

Advance Queensland Industry Attraction Fund Program Guidelines

December 2019



Find out how we're invested in growing Queensland at
qld.gov.au/investedinqld

Connect with us @GrowingQld



The Department of State Development, Manufacturing, Infrastructure and Planning improves productivity and quality of life in Queensland by leading economic strategy, industry development, infrastructure and planning, for the benefit of all.

Copyright

This publication is protected by the *Copyright Act 1968*.

Licence

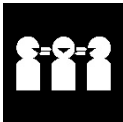


This work, except as identified below, is licensed by the Department of State Development, Manufacturing, Infrastructure and Planning under a Creative Commons Attribution-NonCommercial-No Derivative Works (CC BY-NC-ND) 4.0 Australia licence. To view a copy of this licence, visit: <http://creativecommons.org.au/>

You are free to copy and communicate this publication, as long as you attribute it as follows:

© State of Queensland, Department of State Development, Manufacturing, Infrastructure and Planning, December 2019.

Third party material that is not licensed under a Creative Commons licence is referenced within this document. All content not licensed under a Creative Commons licence is all rights reserved. Please contact the Department of State Development, Manufacturing, Infrastructure and Planning / the copyright owner if you wish to use this material.



The Queensland Government is committed to providing accessible services to Queenslanders of all cultural and linguistic backgrounds. If you have difficulty understanding this publication and need a translator, please call the Translating and Interpreting Service (TIS National) on 13 14 50 and ask them to contact the Queensland Department of State Development, Manufacturing, Infrastructure and Planning on 07 3452 7100.

Disclaimer

While every care has been taken in preparing this publication, to the extent permitted by law, the State of Queensland accepts no responsibility and disclaims all liability (including without limitation, liability in negligence) for all expenses, losses (including direct and indirect loss), damages and costs incurred as a result of decisions or actions taken as a result of any data, information, statement or advice, expressed or implied, contained within. To the best of our knowledge, the content was correct at the time of publishing.

Copies of this publication are available on our website at www.dsdmip.qld.gov.au and further copies are available upon request to:

Department of State Development, Manufacturing, Infrastructure and Planning
PO Box 15009 City East, Queensland 4002.

1 William Street Brisbane Qld 4000 (Australia)

Phone: 13 QGOV (13 7468)

Email: info@dsdmip.qld.gov.au

Web: www.dsdmip.qld.gov.au

Source number: WR19/24035

Contents

1.0	Introduction.....	3
1.1	Advancing Queensland’s priorities	3
1.2	Advance Queensland Industry Attraction Fund.....	3
2.0	Scope of the fund	4
2.1	Objectives	4
2.2	Outcomes.....	4
2.3	Types of assistance available.....	4
3.0	Eligibility	4
3.1	Eligible applicants	4
3.2	Eligible projects	4
3.3	Proposals outside of the scope of these guidelines	5
3.4	Eligible costs.....	5
3.5	Ineligible costs.....	5
4.0	Assessment criteria	6
4.1	Threshold criteria for outcomes	6
5.0	Other assessment principles for consideration	7
6.0	How to apply.....	7
7.0	Contact details.....	9
8.0	Glossary	10

1.0 Introduction

1.1 Advancing Queensland's priorities

Our Future State: Advancing Queensland's Priorities are the Queensland Government's objectives for the community. These are to:

- create jobs in a strong economy
- give all our children a great start
- keep Queenslanders healthy
- keep communities safe
- protect the Great Barrier Reef
- be a responsive government.

The priorities recognise that strong economic growth is led by private sector investment as a pathway to the creation of sustainable ongoing employment opportunities. Progress is accelerated when the government and business work together to build on the state's existing competitive advantages and create a stronger and more diverse economy which stimulates long-term jobs growth.

The \$755 million Advance Queensland initiative was launched in 2015 to drive innovation and now supports the implementation of the Advancing Queensland Priorities. This initiative is supported by a comprehensive suite of priority industry programs, including the creation of 10-year industry roadmaps which will support the growth and competitive strength of the government's priority sectors of:

- advanced manufacturing
- aerospace
- biofutures
- biomedical
- defence
- mining equipment, technology and services (METS) and resource recovery.

1.2 Advance Queensland Industry Attraction Fund

The Advance Queensland Industry Attraction Fund (AQIAF or the fund) is a key component in delivering on the Advancing Queensland Priorities by increasing private sector investment and creating jobs. AQIAF aims to diversify economic activity by harnessing growth in the Queensland Government's priority industry sectors and emerging industries by attracting or retaining contestable business projects to Queensland.

