ECONOMIC DEVELOPMENT & PLANNING CLUSTER

ECONOMIC DEVELOPMENT INCENTIVE POLICY 2020-2021

1. Preamble

Global research indicates that development incentives both financial and non-financial introduces an innovative way to attracting investment, seek ingress of expertise in technology, proactive policy reforms, enterprise sustainability and a positive impact on the economy. Many countries have progressively crafted bespoke incentive models to respond to their vision, the context and the targeted economic indicators which align to inclusive growth objectives.

Cities are considered engines of economic growth, thereby compelling a robust response to attracting investment and proactively creating a competitive environment. Development incentives are but one way of locking down the increasingly mobile capital needed for local growth and investment. The form and nature of incentives offered by countries internationally largely reflect a series of criteria which aims to achieve competitiveness, diversification, innovativeness, resilience and sustainability.

Section 153 of the Constitution mandates the eThekwini Municipality to structure and manage its administration, budgeting and planning processes in order, inter alia, to give priority to basic needs, promote social and economic development and provide a safe and healthy environment.

The eThekwini Municipality (the Municipality) has implemented several strategies, plans and initiatives designed to promote economic development.

The Local Government: Property Rates Act, 2004 provides one of the primary enabling mechanisms for the Municipality to progressively move towards the realization of societal and economic growth by allowing the Municipality, during the preparation of its annual budget to consider the granting of exemptions, reductions and rebates to specific categories of properties or specific categories of owners in relation to the rate payable on their properties.

In the case of other Economic Incentives, these are informed by other pieces of local government legislation read with policies adopted by the Council, from time to time during the annual budgetary process, always taking into account the fiscal position of the Municipality.

Against this backdrop, the EDIP provides details of the Municipality's approach to incentivizing foreign and local investment.

A combination of criteria to meet key outcomes is intended to catalyze growth in targeted localities, grow investment and support in specific sectors of the economy, promote highly-industrialized technology, stimulate urban regeneration in targeted areas, enable workforce growth, employability, transformation and skills and enhance public revenues.

2. Purpose of the Policy

The purpose of the EDIP is to:

1) Provide a guideline for the provision of Economic Incentives.
2) Define principles and procedures for the accessing of incentives by enterprises.
3) Outline the extent of the Economic Incentives that can be made available.
4) Encourage vacant land development, expansion of industrial and commercial Brownfield sites and urban regeneration as envisaged in the Built Environment Performance Plan.
5) Increase labour market growth, access to job opportunities and potential skills transfer.
6) Ensure alignment with legislative requirements, the Municipality's IDP and, where applicable, national and provincial strategies.
7) Ensure the Municipality remains financially viable and sustainable while implementing Economic Incentives.
8) Ensure that Economic Incentives are provided and used in a manner that allows for transparency and accountability and that transversal management is properly integrated.
9) Enhance fiscal revenue generation.
10) Ensure appropriate exit criteria from the incentive programmed.

3. Problem Statement

1) Slow growth in industrial and commercial sectors across South Africa.
2) Decline in industrial sectors resulting in unemployment, flaccid local economic activity.
3) Barriers to entry of small, medium and large enterprises in priority sectors exacerbated by market failures.
4) Limited skills response to the 4^{th} Industrial Revolution and skills transfer and advancement within the Municipal area.
5) Need for deepening investor links with local business to enhance skills transfer.
6) High cost of construction development costs.
7) Low rate of industrial innovation and efficiency.
8) Need for optimizing the Municipality's advantage as a port city through increased export.
9) Prevalent spatial, economic and social fragmentation and need for targeted alignment to the Municipality's spatial policies for economic growth and regeneration.
10) Declining investor confidence and the ease of doing business.
11) The Inner City and its surrounding areas reflect the fractured and exclusionary structure of society. A need exists to re-connect people to the Inner City as a place to live, work and play, as tough market conditions constrain regeneration efforts in the Inner City, driving away private sector investment.
12) Financial incentives that can be provided by the Municipality must be premised in legislation.
13) Fiscal constraints. Funding of Financial Incentives is not derived from the equitable share allocation from any other funded source but from the Municipality's own revenue.

