

# Local Jobs Fund Policy Framework

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**Acronyms**

You will find the following acronyms in this document.

<b>Acronyms</b>	<b>Full form</b>
ADI	Authorised Deposit-taking Institution
EDF	The Northern Territory Economic Development Framework
FTE	Full-time equivalent

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## 1 Introduction

The Local Jobs Fund (the Fund) is an \$89 million co-investment fund which will support economic transformational projects and help high growth potential Territory businesses

The Fund is comprised of a suite of four products:

- Loan Guarantees
- Business Investment Concessional Loans
- Equity investments
- Grants Program
  - Priority Sector Collaborative Grants
  - Infrastructure Grants for Transformational Economic Growth Projects.

The Fund will operate until the earlier of 31 December 2020 or funds allocated to the program are fully committed.

## 2 Objectives

The objective of the Fund is to support economic transformational projects and assist high growth potential Territory businesses to increase exports of goods and services both interstate and/or overseas, and/or substantially increase local jobs and outputs to local markets.

This is expected to increase the long term productive capacity of the Territory economy, create long term jobs and economic growth, and meet long term economic infrastructure priorities in regional economies.

The Fund is expected to support Territory businesses and projects:

- become investment ready
- leverage private sector investment and reach financial close
- 'crowd in' private finance
- bridge the gap between feasibility and bankability
- develop growth opportunities
- focus upon export earning (national and international) or import substitution.

## 3 Fund Outcomes

### 3.1 Principal Outcomes

The Fund aims to bring forward the development of projects and growth of businesses that would otherwise not occur, or would occur at a much later date or with a reduced scope. In doing so, it aims to achieve the following outcomes.

#### 3.1.1 Transformational economic impact

The Fund is targeted at industry sectors and Projects that have the capacity to:

- increase the long term productive capacity of the Territory economy;
- improve the Territory's trade balance and economic output;
- create enduring employment opportunities for Territorians; and/or
- increase the standard of living.

### 3.1.2 Leveraging private sector investment

The Fund will leverage private sector investment in the Territory. This will occur:

- directly through the transactions undertaken by the Fund, which will leverage private sector financing and investment in new projects and businesses; and/or
- indirectly through increased investment by the private sector to support Projects facilitated by the Fund. For example, suppliers investing in new assets to provide services for new projects and businesses.

## 3.2 Additional Outcomes

### 3.2.1 Return of capital

The Fund aims to invest in a range of Territory projects and businesses. The Fund will only invest where there is a reasonable expectation that any finance provided by the Territory through a loan or equity investment, will be returned to the Territory over time. Similarly, loan guarantees will only be provided where there is a reasonable expectation that the guarantee will not be called.

### 3.2.2 Return on investment

The Fund aims to achieve a return on its investment in Territory projects and businesses. However, the Fund has an explicit mandate to provide finance on concessional terms to achieve the primary outcomes of job creation and private sector investment.

On this basis, the Fund does not expect to earn a commercial risk-adjusted return.

## 4 Fund details

### 4.1 Products and Purpose

The Fund has a range of products to provide the flexibility to meet Applicant requirements for finance at various stages of a project's development. The products are broadly split into:

- **Financing Products**, which assist with businesses meeting the upfront capital requirements to undertake a Project
- **Grant Products**, which assist with developing projects that have industry-wide and public benefits.

Applications may be eligible for a number of the products identified below.

Product	Product Purpose
<b>Financing Products</b>	
Loan Guarantee	Support greater levels of access to bank finance for rapid business growth where finance would otherwise be constrained by financiers
Business Investment Concessional Loans	Capital to de-risk project opportunities, bring forward private investment and deliver projects to a final investment decision
Equity	Capital for high growth potential and innovative Territory businesses to secure funding and accelerate business development
<b>Grant Products</b>	
Priority Sector Collaborative Grants	Scoping, planning and feasibility studies and delivery of multi-user projects for industry sectors
Infrastructure Grants	Transformational infrastructure projects that provide a step-increase in employment, economic outcomes and/or output.

## 4.2 Eligible Businesses

Eligible businesses are those that have:

- a significant presence in the Territory
- high growth and job creation potential
- sound governance, management and operating systems in place
- registered for corporate and tax purposes in Australia.

