

Local Jobs Fund Policy Framework

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Acronyms and Definitions	Full form
ADI	Approved Deposit-taking Institution (licensed by the Australian Prudential Regulatory Authority)
CM&C	Northern Territory Department of the Chief Minister and Cabinet
FTE	Full Time Equivalent
NAIF	Northern Australia Infrastructure Facility
NT	Northern Territory
NTG	The Government of the Northern Territory of Australia
NTLJF	Northern Territory Local Jobs Fund

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1. Introduction

The Local Jobs Fund (the “Fund” or “NTLJF”) is a government fund which financially supports strong business cases and high growth businesses for the benefit of the NT. This occurs:

- directly through the transactions undertaken by the Fund into Eligible Businesses
- indirectly through the transactions undertaken by the Fund into Eligible Funds

The Fund offers three products:

- Business investment concessional loans
- Equity investments and equity based securities
- Priority sector collaborative grants

2. Policy scope

This Policy Framework explains the objectives, criteria and authorising environment for the NTLJF operations and references policies and procedures which provide for the oversight and day-to-day management of the NTLJF.

If the NTLJF distributes financial support on behalf of third parties, such as the Northern Australia Infrastructure Facility (NAIF), the policies and parameters that apply to those arrangements will be documented in the agreement with those parties, separate to this Policy Framework.

3. Objectives

NTLJF recognizes the importance of the preservation of capital. NTLJF also recognizes that risk is the prerequisite for maximizing the probability of achieving its Objectives and therefore takes prudent risks in its attempt to achieve its Objectives.

3.1. Create enduring employment opportunities for Territorians

It is NTLJF's intent to support Eligible Businesses:

- bridge the gap between feasibility and investor-ready, and
- produce opportunities for NT job creation.

3.2. Increase the long term productive capacity of the NT economy

It is NTLJF's intent to attract Eligible Businesses that have the capacity to:

- commence or increase the export of goods or services interstate or overseas, or
- commence or increase the output of goods or services that substitute imports, or
- create a new market offering of goods or services that are not presently available in the NT, or
- create a new market offering of goods or services that leverages a business model innovation or novel technology.

3.3. Encourage private sector participation in the NT

It is NTLJF's intent to match capital contributions made by the private sector into Eligible Businesses and, in some cases and through the transactions undertaken by the Fund, crowd-in private finance.

3.4. Receive a return on investment

It is NTLJF's intent to:

- limit the probability of loss of capital over a full market cycle (typically 5-10 years),
- deploy investments with a reasonable expectation that any finance provided by NTLJF through a Financial Product (as defined below) will be returned over time, and
- deliver a return on investment consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of the Fund

3.4.1. NTLJF's role as a catalyst

Whereas the NTLJF has an explicit mandate to create enduring employment opportunities for Territorians, the NTLJF provides finance on concessional terms and does not expect to earn a commercial risk-adjusted return.

4. Eligibility

4.1. Eligible Products

The Fund offers a range of products to flexibly meet the financial requirements of an Eligible Business and an Eligible Business may subscribe to more than one of the Eligible Products. The products are broadly split into:

- **Financial Products**, which assist with businesses bringing forward the development of business cases and commercial growth that would otherwise not occur, or would occur at a much later date or with a reduced scope;
- **Grant Products**, which assist with developing business cases that have industry-wide and public benefits.

And listed in greater detail in Table 1, below.

Product Type	Purpose	Investment Term	Single Transaction Limit (in AUD / transaction)
Financial Products			
Concessional Business Loans	Capital to de-risk potential opportunities, bring forward private investment, and deliver business cases to a final investment decision	7 years	100,000 to 10,000,000

Product Type	Purpose	Investment Term	Single Transaction Limit (in AUD / transaction)
Equity and Equity-based securities such as Convertible Notes SAFEs KISSes and variations thereof	Capital to accelerate business development for high growth or innovative businesses or private investment funds, and to bring forward private investment This includes investments in privately held companies and private investments in public entities which are illiquid.	12 years	100,000 to 10,000,000
Grant Products			
Priority Sector Collaborative Grants	Grant to assist with scoping, planning and feasibility studies and delivering of multi-user projects that have industry-wide or broader public benefits	Not applicable	100,000 Part A, and 1,000,000 Part B

Table 1. Eligible Products offered by the Fund

For every Eligible Application, the Fund considers the context of the total financing solution sought and may approve, at its total discretion, the financing approach it considers best suited to the Eligible Business. This may include a mix of Eligible Products and with regard for the specific purposes of each Product and the overarching Objectives of the Fund.