These contestable projects must generate economic benefits to the State including the creation of new operational jobs, support catalytic industry growth, increase the take up of innovation and technology, and grow global value and local supply chains.

The Department of State Development, Manufacturing, Infrastructure and Planning (the department) administers the fund on behalf of the Department of the Premier and Cabinet.

2.0 Scope of the fund

2.1 Objectives

The key objective of AQIAF is to attract contestable investment projects to Queensland which generate economic outcomes to the State.

A contestable project is where there is at least one other viable, alternative international or Australian project site to the Queensland location under active consideration.

2.2 Outcomes

The program outcomes of AQIAF are to:

- increase sustainable employment
- improve the economic development of a region
- increase the use of innovation and technology in business practice
- capture greater value from global supply chains for Queensland businesses.

2.3 Types of assistance available

The fund provides one-off financial assistance by way of either payroll tax rebates, cash grants or other mechanisms to be negotiated, which may be utilised either separately or as a package to attract contestable projects to Queensland.

DSDMIP will also work with proponents as a single point of contact to facilitate access across government to remove impediments to attract innovative global business to Queensland.

3.0 Eligibility

To be considered suitable for assessment for AQIAF, an applicant must first demonstrate that the proponent and the project both meet the eligibility criteria as specified in sections 3.1 and 3.2 of these guidelines.

3.1 Eligible applicants

AQIAF is aimed at international and interstate companies with proven capability that are considering Queensland for investment. It is also open to Queensland-based companies considering reinvestment with a contestable project. In all cases, to be eligible to receive assistance applicants must:

- be an incorporated entity recognised under Commonwealth law
- have or be eligible to register for GST and an Australian Business Number (ABN)
- satisfy probity, due diligence and economic assessment requirements.

3.2 Eligible projects

To be eligible for assistance, a project must be:

- considering a location in Queensland
- contestable
- aligned with the Queensland Government's Advancing Queensland Priorities and/or priority industry sectors
- have an economic impact on the State in terms of new operational jobs and capital investment

A contestable project is where there is at least one other viable, alternative international or Australian project site to the Queensland location under active consideration. Applications must provide a detailed comparison of these competing locations including the advantages and disadvantages of each location, site assessments and the cost differential between locations where possible.

Economic impact will be assessed in terms of how strongly the project will deliver an economic return to the State.

3.3 Proposals outside of the scope of these guidelines

To maintain flexibility within the fund, a proposal may be considered if it is outside the scope of these guidelines but is deemed to be consistent with the intent of the fund. This will be at the sole discretion of the Queensland Government.

3.4 Eligible costs

Financial assistance will be negotiated as part of the financial assistance package however will generally fall within the following categories:

- reimbursement of payroll tax paid in Queensland for eligible employees
- financial assistance associated with capital expenditure which is in most circumstances defined as the cost of acquiring certain fixed assets such as plant and equipment and would normally cover costs such as site preparation, materials used in construction and external labour costs such as design and project management.

In some cases, consideration will also be given to the cost of training where it relates to upskilling of employees to support the implementation of new advanced technology.

The applicant is encouraged to demonstrate that local suppliers and contractors will be engaged wherever reasonably practicable. Where significant expenditure outside of Queensland is required and unavoidable (e.g. purchase of specialised equipment not available in Queensland) this should be identified and explained in the application. The **Queensland Charter for Local Content** will apply to grants above \$2.5 million.

3.5 Ineligible costs

The following costs will generally be considered to be ineligible costs:

- contributions made “in-kind”
- any expenditure incurred prior to the project commencement date unless agreed under the assistance agreement
- project development costs such as early stage feasibility studies, business case development and due diligence
- proof of concept funding for start-up ventures
- any costs which have already, or will also receive funding by grants from local, state or federal government departments
- statutory fees and charges and any costs associated with obtaining regulatory and/or development approvals
- site acquisition costs such as the purchase or lease of land
- retrospective funding where projects have been completed or have commenced prior to the submission of an application are not eligible
- ongoing costs for business operations, including lease and hire purchase agreements.

4.0 Assessment criteria

Eligible projects will be assessed on how strongly the project aligns with the objectives of the fund in its delivery of the four outcomes. Quantitative and qualitative thresholds have been set for each outcome.

As a minimum, each project must meet a threshold performance rating of very strong for at least one of the outcomes or strong against two or more of the outcomes.

In assessing how a project performs, the department may, at its discretion, seek further advice from industry experts.

4.1 Threshold criteria for outcomes

1. **Alignment with Advancing Queensland Priorities** – the extent to which projects are aligned with the Queensland Government's priority or emerging industry sectors and other key focus areas.

