Facilitation Group consisting of members of Council's key departments involved with development growth (economic development, planning, infrastructure).

6.2 Growing an Investment Service Culture

The Development Facilitation Group will provide a single point of entry to Council for new business investors or reinvestment proponents. The Development Facilitation Group will assign each new investor a relationship manager/officer who is accountable for:

- understanding and managing the investor's information needs
- ensuring Council's expectations are understood by the investor
- facilitating resolution of issues between Council and the investor within the rule of law
- ensuring timeliness of responses from Council and
- providing aftercare support to the client.

The relationship manager/officer will not be involved in the statutory assessment and decision making processes associated with the discharge of Council's regulatory functions.

Statutory decision makers within Council must, in so far as is permitted by relevant law, consider the intent and objectives of this Policy in dealing with matters within the scope of this Policy.

The relationship manager/officer will not be responsible for the conduct of due diligence in relation to the investment proposal, negotiating contracts with the investor, or resolution of contractual disputes relating to the investment.

6.3 Developing Relationships and Partnerships

Building strong relationships with peak representational bodies are to be prioritised by Council so that a coherent communication strategy on the investment potential of region can be propagated and support can be garnered for activities to build the economy of the region.

Relationships and partnerships with peak representational bodies shall at all times be conducted in a professional and ethical manner.

6.4 Program activities

The Economic Development Department may develop and deliver a program to support Council's investment attraction activities. The program must be approved by the Chief Executive Officer and may include the following elements:

- Marketing activities, including hard copy and web-based materials and attendance at trade affairs and events of strategic value.
- Business development activities, including programs and services to support businesses within the region and cooperative approaches to showcasing the region to potential investors.
- Public relations activities, including the development and publication of information to enhance the reputation of the region.

6.5 Light Regional Council Development Incentive Scheme (the **Scheme**)

A Light Regional Council Development Incentive Scheme may be established by resolution of Council.

The Scheme:

- may be amended from time to time by resolution of Council.
- must be supported by Guidelines and an Application Form. The Guidelines and the Application Form for the Scheme must be approved by the Chief Executive Officer.
- is to support investment or reinvestment in sectors identified through Council's Economic Development Plan 2020-2030. The Guidelines for the Scheme may specify priority sectors in a prescribed period for the application of incentives.
- may comprise a mix of cash and non-cash incentives to enhance the flexibility and utility of the scheme. Non-cash incentives are to be confined to deferral of general rates to support an approved investment and the capacity to stage or defer private contributions towards new or upgraded public infrastructure works.

Cash incentives under the Scheme may only be considered for an approved investment where that investment meets the following general thresholds:

- 6.5.1 the investment will provide employment during operation of the business for 10 or more full time equivalent employees or
- 6.5.2 the investment will involve in excess of \$2 million of capital expenditure.

Where an application under the Scheme does not meet the general thresholds nominated above, the application may only be approved where the investment will achieve other outcomes, including:

- providing a major opportunity to enhance the region's investment reputation
- filling a critical gap in the supply chain for a priority sector of the economy and/or
- providing broader economic and social value for a specific location.

Under these circumstances whereby the general thresholds may not be met, priority is to be afforded to the application of non-cash incentive options.

An application under the Scheme must be submitted for appropriate due diligence in relation to the investor and the investment proposal, prior to any recommendation being made in relation to the application.

The Chief Executive Officer is to approve the economic assessment model that must be used to inform and support any recommendations on an application and to validate the anticipated economic return that any subsequent investment would provide the region.

All assessments relating to an application under the Scheme must be considered by Council's Economic Development Panel. The Chairperson of Council's Economic Development Panel does however retain the authority to review Scheme applications on behalf of the Economic Development Panel and make relevant recommendations to Council and/or the Chief Executive Officer under circumstances where an urgent decision is required and normal processes rendered impracticable.

The Council's Economic Development Panel, or its Chairperson under circumstances where an urgent decision is required and normal processes rendered impracticable, must either:

- decline an application under the Scheme;
- make recommendations to the Chief Executive Officer to approve an application under the Scheme where the applicant will be offered non-cash incentives and/or any cash incentives up to and including a value of \$50,000. Such recommendations must include the proposed mix and value of incentives to be applied to the application; or
- make recommendations to Council to approve an application under the Scheme where it is proposed to offer the applicant cash incentives with a value of over \$50,000. Such recommendations must include the proposed mix and value of incentives to be applied to the application.