4. Legislative Framework

National, Provincial and Local Policy Frameworks, Plans and Strategies

A range of national, provincial and local policies and strategies exist that relate to investment, economic growth, and job creation. These policies and strategies provide an overarching framework for investment, and guide policy coherence and compliance for the EDIP. These include the following:

National

1) National Development Plan (2012)
2) Industrial Policy Action Plan (IPAP2) (2016/17 – 2018/19)
3) Policy on the Development of Special Economic Zones in South Africa (2012)

Provincial

4) KZN Provincial Growth and Development Strategy and Plan (PGDS AND PGDP) (2016)
5) KZN Industrial Development Strategy (IDS) (2012)
6) KZN Investment Strategy (2011)

eThekwini Municipality

7) Integrated Development Plan (2020-2020)
8) Spatial Development Framework (2019)
9) Inclusive Growth Strategy (2020-2025)
10) Industrial Spatial Strategy (2009).
11) 5 Year Investment Promotion Strategy and Implementation Plan for the eThekwini Municipality (2017)
12) Built Environment Performance Plan (2014).
13) Economic Development and Job Creation Strategy (2013).
14) City Densification Strategy (2013).
15) LTDF- Imagine Durban (2010).
16) Integrated Transport Plan (2010).
17) Energy Strategy (2008).

Amongst the suit of local government legislation that exists, Section 15 of the MPRA read with the Municipality’s Rates Policy provides the primary enabling framework for Financial Incentives.

Clause 14 of the Rates Policy stipulates that:

(i) Any economic development incentive rebate shall be informed by the Economic Development Incentive Policy of the Municipality, as approved by the Council;
(ii) The amount of any particular development incentive rebate and the criteria for any specific development incentive (without derogating from clause 14) shall be determined annually by Council when approving the Municipality’s annual budget.

The Financial Incentives are available to eligible enterprises contemplated in the EDIP, subject, *inter alia* to compliance with all the requirements for the development of a property, such as the town planning, environmental and other health and safety requirements.

5. Definitions

a. **Assessed Market Value**: The property value as determined in terms of the Valuation Roll of the Municipality.
b. **Brownfields Development** refers to an expansion, refurbishment, regeneration of an existing building, in a Priority Area.
c. **Brownfield Site**: A property with an existing top structure, in a Priority Area.
d. **Construction Commencement Date:** Means the date that construction of the top structure begins on the ground, as verified by the Municipality's Building Inspectorate Branch.
e. **Contractual Agreement**: Refers to the written agreement entered into between the Municipality and the registered owner of a property in terms of Clause 14 of the Rates Policy detailing the Financial Incentives granted in relation to an Investment and the rights and obligations of the respective parties.
f. **Contracting party**: Refers to an owner of property who concludes a Contractual Agreement.
g. **Council**: Means the eThekwini Municipal Council; a council composed and elected in terms of Section 157 of the Constitution.
h. **Densification Zone**: As detailed in the City's Densification Framework available https://bit.ly/2mv29o2
i. **Developer**: Is a natural or juristic person developing a property leading to an increase in the assessed market value of the property. The Developer may or may not be the owner of the property on which the investment is made. Also see Investor
j. **Development Incentive Rebate**: The rates rebate that is granted by the Municipality in terms of the Rates Policy read with the criteria and conditions contained in this Policy.
k. **Economic Activity**: Refers to the activity that triggers one or more of the categories and criteria set out in Table 1 below.
l. **Economic Incentives**: Are defined as any measurable financial and/or non-financial advantages that are utilized to encourage, attract, retain or expand investment within the Municipal area.
m. **EDIP**: Means this Economic Development and Incentive Policy.
n. **Effective date**: Refers, in relation to the Contractual Agreement, the commencement date for Financial Incentives, which date shall not be earlier than the date of conclusion of the Contractual Agreement by the Municipality and registered owner.
o. **Financial Incentives**: In the context of the EDIP, financial incentives relate specifically to the Development Incentive rates rebates contemplated in Clause 14 of the Rates Policy.
p. **Former Township areas**: Refers to those areas identified in the Municipality's Inclusive Growth Strategy 2020-25, also available on the Strategic Spatial Planning Departments website https://bit.ly/2mv29o2.