## 4.3 Eligible Projects

For Applications to be considered, the Project must relate to one of the following sectors:

Sector	Description
Growth or Developing Sector as defined in the Economic Development Framework	<p>Growth sectors include:</p> <ul style="list-style-type: none"> <li>• Agribusiness</li> <li>• Tourism</li> <li>• Energy and Minerals</li> <li>• International Education and training</li> <li>• Defence and defence support industries.</li> </ul> <p>Developing sectors include:</p> <ul style="list-style-type: none"> <li>• Tropical health and research</li> <li>• Creative industries</li> <li>• Renewable energy</li> <li>• Environmental services</li> <li>• Human services.</li> </ul>
A related service and supply sector	<p>Industries that provide specialised goods or services to a Growth or Developing sector.</p> <p>For example, marine maintenance services is a related service and supply sector to the energy and minerals and defence sectors</p>
Other sector in which the Territory has a comparative advantage.	Any sector where the Territory has a unique advantage in competing in national and global markets by way of its unique geography, climate and/or existing economic and social environment

## 4.4 Ineligible Projects

The Fund does not provide support for Applications that request assistance with:

- working capital or business-as-usual capital requirements
- refinancing of existing debt
- payment of taxes or fines
- payment of dividends to shareholders.

## 5 Fund Application process

### 5.1 Approach to considering Applications

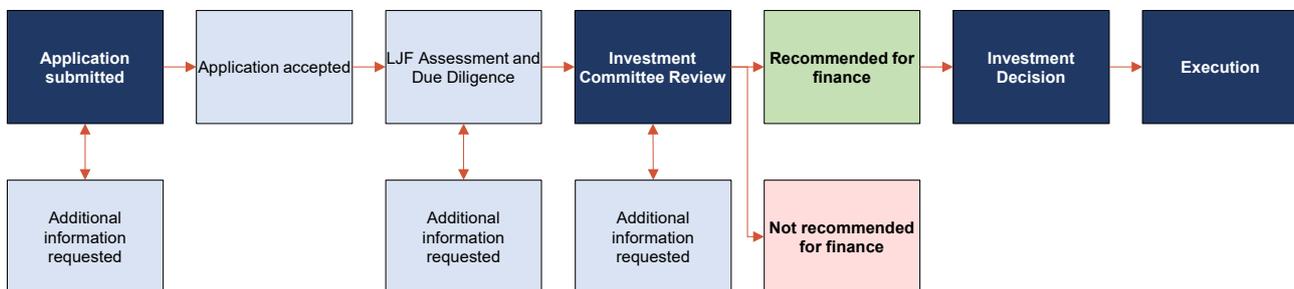
Applications for Financial Products and Priority Sector Collaborative Grants will be assessed on a non-competitive basis, in order of receipt.

Applications for Infrastructure Grants will be sourced through an open competitive process. Details of the competitive process will be released in due course.

### 5.2 Process for Applications

Each Application will be considered on its merits and assessed against the Assessment Criteria.

The flowchart below provides a guide to the process that will be followed for Application to the Fund. Each Application will be considered on a case-by-case basis and reflect the project and products requested.



### 5.3 Applications for multiple products

A single Application may include requests for access to one or more Fund Products.

In undertaking its assessment, the Territory will consider the Application in the context of the total financing solution sought and may approve, at its total discretion, the financing approach it considers best suited to the business or project. This may include a mix of Fund products.

## 6 Application Requirements

### 6.1 Application Form

Applicants are required to submit an Application through the Fund website at <https://jobsfund.nt.gov.au>.

To enable due consideration by the Fund, Applicants must submit the following as part of their Application:

- Business case
- Financial Model
- Financial Statements.

Applicants should consult their financial advisers for assistance with preparing their Application. The Northern Territory Government may request any further information it considers necessary to enable assessment of the Application.

### 6.2 Business case

The business case should provide a clear understanding of the business, project, key project risks and mitigation strategies, the investment being sought and the use of the funds requested.

The business case must address each of the Assessment Criteria and how requested Northern Territory Government support will achieve the objectives of the Fund. Further guidance on what to include in the business case is at **Appendix A**.

### 6.3 Financial Model

The business case must be supported by a financial model that includes:

- forecast revenue and expenditure over a minimum 5 year period
- expected financial returns for the project and to financiers
- details of all assumptions used in the development of the model and sources for each of the assumptions
- the balance sheet, cash flow and profit/loss statements for the entity undertaking the Project.