Information on the department's priority sectors can be obtained by visiting the [website](#). Alignment to other State priority industries such as resources, food and agribusiness, screen industry and tourism will also be considered and found by visiting the [Advance Queensland industry roadmaps website](#) and [Advance Queensland strategy website](#).

One of the department's key focus areas is attracting corporate headquarters and shared services centres.

2. **Employment** – the extent to which a project will result in a sustainable direct increase in new employment.

The number of operational jobs to be created for a project to be considered strongly performing will be evaluated relative to the location, like projects in similar circumstances and the skill level of the jobs to be created.

Generally, projects which will create greater than 50 operational FTE's are considered a strong value proposition. Projects that create 100 or more new operational FTE's will generally be considered very strong. These jobs must be new to the organisation and not to have been redeployed from elsewhere in the organisation and will be sustained for at least five years. In both cases the jobs must be demonstrated to be sustainable, i.e. they will continue beyond the project period.

3. **Regional development** – the extent to which a project will achieve positive regional development and employment outcomes.

A project which creates more than 20 direct operational jobs in a regional location will have a very strong value proposition. Regional is defined as all areas of Queensland other than those designated as South East Queensland (SEQ) as defined in the [SEQ Regional Plan 2009-2031](#).

Other outcomes to be considered are the degree to which the project supports new or emerging industries to the region where there is a comparative advantage or an emerging strength.

4. **Innovation and technology** – the extent to which the provision of a financial incentive will result in the implementation of an innovative technology or business practice.

Assessment against this criterion should include consideration of the potential for the technology or business practice to be disseminated throughout the sector or industry in Queensland. A very strong value proposition will promote the use of best practice technology and lead to early adaptor advantages in the sectors for which the region has a competitive strength or comparative advantage. It will lead to a transformational change on long-term productivity in the sector.

A strong value proposition will allow the applicant to increase productivity and efficiency by the use an existing form of technology being introduced or used in a new way. This may be a short-term competitive advantage as competitors continue to adapt emerging technologies.

In both cases innovation will provide upskilling opportunities for the company's local workforce.

5. **Capturing greater value from global value chains** - the extent to which the provision of a financial incentive will enable the business to operate in international supply chains. Projects with a strong value proposition will:
- increase the value-add of a firm's production
 - introduce local or regional output into international or interstate markets
 - boost the value of exports.

5.0 Other assessment principles for consideration

In addition to the assessment criteria, the following key principles will be considered in decision making regarding the provision of assistance:

- financial incentives are provided by the most appropriate form of assistance and the type and level of assistance will be determined on a case-by-case basis
- where possible to avoid crowding-out impacts – that is, where the provision of financial support to a business may have a material detrimental impact on another business or businesses
- for additionality where the provision of the incentive must result in private sector investment in Queensland which would not have occurred in the absence of the incentive
- the project will become sustainably cash flow positive (post assistance) without any further Government assistance.

A project that is investment ready is considered more favourably. Investment ready projects are advanced in:

- a commitment from the board or other senior levels of appropriate management to proceed with the project
- the confirmation of all funding sources for the project outside of incentives sought
- the demonstration of a robust project planning process which might include feasibility studies, business plans and other documents, and
- if successful with the application, would commence construction and/or operations (where applicable) within 12 months of the execution of a funding agreement.

6.0 How to apply

The Queensland Government is seeking to attract contestable projects across the government's priority sectors that lead to economic and employment benefits for Queensland.

The fund will be open to applications until the fund monies are fully allocated.

Step 1: Contact the department

Contact the DSDMIP team for a preliminary discussion regarding your project. Following this discussion, should you wish to apply, an expression of interest (EOI) will be emailed to you. Contact details are listed in section 7.

Step 2: Complete and return the EOI

The EOI will provide an opportunity to demonstrate the eligibility of the applicant and of the project, and to provide an initial indication of how closely your project aligns to the eligibility and assessment outcomes.

Key documentation you will need to provide to support the EOI at this stage will include a high-level locational analysis of the advantages and disadvantages of the sites being considered for investment project and a project summary and budget.

A departmental client manager will be available to support you through the application process.

Applicants are required to comply with confidentiality obligations in connection with their application and inform the department of any material changes in circumstances which might cause the information provided in either the EOI or a subsequent detailed application to become inaccurate or incomplete in any material way.

Step 3: Departmental review of EOI and decision

The EOI will be assessed against the eligibility and assessment criteria set out in these guidelines. Applicants may be contacted during this process to clarify any information provided and/or to request further information. The department will consider information from its own and other sources including undertaking preliminary due diligence on the entity structure and operations, including confirming any material matters that may impact the application.