4.1.1. Asset allocation and investment concentration limits

Subject to the ongoing availability of overall funding, there are no asset allocation limits or caps on the aggregate allocation of any one Product Type.

4.1.2. Repayment and acquittal of Financial Products

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

4.1.3. Repayment and acquittal of Grant Funds

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

4.2. Eligible Businesses

Eligible Businesses are those businesses that have raised co-contribution funds from founders or another private sector capital providers. As part of the co-contribution and at the sole discretion of the Local Jobs Fund, founders funds may include commensurate investment made by the company founders specific to the business activity seeking funding support ahead of the Local Jobs Fund participation; and are those businesses that either:

- have a significant presence in the Territory,
- have high growth and job creation potential,
- are registered for corporate and tax purposes in Australia, and

- meet the approved risk appetite for the Fund,

or are those businesses that are raising money to support a business that:

- is present in the Territory,
- has high growth and job creation potential, and
- meets the approved risk appetite for the Fund.

The Fund does not invest in any business activities that the Fund reasonably believes may:

- be injurious or cause harm or damage to the reputation of the NTLJF or any of its affiliates, or
- be illegal, criminal, or which may adversely affect the interest, integrity, public security or national security of the Commonwealth of Australia, or the Commonwealth of Australia's government.

4.3. Eligible Funds

Eligible Funds include but are not limited to:

- private equity funds,
- venture capital and buyout funds,
- direct investment funds, and
- special situation funds,

whose objective is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

Eligible Funds assume the role of a fiduciary with respect to the assets it manages on behalf of NTLJF and must invest NTLJF's funds consistent with NTLJF's objectives in this Policy Framework, with the exception of clause 3.4.1, which is inconsistent with the business activities of Private Equity Funds. In the place of clause 3.4.1, NTLJF seeks to maximize its return on investment and benchmarks the Eligible Funds' performances against the Russell 3000 + 3%.

4.4. Eligible Industries

There is no industry criteria in place that restricts the eligibility of Applicants

4.5. Ineligible Use of Proceeds

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

- working capital finance for normal day to day operations of the business
- refinancing of existing debt,
- payment of taxes or fines,
- payment of dividends to shareholders,
- property development for on-sale or on-leasing, or
- proceeds that otherwise fall outside the approved risk appetite for the NTLJF

4.6. Eligible Applications

Eligible Applications are those applications that:

- request use of one or more of the Eligible Products to support an Eligible Business,
- arrive to the Assessment Team from the Website, and
- satisfy the conditions set in Annex A, Business Case Guidelines (Annex B), and other guidelines as they are published on the Website.

5. Governance

5.1. Structure

The Department of the Chief Minister and Cabinet (CM&C) administers the Fund. The table below captures key roles.

Entity	Purpose
NTG	Approved the establishment of the Fund
Chief Minister/ Treasurer	Developed the scope, product range, structure, and investment mandate for the Fund
CM&C	Established the Fund. Currently markets and manages the Fund.
DTF	Drafted Treasurer's Directions that support the Fund's products.

Table 2. Key roles in establishing and managing the Fund

5.2. Roles and responsibilities of CM&C

CM&C is responsible for:

- engaging with prospective Applicants and receiving applications
- processing and assessing Eligible Applications
- collating information that helps make an opinion on an Eligible Application's investment viability
- preparing papers for consideration by the Investment Committee
- preparing recommendations for consideration by decision-makers
- monitoring the compliance of funded businesses against the terms of support
- managing non-compliance and emerging risks, including escalating material issues to relevant decision-makers
- preparing reports on the Fund performance
- reviewing this Policy at least annually and updating as necessary

5.3. Special rights afforded to NTG, the Chief Minister, and CM&C

The NTG, the Chief Minister, or CM&C may at any time and without giving reasons:

- decide to accept or reject any application for finance in its absolute discretion,
- vary the Policy, the eligibility criteria, or any other documented rule or procedure relating to the program,
- cease the NTLJF program at any time, in which case no further funding will be issued.

6. Legislative Requirements

All lending and equity investments undertaken by the NTLJF must comply with legislation as identified by the NT Government's Financial Management and Accountability Framework.

6.1. Treasurer's Directions

Lending and equity investments undertaken by the NTLJF must comply with the relevant Treasurer's Directions. These include Treasurer's Directions relevant to:

Loans and advances	This Direction and Guidance document provides the minimum requirements relating to the approval, recognition, and management of loans and advances issued by the NTG.
Equity investments	This Direction and Guidance document provides minimum requirements for the approval, recognition, measurement and reporting of equity investments made by the NTG.
Grants and subsidies expense	This Guidance document provides the minimum requirements relating to the approval, and management of grants issued by the NTG.