The financial model must clearly show that the requested Northern Territory Government support is required to enable the project to proceed.

The financial model should be provided in Microsoft Excel format. The model should be provided as a single workbook with all formulas complete and intact and with no links to external documents.

### 6.4 Financial Statements

The Application must provide full historical management or statutory financial statements and annual reports of the Applicant for the past three financial years.

The Application should also provide details of all parent companies of the Applicant and all other entities contributing finance to the project. Where finance is not being provided by an ADI, financial statements and any recent annual reports of the financing entity should also be provided.

## 7 Assessment of Applications

The Territory will assess eligible Applicants and Projects against the Assessment Criteria and with regard for the specific purposes of each Product and the overarching objectives of the Fund.

### 7.1 Assessment Criteria

All Applications under the Fund must meet the following mandatory Assessment Criteria:

Assessment criteria	Mandatory requirement	Guiding principles
<b>1. Capability and capacity</b>	The Applicant must have the experience, technical expertise, and financial capacity to deliver its Project within the timeframe.	The Applicant should have a high quality management team (proven track record of building successful businesses) with strong alignment around strategy, exit timelines, and personal values.  The Applicant should: <ul style="list-style-type: none"> <li>• have been trading for a minimum of 12 months</li> <li>• be able to demonstrate current and future revenue growth.</li> </ul>
<b>2. Strategy and execution</b>	The Applicant must demonstrate a cohesive strategy and approach to delivering the Project.  The Application must align with the objectives of the Fund and any Product-specific purposes.	The business case for the Project should provide a comprehensive description of the Project, the schedule to deliver the project and approach to managing major risks.
<b>3. Net Economic Benefit for the Territory</b>	The Project will: <ul style="list-style-type: none"> <li>• create and sustain new local jobs</li> <li>• increase economic activity</li> <li>• expand production capacity, and/or</li> <li>• grow export capability/import substitutability</li> </ul> <p>in a growth or developing sector, a related service and supply sector, or other sector in which the Territory has a comparative advantage.</p> <p>The Applicant will commit to implement and report on a plan to deliver local benefit outcomes from their project in accordance with NT Government policy.</p> <p>The Applicant will provide NTG access to all records and information necessary to enable NTG to assess achievement of net economic benefit outcomes.</p>	The Applicant should demonstrate how the Project will create sustainable jobs and economic opportunities in the Territory.  The Project should provide suitable opportunities for local industry and Aboriginal employment.  The Project should create a minimum of 5 additional FTE jobs within 2 years.
<b>4. Maximise and leverage private sector investment</b>	The level of funding or finance provided or guaranteed by the Territory is matched by at least an equivalent amount of new private sector finance.	The Territory's contribution and level of any concessions will be the least necessary for the Project to proceed.  The Applicant is unable to obtain commercial finance on reasonable terms to progress the Project.  The offer of Finance from the Territory should crowd-in private investment.
<b>5. Commercial feasibility</b>	The Applicant must demonstrate that the Project is commercial and financially sustainable over the medium to long term.  The Applicant must demonstrate the ability of the Project or Applicant to repay any Finance provided by the Territory, (or in the case of loan guarantees issued by the Territory, the underlying loan) in full and on time.	The Application is supported by a robust financial model that gives a balanced view of the Project's financial and commercial feasibility, based on assumptions that are clearly articulated and justified.

## 8 Governance

### 8.1 Structure

The Fund will be administered by the Department of Trade, Business and Innovation (DTBI). DTBI will be responsible for marketing the Fund, receiving Applications and making initial assessments of Applications.

An independent Investment Committee, comprising credentialed individuals across a range of relevant areas, will be responsible for providing advice and recommendations to DTBI and decision-makers.

A decision to offer finance will be made by either the DTBI Chief Executive, the Minister for Trade and Major Projects, or Cabinet according to threshold levels set from time to time.

### 8.2 Roles and responsibilities

#### 8.2.1 Department of Trade, Business and Innovation

DTBI will be responsible for:

- engaging with prospective Applicants
- receipting, processing and assessing of Applications.
- preparation of papers for consideration by the Investment Committee
- preparing recommendations for consideration by decision-makers (the CEO, Responsible Minister or Cabinet as the case may be).

