

POLICY NO AND TITLE	3.3.1	Business incentives policy
PROCEDURE	3.3.1(a)	Business incentives
VERSION AND DATE ADOPTED	1	Day Month Year
RESPONSIBLE OFFICER		Manager Economic Development

Introduction

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

Specific Goals

1. 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.
2. To offer incentives to new or expanding businesses in the form of rate concessions and/or deferment of payment of rates and/or development charges of Council.
3. To establish a budget allocation for funding of subsidies and mechanisms for close monitoring to ensure the objectives of the policy are being met.

Focus of Incentives

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

- new and expanding commercial developments. (See Note 1).
- new and expanding industrial developments. (See Note 1).
- new and expanding tourist businesses including tourist accommodation. (See Note 1).
- provision of additional accommodation for the elderly. (To qualify under this provision development must meet the criteria of housing for the aged under State Environmental Planning Policy No. 5.)

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.

Note 2 The policy does not apply to residential or rural residential subdivision nor for the development of residential accommodation including detached dwelling houses and other multi unit housing. The explanation as to why these categories of development do not qualify for subsidy is as follows:

- each subsidy provided to development is a charge against Council's resources and is ultimately funded by the ratepayer. As such, Council wishes to maximise the return on investment for incentives and this can be best achieved by directing subsidies to projects that both stimulate additional economic activity and create permanent jobs.

Council is mindful that if new and expanding business opportunities are occurring within the Shire, then this activity will encourage migration of further residents which in turn will naturally stimulate the housing sector of the economy.

- there are significant reserves of residential land for most categories of development within the Shire and Council subsidies for this form of development will not necessarily create any additional flow of construction.

The application of incentives is to be performance based. That is developers who not only submit ideas but who are prepared to transfer these into successful working developments on the ground should be the beneficiaries of Council subsidy or other assistance. Quite a number of development concepts are approved by Council but never proceed to construction and implementation phase. The community only really receives benefits from development when it is implemented and therefore subsidies should target this phase of the process.

Application of Incentives

Two areas of incentive are offered under this policy:

- (a) Deferred Payment of Rates
- (b) Postponement of Payment of Developer Charges (Section 94 Charges and Water/Sewer Headworks Charges).

(a) Deferred Payment of Rates

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

- i. Commencement Bonus

The incentive implies 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.

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.

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 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 headworks policies to address the impact of the new developments on Council's services and infrastructure. Under the terms of this policy, qualifying development is not liable for payment of the required Section 94 or headworks 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 chargers before the business commences.

Decisions regarding incentives

Each application for assistance under the business incentives policy will be determined by the Council.