Table 3. Treasurer's Directions

6.2. No right of action

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the NTG, the CM&C, any affiliates to the NTG or CM&C, or any individuals, officers, employees, or agents hired by the NTG or CM&C.

Annex A

Notwithstanding anything to the contrary contained in the Assessment Plan, this Annex A sets forth some terms and provisions that govern NTLJF's application acceptance and assessment process, and related policies.

1. Assessment of Eligible Applications

1.1. Assessment process and roles

Eligible Applications will be assessed:

- on a non-competitive basis,
- in order of receipt, and
- in compliance with the Assessment Plan and Risk Appetite Statement

The flowchart below provides a guide to the application assessment process.



The NTLJF may provide advice to prospective applicants regarding eligibility prior to an application being made. Table 3 demonstrates the role that key decision makers will have in assessing Eligible Applications.

Entity	Purpose
CM&C (Assessment Team)	Assess the investment viability of each application, and those activities listed in clause 5.2 as they relate to the assessment of Eligible Applications.
Investment Committee	Provide independent advice to NTG and the Accountable Officer. The Investment Committee has no delegated authority to decline or approve investments.
CM&C (Accountable Officer)	Provide advice to NTG on appropriate terms of finance and acceptability of risk. When it applies, offer finance as delegated by NTG.
NTG	Endorse final applicants.

Table 4. Application assessment process

A decision to offer finance will be made by either the CM&C Accountable Office, CM&C Chief Executive, the Chief Minister, or the NTG.

1.2. Assessment Criteria

All Eligible Applications are measured against the following Assessment Criteria:

Assessment criteria	Mandatory requirement	Guiding principles
1. Capability and capacity	The Applicant must have the experience, technical expertise, and financial capacity to deliver within the timeframe set in the business case.	The Applicant should have a high quality management team (proven track record of building successful businesses) with necessary experience and credentials to deliver the business case, strong alignment around strategy, incentives, exit timelines, and personal values.
2. Strategy and execution	The Applicant must demonstrate a cohesive strategy and approach to delivering the business case. The Application must align with the objectives of the Fund and any Product-specific purposes.	The business case should provide a comprehensive description of the proposed business activities, a schedule to deliver the objectives and approach to managing major risks.
3. Net Economic Benefit for the Territory	The business case will: <ul style="list-style-type: none"> • create and sustain new local jobs • increase economic activity • expand production capacity • grow export capability/import substitutability and/or • create a new market offering not present in the NT • create a new market offering using a business model innovation or novel technology <p>The Applicant will commit to implement and report on a plan to deliver local benefit outcomes 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 business case objectives will: <ul style="list-style-type: none"> • create sustainable jobs and economic opportunities in the Territory, • provide suitable opportunities for local industry and Aboriginal employment, and • create a minimum of 5 additional FTE jobs within 2 years.
4. Maximise and leverage private sector investment	The level of funding or finance provided by the NT 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 business case to proceed. The Applicant is unable to obtain commercial finance on reasonable terms. The offer of Finance from the Territory should crowd-in private investment.
5. Commercial feasibility	The Applicant must demonstrate that the business case is commercially and financially sustainable over the medium to long term. The Applicant must demonstrate the ability 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 financial and commercial feasibility, based on assumptions that are clearly articulated and justified.

2. Recommended content of an Eligible Application

Eligible Applications should provide sufficient information for the Assessment Team to make an informed decision on the investment viability of an Eligible Business and its business plans, or an Eligible Fund. To enable due consideration by the Fund, Applicants should submit the following as part of their Application:

- Business case
- Financial Model
- Financial Statements.

The Assessment Team may request any further information it considers necessary to enable assessment of the application (collectively, the “**Submitted Materials**”). In reviewing the Submitted Materials, the Assessment Team determines an Eligible Business’ fit within the Assessment Criteria and its role in aiding NTLJF to achieve its Objectives.

2.1. Business case

The business case, communicates the method and narrative in which the Eligible Business plans to achieve its financial goals. It should include the content asked for in the Business Case Guidelines (Annex B).

2.2. 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 to financiers and investors
- 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 Eligible Business.

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

2.3. 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. . Where finance is not being provided by an ADI, financial statements and any recent annual reports of the financing entity should also be provided.