#### 8.2.2 Investment Committee

The Investment Committee will:

- provide advice to Government, including Ministers, on Applications
- make recommendations on Applications and appropriate terms of finance.

## 9 Terms and Conditions

In submitting an Application, the Applicant agrees to the following terms and conditions.

### 9.1 Confidentiality

The Northern Territory Government will be entitled to retain Applications and all correspondence and other materials received from the Applicant.

All documents and information provided by the Applicant will be held in confidence, except where disclosure is required for the purpose of compliance with Northern Territory Government reporting or audit requirements, or by law.

### 9.2 Conduct

The Northern Territory Government and the Applicant will deal with each other in a confidential manner during the Application process.

Due to the potential, real, or perceived, for claims of inappropriate influence, once an Application is lodged the Applicant will not approach any agency, Investment Committee or Minister in relation to the Application.

In the event that such an approach is made, the Territory may seek legal and/or probity advice. Any approach (other than contact with, or agreed to by, DTBI for the purpose of the Application) may result in the Application being excluded from further consideration.

### 9.3 Conflicts of Interest

Applicants are required to declare any potential or actual conflicts of interest during the Northern Territory Government's consideration of an Application or as soon as they become aware of potential or actual conflicts during any subsequent discussions.

### 9.4 Disclosure

Within 30 business days of an Investment Decision, the Northern Territory Government will publish information regarding the Investment Decision on its website, subject to commercial confidentiality, including:

- (a) the name of the Applicant
- (b) a high level project description
- (c) the location of the project
- (d) the net Territory economic benefit targeted by the Project
- (e) the amount of finance provided and/or guaranteed by the Northern Territory Government.

### 9.5 Due diligence, audit and privacy

#### 9.5.1 Due Diligence

The Applicant acknowledges that the Northern Territory Government will, in addition to anything specifically referred to in these terms and conditions, conduct such due diligence enquiries as it sees fit in order to ensure the integrity of the program and that the allocated funding is to be used strictly in accordance with the intent of the relevant Northern Territory Government policy.

Such enquiries may include (but are not necessarily limited to) company, association and business name searches on a business, title and other searches for the Premises, searches of the courts and/or the trustee in bankruptcy and enquiries of private businesses or institutions as the DTBI sees fit.

All participants in the program acknowledge and accept that DTBI will seek from and share information with other Northern Territory Government agencies, as well as such external professional advisers as it may need to do in order to assess eligibility, such as conveyancers/solicitors.

By applying to participate in the program, the Applicant declares that they agree to DTBI having access to any private register of information in relation to the business or eligible recipient, and to DTBI using, storing and releasing for lawful purposes, such information, including personal information.

#### 9.5.2 Use of Information

DTBI is bound by the Northern Territory *Information Act* and, subject to these terms and conditions, will only ever use information in accordance with the Northern Territory Government's Information Privacy Principles.

These principles are available at <http://infocomm.nt.gov.au/privacy/information-privacy-principles> or by contacting the Information Commissioner NT on 1800 005 610.

By providing information to DTBI under the program, businesses and eligible recipients agree to the privacy statement which can be found by viewing DTBI's privacy policy.

### 9.6 Accountability for Public Resources

Applicants should be aware that in receiving public resources the Applicant may be a public body for the purposes of the Northern Territory *Independent Commissioner against Corruption Act* and subject to the relevant powers of the Commissioner under the Act. For further information see <https://icac.nt.gov.au>

### 9.7 Program changes

The Minister and/or DTBI reserve the right at any time to:

- (a) vary these terms and conditions, the eligibility criteria or any other documented rule or procedure relating to the program
- (b) cease the program at any time should Northern Territory Government policy change, in which case no further funding will be issued.

### 9.8 Submission and Assessment

The Northern Territory Government may, at any stage and without giving reasons, decide to accept or reject any Application, or decide to proceed or not proceed to contract execution in its absolute discretion.

### 9.9 Contracts

Applicants will need to enter into formal legal documents for each product and the terms of those documents will be binding on the Applicants.

### 9.10 Repayment and acquittal of funds

#### 9.10.1 Financial Products

Monies provided or guaranteed by the Fund are required to be returned to the Territory within agreed timeframes, by way of release of guarantees issued, repayment of loans made and repatriation of equity provided.

