

## Strategic policy

### Business Investment Policy

Corporate Plan reference:	<p><b>A smart economy</b></p> <p><i>A prosperous, high-value economy of choice for business, investment and employment</i></p> <ul style="list-style-type: none"> <li>- Strong economic leadership, collaboration and identity</li> <li>- New capital investment in the region</li> <li>- Investment and growth in high value industries</li> <li>- A regional hub for innovation, entrepreneurship and creativity</li> </ul>
Endorsed by Council on:	20 August 2015 OM15/145
Manager responsible for policy:	Head of Economic Development

### Policy purpose

The Business Investment Policy (the Policy) provides the strategic context and governance platform to support Council's Trade and Investment Framework.

This Policy:

- defines investment attraction and its relevance to Council's *Corporate Plan* and related *Regional Economic Development Strategy 2013-2033*
- enunciates the service principles that underpin Council's Trade and Investment Framework and expectations in relation to these principles
- establishes the circumstances within which investment attraction activities should and should not occur
- establishes the scope for investment attraction activities and the range of incentives that can be considered
- provides for appropriate due diligence to underpin any incentive mix offered by Council to a potential investor and
- prescribes the consultation, assessment, approval authorities, reporting and monitoring arrangements to apply to Council's Trade and Investment Framework to ensure that its administration occurs in a transparent and accountable manner.

### Policy outcome

This Policy seeks to encourage the development of a new economy which is more resilient to fluctuations in the economic cycle, has a broader sectoral base, and supports the growth and development of sustainable employment opportunities for the region's population.

## Policy scope

This Policy applies to all dealings with commercial entities where those dealings seek to leverage new investment within the region – or reinvestment within the region – with the purpose of expanding priority sectors of the economy and creating new employment opportunities.

This Policy does not apply to:

- the administration of Council's Major Events Sponsorship Program
- sponsorships, donations, advertising, naming rights, service level agreements or joint ventures
- dealings with commercial entities that primarily relate to growth dependent investment in residential and/or retail developments
- dealings with commercial entities that are primarily for the purpose of achieving the delivery of Council-owned assets and
- 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.

## Policy statement

The Trade and Investment Framework provides a holistic approach to support worthwhile business investment and reinvestment in the regional economy where the investment would not otherwise occur.

Diversification of the economy, attracting new investment, and supporting existing local businesses are important aspirations for the region. These objectives are reflected as priorities in Council's *Corporate Plan*.

The central tenet of Council's *Regional Economic Development Strategy 2013-2033* is to build a mature, diversified economy that is more resilient to the fluctuations of economic cycles. This strategy commits Council to develop and grow investment in seven sectors of the regional economy.

The Trade and Investment 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 Trade and Investment 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 aspiration in its *Corporate Plan* and its *Regional Economic Development Strategy 2013-2033* and be commensurate with good governance practice.

The success of the Trade and Investment 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.

## Principles

1. The involvement of Council in investment attraction activities is at all times discretionary and will be based on a case by case assessment of whether there will be economic gain for the community and/or the region as a whole.
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.
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.
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 region. Strategic merit includes:
  - the creation of significant additional employment;
  - a contribution to the supply chain for an existing sector
  - an investment with potential flow on effects to other sectors (eg an education enterprise that supports growth in health or aviation) and/or
  - a service needed by a particular community or geographic area.

## Framework

The Trade and Investment Framework comprises:

- this Policy
- International Relations Policy
- an investment 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 Sunshine Coast Investment 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.

### **Growing an Investment Service Culture**

The Economic and Community Development Group will provide a single point of entry to Council for new business investors or reinvestment proponents. Each new investor will be provided by the Economic and Community Development Group with 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.

### **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.

### **Program activities**

The Economic Development Branch may develop and deliver a program to support Council's investment attraction activities. The program must be approved by the Group Executive Economic and Community Development 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.

### **Sunshine Coast Investment Incentive Scheme**

A Sunshine Coast Investment Incentive Scheme may be established by resolution of Council.

The Sunshine Coast Investment Incentive Scheme may be amended from time to time by resolution of Council.

The Sunshine Coast Investment Incentive Scheme 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.

The Sunshine Coast Investment Incentive Scheme is to support investment or reinvestment in sectors identified through Council's Regional Economic Development Strategy 2013-2033. The Guidelines for the Sunshine Coast Investment Incentive Scheme may specify priority sectors in a prescribed period for the application of incentives.

The Sunshine Coast Investment Incentive Scheme 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 payment of infrastructure charges.

Cash incentives under the Sunshine Coast Investment Incentive Scheme may only be considered for an approved investment where that investment meets the following thresholds:

- the investment will provide employment during operation of the business for 10 or more full time equivalent employees or

- the investment will involve in excess of \$2 million of capital expenditure.

Where an application under the Sunshine Coast Investment Incentive Scheme does not meet the thresholds nominated above, the application may only be approved where the investment will:

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

Under these circumstances, priority is to be afforded to the application of non-cash incentive options.

