BUSINESS INCENTIVES   **Procedure 1.5.1**

Policy No. and title	1.5	Business Incentives Policy
Procedure	1.5.1	Business Incentives
Version	1	
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OBJECTIVE

The objective of Council's Business Incentives Policy is to stimulate business developments suitable to the environment of Kempsey Shire so as to strengthen the local economy, improve employment and thereby improve overall quality of life for the residents of the Shire.

1   Specific Goals

a)   To encourage the development of suitable business enterprises within the Shire involving the attraction and establishment of new businesses and the expansion of existing businesses.

b)   To offer incentives to new or expanding businesses in the form of subsidies equivalent to rate concessions, deferment of payment of rates and/or development charges of Council.

2   Focus of Incentives

The categories of development that qualify for consideration under Council's Business Incentives Policy are as follows:

a)   Businesses that generate additional product and create employment in the pursuit of manufacturing, growing, value adding or otherwise creating saleable products or services into markets outside of the local government area.

b)   Follower businesses that generate employment in responses to changes in population or demand, in markets outside the Kempsey Local Government Area.

To qualify for assistance the business must be able to show the following minimum impact of the development:

a)   Investment in fixed infrastructure of at least $1million, or

b)   Generation of at least five additional full time equivalent positions located or based in the Kempsey local government area.

Note 1   The Business Incentives policy does not apply to a change of use of an existing business unless there is an expansion in employment and/or economic activity beyond the former use, in which case the policy applies to the extent of the increase.

3   Application of Incentives

Three areas of incentive are offered under this policy are:

i)   Financial support equivalent to the cost of rates and charges or interest.

ii) Deferral of payment of rates.

iii) Postponement of payment of developer charges (Section 94 Charges and Section 64 Water/Sewer Headwork's charges).

a)   Deferral of Payment of Rates

Under this incentive package a developer may qualify for one or both of the following assistance packages.

i)   Commencement Bonus

The deferment of rates for 12 months and the waiving of that first 12 months rates if in that period, there is substantial commencement of the project in accordance with the consent granted by Council at the start of the rate deferment period or where no development application is required, agreed targets within twelve months of the agreement being entered into.

In other words, if a developer receives consent for a qualifying project he/she is entitled to apply for a 12 months postponement of rate payments as of the date of consent and, should the development construction be substantially commenced within the 12 month period, then rates for this first year will be waived. Normal rate charges will then apply from the second year on in accordance with the normal quarterly payment requirements under the Local Government Act.

Should the applicant fail to substantially start the development the rates will be due and payable, including any interest that would normally accrue over that period for unpaid rates and charges.

ii) Five Year Deferral Plan

Under this plan a qualifying developer can request to be considered for deferment of rates for a period of 5 years from the substantial commencement of the business activity with all 5 years deferment of rates due for payment at the fifth anniversary of Council granting the deferment. No interest is to be payable on the 5 years deferred rates but the business activity must still be operating in accordance with Council's consent at the conclusion of the 5 year period.

In other words, once a qualifying developer has received consent, established the business and commenced operation of the business he/she may apply to Council for a 5 year deferment of rates as of the commencement of the operation of the business.

The combined effect of these two packages of rate deferments can see a prudent developer obtain consent for a qualifying project, develop that project within a 12 month period and thereby receive a bonus of no rates for that first 12 months. Further, the developer then qualifies for a 5 year deferment of any further rate payments if the development can be operating within that first year following the issue of consent. However, both of the incentive packages with respect to rates can operate independently and, for example, a developer who takes several years to complete the qualifying

development to a stage where it is operational can still apply for the 5 year rate deferment as of the commencement of operation of the business.

b)   Postponed Application of Developer Charges

Most commercial and business developments attract some developer charges under Section 94 of the Environmental Planning and Assessment Act or Headwork's policies to address the impact of the new developments on Council's services and infrastructure. Under the terms of this procedure, qualifying development is not liable for payment of the required Section 94 or Headwork's charges until the approved business activity has been operational for 24 months. At this time the full charges are payable without interest.

The purpose of this incentive is to allow an establishing business a period of time in which to consolidate rather than face the additional burden of payment of developer charges before the business commences.

4   Decisions regarding incentives

Council is the final arbitrator as to whether a business is entitled to support under this policy.

VARIATION

Council reserves the right to review, vary or revoke this procedure which will be reviewed periodically to ensure it is relevant and appropriate.