q. **FTE**: Refers to Full Time Equivalent employment by one employee working full-time (for the whole of a working day or week) for one year, measured in terms of accepted accounting practices and verified by a registered auditor or accountant.

r. **Greenfields Development:** Refers to property development on vacant land.

s. **Inner City**: Refers to the area defined in the Municipality's Inner-City Local Area Plan, as well as the extensions/surrounding precincts, available on the Strategic Spatial Planning Departments website https://bit.ly/2mv29o2. For the purpose of Financial Incentives, the Inner City shall be confined, exclusively to the Durban Inner City.

t. **Investment Value**: The value of the New Investment is the worth of the New Investment i.e. the difference between the pre- and post-market value assessment upon completion of the Investment.

u. **Investment**: In terms of the EDIP, refers to the construction of a new building, redevelopment or refurbishment, expansion of property which enhances Economic Activity.

v. **Investor**: A person that makes a commitment towards a New Investment within the Municipal area.

w. **Job**: Refers to a new FTE employment opportunity created directly due to the New Investment but excludes jobs created during the construction/expansion/refurbishment/redevelopment period of the Investment.

x. **Municipality**: Refers to the eThekwini Municipality, a Category A municipality, established under the Local Government Municipal Structures Act No. 117 of 1998.

y. **Municipal area**: Refers to the jurisdictional area of the Municipality

z. **Municipal Financial Year** means the year starting 1 July each year;

aa. **National Building Regulations**: Refers to the National Building Regulations and Building Standards Act, No.103 of 1977, as amended, and regulations promulgated thereunder.

bb. **New Investment**: Refers to construction of a new top structure, redevelopment, and refurbishment of a property thereby enhancing its market value.

cc. **Non-financial Incentive**: Refers to technical or business support and facilitation services that may be provided by the Municipality to support investors who commit to an Investment within the Municipal area.

dd. **Outside Urban Development Line**: Means the geographical area defined in the Rates Policy comprising of properties in respect of which municipal services are mostly not available and where development is generally not promoted.

ee. **Person**: Refers to a natural or juristic person.

ff. **Priority areas:** Refers to targeted investment zones within the Municipal area as per the Built Environment Performance Plan (i.e. Prime Investment Corridor and the Urban Zone).

gg. **Property**: As defined in terms paragraph (a) of the definition of 'property' in Section 1 of the MPRA and is inclusive, where applicable, buildings, infrastructure and other improvements that have been made and are recorded as such in the Municipality's valuation roll.

hh. **Rates Policy**: Refers to the Property Rates Policy adopted by the Council in terms of Section 3 of the MPRA, as reviewed annually, and amended, where necessary from to time, during the Municipality's annual budget process.

ii. **Registered Professional**: Is a person who is certified under their respective professional bodies. E.g. Auditor, Accountant or Development Manager amongst others.

jj. **Secondary CBD's**: Refers to the areas identified in the eThekwini Inclusive Growth Strategy 2020-25 available on the Economic Development Unit's Website.

kk. **Targeted Sectors**: Refers to the Targeted Sectors listed in Clause **12(2)** of the EDIP which qualify for the additional targeted sector incentive set in Table 1 and Table 2 of the EDIP for the purposes of encouraging innovation, increasing the number of and expanding manufacturing industries and encouraging business to create maximum jobs thereby alleviating unemployment and poverty within the Municipal area.

ll. **The Pre-Approval Committee**: The Economic Development Incentives Committee comprising of representatives from the Municipality's Economic Development and Investment Promotion Unit, Development Planning, Environment and Management Unit, Finance Unit, Real Estate Unit and the Legal and Compliance Unit, as contemplated in **Clause 10.3** of the EDIP.

mm. **Top structure**: Refers to a building as defined in the National Building Regulations.