An application under the Sunshine Coast Investment Incentive 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 Sunshine Coast Investment Incentive Scheme must be considered by the Sunshine Coast Investment Incentive Committee, which is to be chaired by the Group Executive Economic and Community Development. The Chairperson does however retain the authority to review Sunshine Coast Investment Incentive Scheme applications on behalf of the Committee 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 Chief Executive Officer must approve a Charter for the Sunshine Coast Investment Incentive Committee.

The Sunshine Coast Investment Incentive Committee must either:

- decline an application under the Sunshine Coast Investment Incentive Scheme
- make recommendations to the Chief Executive Officer to approve an application under the Sunshine Coast Investment Incentive Scheme where the applicant will be offered non-cash incentives and/or any cash incentives up to and including a value of \$100,000 (excluding GST). 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 Sunshine Coast Investment Incentive Scheme where it is proposed to offer the applicant cash incentives with a value of over \$100,000 (excluding GST). 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 Sunshine Coast Investment Incentive Scheme will be governed by the terms of a contractual agreement, reviewed by Council's Chief Legal Officer 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 Sunshine Coast Investment Incentive Scheme. The contractual agreement may also include provisions to recover or retain incentives in the event of non-compliance by the applicant with the terms of the contractual agreement.

## Roles and responsibilities

The **Chief Executive Officer** is responsible for:

- implementing this Policy and ensuring compliance by all employees of Council
- approving the economic assessment model that must be used to assess applications under the Sunshine Coast Investment Incentive Scheme

- approving an application under the Sunshine Coast Investment Incentive Scheme where the applicant will be offered non-cash incentives and/or any cash incentives up to and including a value of \$100,000 (excluding GST) and
- approving the contractual agreement that must be used to underpin the offer of incentives to an applicant under the Sunshine Coast Investment Incentive Scheme.

The **Group Executive Economic and Community Development** is responsible for:

- approving a program to support Council's investment attraction activities
- ensuring good governance is applied to all aspects of the Trade and Investment Framework and
- chairing the Sunshine Coast Investment Incentive Committee.

The **Head of Economic Development** is responsible for:

- managing the application of this Policy
- providing a client relationship manager/officer for each new investor
- establishing (in consultation with the Sunshine Coast Economic Futures Board) a system to monitor and measure the performance of the Trade and Investment Framework.

The **Coordinator Commercial Analysis** is responsible for:

- conducting the high level due diligence assessment on each application under the Sunshine Coast Investment Incentive Scheme and
- making recommendations on the outcome of each assessment to the Sunshine Coast Investment Incentive Committee.

The **Chief Legal Officer** is responsible for:

- developing the contractual agreement that must be used to underpin the offer of incentives to an applicant under the Sunshine Coast Investment Incentive Scheme.

## Measurements of success

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

- (a) The number of FTE employment opportunities established through the Trade and Investment Framework each year.
- (b) The value of new investment secured in the region each year.
- (c) Percentage adjustments in the workforce profile in target sectors each year.
- (d) Client satisfaction with the investment support service provided by Council each year.
- (e) The value of investment and employment retained in the region each year.
- (f) The efficacy of the mix of incentives in facilitating investment decisions each year.
- (g) The number of investment and reinvestment leads generated each year.

A report must be provided to Council during the annual budget development process each year which (among other things) provides (i) an assessment of the Trade and Investment Framework against each of these performance measures and (ii) recommendations on the direction and scope of the Trade and Investment Framework for the following financial year.

## Definitions

Aftercare	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.
Trade and Investment Framework	A holistic approach to support business investment and reinvestment in the regional economy as prescribed in this Policy
Capital Investment	Investment in hard assets and human resources.
Due diligence	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.
Incentive	Something that influences someone to act. In the context of this Policy, incentives are provided under the Sunshine Coast Investment Incentive Scheme to support investment or reinvestment in sectors identified through Council's <i>Regional Economic Development Strategy 2013-2033</i> .
New Investment	Capital investment by companies currently not located within the Sunshine Coast region.
Priority Sectors	Sectors nominated by Council in the Sunshine Coast Investment Incentive Scheme Guidelines from the mix of sectors identified in Council's <i>Regional Economic Development Strategy 2013-2033</i> . These sectors are nominated as the focus for support through the Sunshine Coast Investment Incentive Scheme.
Reinvestment	Capital investment by companies which already have a physical presence within the Sunshine Coast region.
Sectors	Parts of the economy grouped together by output and producing the same, or substantially similar, good or service.
Financial Incentive	Includes both cash and non-cash
Non-Financial Incentive	Business facilitation services including but not limited to single entry point for service, site selection, support and advice.

## Related policies and legislation

*Local Government Act 2009*

Sunshine Coast Corporate Plan

Regional Economic Development Strategy 2013-2033

Version control:

Version	Reason/ Trigger	Change (Y/N)	Endorsed/ Reviewed by	Date
1.0	Create new		Council	14/09/2011
2.0	Review	Y	Council	20/08/2015
2.1	Updates as per new Organisational Structure	Y		13/10/2017
2.2	Non-material changes (Title updates of positions and supporting documentation)	Y	Corporate Governance	18/08/2020
2.3	Non-material changes (clarify GST status of financial incentives)	Y	Economic Development Corporate Governance	23/09/2020