3. Applicant’s Acknowledgements

By submitting an Application to NTLJF, the Applicant hereby acknowledges and agrees to the following terms and conditions:

3.1. 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.

3.2. 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.

Applicants are required to make a positive declaration in the application process that it will not approach parties outside of the application upon and after lodgement

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, CM&C for the purpose of the Application) may result in the Application being excluded from further consideration.

3.3. 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.

3.4. Disclosure

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

- the name of the Applicant
- a high level description of the business case
- the location of the business
- the net Territory economic benefit targeted by the business case
- the amount of finance provided and/or guaranteed by the Northern Territory Government.

3.5. Due diligence, audit and privacy

3.5.1. 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 CM&C sees fit.

All participants in the program acknowledge and accept that CM&C 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 CM&C having access to any private register of information in relation to the business or eligible recipient, and to CM&C using, storing and releasing for lawful purposes, such information, including personal information.

3.5.2. Use of Information

CM&C 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 CM&CCM&C under the program, businesses and eligible recipients agree to the privacy statement which can be found by viewing CM&C's privacy policy.

3.6. 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>

3.7. 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.

3.8. Contracts

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

3.9. 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.

Annex B

Business Case Guidelines

Criteria	Key Requirements
1. Capability and Capacity	
<p>The Applicant must have the experience, technical expertise, and financial capacity to deliver within the timeframe set in the business case.</p>	<p>Organisation name and type for each legal entity directly involved (including place of incorporation and ABN or equivalent).</p>
	<p>And where a corporate structure is in place, outline of relationships between entities, including beneficial ownership that stipulates either an individual(s) or listed entity.</p>
	<p>And organisational chart and CVs of Directors and key personnel, including specific and verifiable examples of previous experience in early-stage financing and business development.</p> <p>Schematic diagram that clearly outlines beneficial ownership of individuals or listed entities</p>
	<p>Referees from commercial financiers (banks, equity funds etc.) and any other relevant parties.</p>
	<p>Overview of current and historical business operations including governance systems staffing levels and activities in the Territory.</p>
2. Strategy and execution	
<p>The Applicant must demonstrate a cohesive strategy and approach to delivering the business case.</p> <p>The Application must align with the objectives of the Fund and any Product-specific purposes.</p>	<p>Overview of the business and market factors relevant, including:</p> <ul style="list-style-type: none"> the high level rationale market need and competitor analysis demand determinants suppliers and relationships/ alternative suppliers competitive advantage and unique value proposition scalability, facility capacity and future related capex needs business goals and attaching KPI's / success factors pricing strategy marketing strategy
	<p>For the execution of the business case:</p> <ul style="list-style-type: none"> • Details of other proponents, sponsors, participants and any legal arrangements established. • Overview of the funding and financing plan, and the support requested from the Northern Territory Government. • Overview of the status of business or regulatory approvals required to proceed. • Outline the strategy, including activities, processes and expected timeframes. • Assess the major risks, which may include technical, market, environmental, social, and financing risks and outline the risk management policy for the organisation

Criteria	Key Requirements
3. Net Economic Benefit for the Territory	
<p>The business case will:</p> <ul style="list-style-type: none"> • create and sustain new local jobs • increase economic activity • expand production capacity • grow export capability/import substitutability and/or • create a new market offering not present in the NT • create a new market offering using a business model innovation or novel technology <p>The Applicant will commit to implement and report on a plan to deliver local benefit outcomes 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>	<p>Overview of how the Business Case will grow the Territory and a relevant business sector.</p> <p>Outline the expected direct employment expenditure and FTE in the Territory for each phase within the delivery of the detailed business case. (e.g. construction and operation).</p> <p>Outline the expected value of the output, including the services delivered or goods produced.</p> <p>Provide an overview of how the Applicant proposes to provide opportunities and local suppliers and Aboriginal Territorians.</p>
4. Maximise and leverage private sector investment	
<p>The level of funding or finance provided by the NT is matched by at least an equivalent amount of new private sector finance.</p>	<p>Summarise and provide evidence of previous attempts to secure other private finance 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"> • Tenor • Repayment term and profile • Interest rate <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>
5. Commercial feasibility	
<p>The Applicant must demonstrate that the business case is commercially and financially sustainable over the medium to long term.</p> <p>The Applicant must demonstrate the ability 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.</p>	<p>The Financial Model demonstrates that the Finance requested from the Northern Territory Government is necessary to deliver appropriate returns to investors.</p> <p>Under a range of potential scenarios and sensitivities that the overall business case 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> <p>Financial model commentary including assumptions and outcomes</p>