nn. **Transit Orientated Development Nodes**: Refers to the Municipality's new spatially focused approach that encourages infrastructure investment to transform the spatial form of the Municipal area. This relates to the development of nodes and corridors that open opportunity for development of the surrounding areas with the aim of maximising the economic, residential, and public transport usage potential with a view to stimulating investment, unlocking development potential and enhancing Economic Activity.

oo. **Urban Regeneration**: As per the Inner-City Local Area Plan, urban regeneration refers to the redevelopment or improvement of the area to create a unique and vibrant area which offers commercial, retail, residential and tourism opportunities.

6. Abbreviations and Acronyms

BEPP	Built Environment Performance Plan
CBD	Central Business District, as referred to in the BEPP
CIPRO	Companies and Intellectual Property Commission
DTI	National Department of Trade & Industry
ED&IP	Economic Development & Investment Promotion Unit
EDIP	Economic Development Incentive Policy
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
KZN	KwaZulu-Natal
MFMA	Municipal Finance Management Act
MPRA	Local Government: Municipal Property Rates Act, 2004 as amended
SDP	Spatial Development Plan
UNS	Urban Network Strategy

7. Policy Principles

The EDIP is founded upon the following core principles:

- Employment Creation
- Budget Affordability
- Transparency and Uniformity
- Simplicity
- Achievable and Relevant Performance Criteria
- Legality and Compliance
- Spatially Inclusive
- Clear Identification of Laws, Policies, Programmes and Guidelines
- Continuous Review.

8. Policy Rules

8.1 Eligibility for Financial Incentives

1) An applicant must be the owner of the property, or the owner's legal proxy.
2) An applicant must be able to satisfy at least one criteria, as enumerated in Clause 12 (2) read with Table 1 & 2 of the EDIP, per property to be developed in order to qualify for the Financial Incentives.
3) The percentages of the Financial Incentives will then be aggregated to determine the final rebate value.
4) In the case of investment involving a new Top structure, the applicant must apply to the ED&IP Unit for the Financial Incentive at least 12 months prior to Construction Commencement Date and no later than 31 January in the financial year preceding the start of the new Municipal Financial Year.
5) In the case of New Investments other than those involving a new Top structure, the applicant must apply to the ED&IP Unit for the Financial Incentive no later than 31 January in the financial year preceding the start of the new Municipal Financial Year.
6) The New investment in respect of which a Financial Incentive is applied for, must be a Greenfield Development or a Brownfields Development on a Brownfield Site.
7) The Investment must constitute a New Investment and must be inclusive of the building expansion, refurbishment and/or redevelopment of an existing investment within the Municipal area that leads to an increase in the Assessed Market Value of the property. The relocation of existing businesses within the Municipal area, do not qualify unless it is accompanied by the expansion of the Investment related to the new property.
8) The New Investment must result in an increase in the market value of the property.
9) An applicant may apply for Financial Incentives in respect of the following periods:

    (i) during the construction/refurbishment/redevelopment period of an Investment for a maximum of 3 years; OR
    (ii) post-construction/refurbishment/redevelopment of the Investment for a fixed 3-year period where the Effective Date will be guided by lawful occupancy or operation of business on the premises.

10) An applicant may apply for Financial Incentives in addition to national and provincial government incentives that are provided for various categories of development initiatives.

12) An applicant who is in receipt of other forms of rates relief from the Municipality–in terms of Clause 7 of the Rates Policy, does not qualify to receive the Financial Incentives.

13) Financial Incentives are not available to applicants who are the owners of residential property.

14) Financial Incentives are not available to organs of state.

9. Financial Incentives

9.1 Quantum Value of Financial Incentives

1) The quantum value of the Financial Incentive in relation to a New Investment is informed by the set of qualifying criteria contained in the EDIP and the incentive values as approved by the Council at its annual budget meeting and published in the KZN Provincial Gazette in terms of Section 14 of the MPRA.