#### 9.10.2 Grant Funds

Monies provided by way of grant funding are to be acquitted in accordance with respective funding agreements.

### 9.11 Costs

Costs and expenses incurred by the Applicant associated with the development, preparation and submission of an Application, including but not limited to attendance at meetings, discussions, etc. as well as providing any information required by the Northern Territory Government will be borne entirely and exclusively by the Applicant.

## Appendix A

### Business Case Guidelines

Criteria	Key Requirements
<b>1. Capability and Capacity</b>	
The Applicant must have the experience, technical expertise, and financial capacity to deliver its Project within the timeframe.	Organisation name and type for each legal entity directly involved in the Project (including place of incorporation and ABN or equivalent).
	Key personnel, including specific and verifiable examples of previous experience in early-stage financing and business development.
	Referees from commercial financiers (banks, equity funds etc.) and any other relevant parties.
	Overview of current and historical business operations, including staffing levels and activities in the Territory.
<b>2. Strategy and execution</b>	
The Applicant must demonstrate a cohesive strategy and approach to delivering the Project.  The Application must align with the objectives of the Fund and any Product-specific purposes.	Overview of the Project, including: <ul style="list-style-type: none"> <li>the high level rationale</li> <li>market need</li> <li>competitive advantage of the Project</li> <li>scalability.</li> </ul>
	Details of other Project proponents, sponsors, participants and any legal arrangements established for the Project.
	Overview of the funding and financing plan for the Project, and the support requested from the Northern Territory Government.
	Overview of the status of approvals required for the Project to proceed.
	Outline the strategy for delivering the Project including activities, processes and expected timeframes.
	Assess the major risks for the Project, which may include technical, market, environmental, social, and financing risks.
<b>3. Net Economic Benefit for the Territory</b>	
The Project will: <ul style="list-style-type: none"> <li>create and sustain new local jobs</li> <li>increase economic activity</li> <li>expand production capacity, and/or</li> <li>grow export capability/import substitutability</li> </ul>	Overview of how the Project will grow the Territory and a relevant business sector.
	Outline the expected direct employment expenditure and FTE in the Territory for each phase of the Project (e.g construction and operation).
	Outline the expected value of the output of the Project, including the services delivered or goods produced.

Criteria	Key Requirements
<p>in a growth or developing sector, a related service and supply sector, or other sector in which the Territory has a comparative advantage.</p> <p>The Applicant will commit to implement and report on a plan to deliver local benefit outcomes from their project in accordance with NT Government policy.</p> <p>The Applicant will commit to provide NTG access all records and information necessary to enable NTG to assess achievement of net economic benefit outcomes.</p>	<p>Provide an overview of how the Applicant proposes to provide opportunities and local suppliers and Aboriginal Territorians.</p>
<p><b>4. Maximise and leverage private sector investment</b></p>	
<p>The Finance provided or guaranteed by the Territory is matched by at least an equivalent amount of new private sector finance.</p>	<p>Summarise and provide evidence of previous attempts to secure private finance for the Project on commercial terms and conditions.</p> <p>High-level term sheet outlining the amount of Finance requested from the Northern Territory Government and key terms relevant to the product, e.g.:</p> <ul style="list-style-type: none"> <li>• Tenor</li> <li>• Repayment term and profile</li> <li>• Interest rate</li> </ul> <p>Explain the proposed capital mix and justification for the Finance from the Territory requested.</p> <p>Detail the proposed sources of new private sector finance, including the expected matching level of private finance and any supporting evidence (letters of support, letters of offer etc.).</p>
<p><b>5. Commercial feasibility</b></p>	
<p>The Applicant must demonstrate that the project is commercial and financially sustainable over the medium to long term.</p> <p>The Applicant must demonstrate the ability of the Project or Applicant to repay the any Finance provided by the Territory, (or in the case of loan guarantees issued by the Territory, the underlying loan) in full and on time.</p>	<p>The Financial Model demonstrates that the Finance requested from the Northern Territory Government is necessary for the Project to deliver appropriate returns to investors.</p> <p>Under a range of potential scenarios and sensitivities the Project is financially viable.</p> <p>The Financial Model shows a clear exit point for any Finance provided or guaranteed by the Territory, such as full repayment of the loan, loan refinancing, capital raising etc.</p>