The provision of incentives to a successful applicant under the Scheme will be governed by the terms of a contractual agreement that has been reviewed by Council's legal representatives and approved by the Chief Executive Officer. The contractual agreement may include milestones and deliverables that are commensurate with the business case originally provided as part of the application under the Scheme. The contractual agreement may also include provisions to recover, cease or withhold incentives in the event of non-compliance by the applicant with the terms of the contractual agreement.

7. RESPONSIBILITIES

- 7.1 The Chief Executive Officer is responsible for:
- 7.1.1 implementing this Policy and ensuring compliance by all employees of Council;
 - 7.1.2 approving a program to support Council's investment attraction activities;
 - 7.1.3 ensuring good governance is applied to all aspects of the Investment Attraction Framework
 - 7.1.4 approving the economic assessment model that must be used to assess applications under the Development Incentive Scheme;
 - 7.1.5 approving an application under the Development Incentive Scheme where the applicant will be offered non-cash incentives and/or any cash incentives up to and including a value of \$50,000; and
 - 7.1.6 approving the contractual agreement that must be used to underpin the offer of incentives to an applicant under the Development Incentive Scheme.
- 7.2 The General Manager, Economic Development is responsible for:
- 7.2.1 managing the application of this Policy;
 - 7.2.2 providing a client relationship manager/officer for each new investor; and
 - 7.2.3 establishing a system to monitor and measure the performance of the Business Investment Framework.
- 7.3 The Finance Manager is responsible for:
- 7.3.1 conducting the high-level due diligence assessment on each application under the Development Incentive Scheme; and
 - 7.3.2 making recommendations on the outcome of each Development Incentive Scheme assessment to the Chief Executive Officer or the Economic Development Panel.

8. MEASUREMENT OF SUCCESS

The key measures to assess the performance of the Investment Attraction Framework are to include (but not be limited to) the following:

- 8.1 the number of FTE employment opportunities established through the Investment Attraction Framework each year;
- 8.2 the value of new investment secured in the region each year;
- 8.3 percentage adjustments in the workforce profile in target sectors each year;
- 8.4 client satisfaction with the investment support service provided by Council each year;
- 8.5 the value of investment and employment retained in the region each year;
- 8.6 the effectiveness of the mix of incentives in facilitating investment decisions each year;
- 8.7 the number of investment and reinvestment leads generated each year.

A report shall be provided to Council during the annual budget development process each year which (among other things) provides:

- 8.8 an assessment of the Investment Attraction Framework against each of the performance measures listed in this policy; and
- 8.9 recommendations on the direction and scope of the Investment Attraction Framework for the following financial year.

9. LEGISLATION

Local Government Act, 1999

10. RELATED DOCUMENTS

Economic Development Plan 2020-2030

Economic Development - Precincts Policy

Developer Engagement Statement of Business Ethics Policy

Rate Rebate Policy

Private Funding of Road Renewal or Upgrade Policy

Public Private Partnerships Policy

Activating Opportunities Procedure

Unsolicited Proposals Procedure

11. DEFINITIONS

- 11.1 **Aftercare** means a process of maintaining contact with current and new company investors to address any issues of concern that they may have with Council and to encourage additional local capital investment and development.
- 11.2 **Investment Attraction Framework** means a holistic approach to support business investment and reinvestment in the regional economy as prescribed in this Policy.
- 11.3 **Capital Investment** means investment in hard assets and human resources.
- 11.4 **Due Diligence** means a common risk management assessment process which involves independent, high level analysis of a company's financial position and the viability of its business proposition, in order to identify potential risks for Council in applying

incentives to the project and to evaluate the potential economic benefits from attracting a company's operations to the region.

- 11.5 **Incentive** means something that influences someone to act. In the context of this Policy, incentives are provided under the Development Incentive Scheme to support investment or reinvestment in sectors identified through Council's Economic Development Plan 2020-2030.
- 11.6 **New Investment** means capital investment by companies currently not located within the Light Regional Council area.
- 11.7 **Priority Sectors** means sectors nominated by Council in the Development Incentive Scheme Guidelines from the mix of sectors identified in Council's Economic Development Plan 2020-2030. These sectors are nominated as the focus for support through the Development Incentive Scheme.
- 11.8 **Reinvestment** means capital investment by companies which already have a physical presence within the Light Regional Council area.
- 11.9 **Sectors** means parts of the economy grouped together by output and producing the same, or substantially similar, goods or services.