If the EOI is deemed to align with the objectives of the fund, you will be invited to submit a detailed application. Please note that an invitation to submit a detailed application does not mean that your application will be successful.

If the EOI is not supported to proceed to detailed application at this stage, you will be advised in writing and further feedback will be offered by the department.

Step 4: Complete and return the detailed application

If a proposal proceeds to detailed application, more comprehensive information will be required, including, but not limited to:

- the last three years of financial statements including profit and loss, balance sheet and statement of cash flows (where available) including notes to the accounts. These should be either accountant prepared, audited and certified (preferred), or accountant prepared and signed
- projected employment and expenditure data and assumptions for a 10-year period, a business plan and risk register
- evidence of the business structure including governance arrangements.

Step 5: Assessment

Applications for financial assistance will be assessed against the criteria in section 4 and key principles in section 5 along with the completion of a comprehensive due diligence and economic assessment. This will be a rigorous analysis, which will cover the following aspects and risks of each project:

- proposal risk assessment
- financial capability
- contestability and additionality
- benefit identification
- cost benefit analysis
- technology risk assessment
- industrial relations and workplace health and safety compliance
- proponent technical and management capability
- commercial viability and soundness
- state revenue impact and payroll tax analysis
- crowding out and sustainability
- cultural risk assessment
- environmental risk

Where necessary further technical assessment by industry experts, selected by the department at its absolute discretion, may be undertaken.

All applications will be forwarded to senior departmental decision makers who will make a recommendation regarding support to the relevant financial delegate.

You will be notified of the outcome of your detailed application in writing.

Step 6: Assistance agreement

Successful applicants will be required to enter into an assistance agreement with the State which will set out the terms upon which assistance is to be provided including a schedule of agreed performance and reporting requirements.

Obligations will be in the form of FTE targets and minimum capital expenditure requirements amongst other milestones. Applicants may be required to provide a performance guarantee to secure contract obligations under the assistance agreement.

A copy of the standard terms and conditions is available and provided with the EOI. Proponents are encouraged to seek legal advice before entering into an assistance agreement.

Step 7: Communications and confidentiality

At all times both the government and applicant are subject to commercial-in-confidence provisions. This includes any media consultation. All media enquiries or public announcements will be managed by the department's media team in consultation with successful applicants.

The Queensland Government reserves the right to be the first to announce successful outcomes. In some instances, successful recipients will be required to erect signage acknowledging the government's contribution. This is explained further in the terms and conditions of the assistance agreement.

7.0 Contact details

For enquiries or assistance about these guidelines, please contact the Department of State Development, Manufacturing, Infrastructure and Planning:

Email: investment@dsdmip.qld.gov.au

Phone: 1300 785 106

8.0 Glossary

Additionality	Additionality is the extent to which the provision of the financial incentives causes private sector investment to occur In Queensland which would not have otherwise occurred in the absence of the incentive.
Application	Means an application (or a relevant part of an application) made to AQIAF, and includes an EOI, a detailed application and any other supporting or additional information in whatever form provided by the applicant in connection with its EOI or detailed application to AQIAF.
AQIAF or the fund	Advance Queensland Industry Attraction Fund
Capital expenditure	The cost of acquiring certain fixed assets such as plant and equipment (unless otherwise negotiated).
Crowding out	Is an assessment on whether the provision of financial support to a business may have a material, detrimental impact on another business or businesses.
Department	The Queensland Government's Department of State Development, Manufacturing, Infrastructure and Planning.
Detailed application	A detailed application for funding under AQIAF as set out in section 6.2, including any supporting or additional information provided to the department in connection with the detailed application.
EOI	An expression of interest for funding under AQIAF as set out in Section 6.1, including any supporting or additional information provided to the department in connection with the expression of interest.
FTE	<p>Full-time equivalent is the number of persons employed to make up to the usual full-time working hours of one full-time worker (37.5 hours).</p> <p>These must be those undertaking a role solely in respect of the project (whether permanent, temporary or casual, and whether full-time or part-time) in respect of whose wages or salary the applicant will be liable to pay payroll tax in Queensland e.g. NOT agency or subcontractors.</p>
Region	All areas of Queensland other than those designated as South East Queensland (SEQ) as defined in the <u>SEQ Regional Plan</u> .
State	The State of Queensland.



Department of State Development,
Manufacturing, Infrastructure and Planning
PO Box 15009 City East Qld 4002 Australia
tel 13 QGOV (13 74 68)
info@dsmip.qld.gov.au
www.dsmip.qld.gov.au