2) In the case of a multiple or mixed-use development on a Brownfield Site or Greenfield Site, incentive values will be determined by the rate randages applicable to the various uses and the qualifying percentages will then be aggregated to determine the final total rates rebate value.

3) Any New Investment that includes some or all of the Targeted Sectors listed in Clause **12(2)** of the EDIP, will qualify for the additional incentive as set out in Table 1 and Table 2 provided the property owner transfers the benefit of the additional incentive to the tenant (pro-rated, where more than one tenant operates on the property) by means of equivalent reduced rental costs.

9.2 Catalytic Investments Incentives

Any application that is deemed 'Catalytic' ie. where the total investment exceeds R500 million and the nature of the development falls outside the criteria of the Economic Development Incentive Policy, will be dealt with on a case-by-case basis. Any consideration thereof will only be given once the City's affordability has been assessed and such is approved by Council.

9.3 No Retrospectivity

In the interests of effective and efficient budgeting and compliance with the MFMA, no Financial Incentives shall be granted retrospectively. Financial Incentives shall only be effective from the Effective date.

10. Evaluation and Approval Criteria

10.1 In order to trigger an assessment of an application, the following requirements must be met:

1) **Submission of Prescribed Documents**

An application must be made in the prescribed format and be accompanied by the prescribed documents contemplated in the EDIP and by such other documents as the Pre-Approval Committee may determine, during assessment of the application.

Prescribed documents shall include:

(i) Land use and rating category confirmations which the applicant must obtain from the Real Estate Unit's Valuation Department.

(ii) A copy of the title deed in respect of the property to be developed and where applicable, the notarial deed evidencing the tying of individual properties together for the purposes of a development.

(iii) Current CIPRO report, where the owner of the property is a juristic person, indicating the directors of the entity, business registration number and name, and the main business of the entity.

(iv) Identify Document of the owner of the property, in the case of a natural person, or of all the executive directors, where the applicant is a juristic person.

(v) Where applicable, a resolution authorizing a proxy to make application for Financial Incentives in terms of the EDIP and to sign any agreement with the Municipality.

(vi) Building plan approval. The term 'building plan' shall have the same meaning as ascribed in Clause 14.6(a) of the Rates Policy and means, where applicable, a building plan approved in terms of Section 4 of the National Building Regulations or an authorisation granted for minor building works in terms of Section 13 of the National Building Regulations.

(vii) Where no building plan approval is required under the National Building Regulations, as envisaged in (iii) above, written certification thereof, issued by a duly authorized official in the Plans Assessment Department of the Development, Planning, Environment and Management Unit, must be obtained by the applicant and accompany the application.

Branch for refurbishments.

(viii) Town planning approvals, where applicable, in relation to the New Investment.

(ix) In the case of Investment in Priority Areas, Spatial Priority applications, must verify verification of the-of the property location through geo-coded description as per an approved Local Area Plan or a geographical boundaries and geo-footprint of the identified spatial priority node, must accompany the application or be provided in the prescribed application form.

(x) A Gantt Chart indicating development milestones.

(xi) Quantity Surveyors Report on estimated costs of the New Investment (excluding land acquisition costs or property purchase cost) or a Report from a registered professional indicating estimated costs of the new investment (excluding land/building acquisition costs).

(xii) Where an application signifies that a Special Qualifying Criteria, as set out in the EDIP, applies to the New Investment and this relates to Jobs Created, a letter duly signed by a registered professional (who must be an accountant or a labour professional), and on a letterhead, with the practice number of the registered professional, must accompany the application, certifying the proposed number of Jobs to be created through the project.

(xiii) Proof of good standing in respect of all municipal accounts must be produced, as evidenced by the most current consolidated billing accounts.
Where the applicant is a co-owner, a holding company or a subsidiary of a holding company as contemplated in the Companies Act No. 71 of 2008, then all co-owners or the group of companies collectively and individually must be in good standing in respect of all municipal accounts.

10.2 Compliance with legislation

The New Investment must be in compliance with all National, Provincial and Municipal legislation and by-laws. The approval of building plans is usually accepted as proof that all legislative requirements have been met, however the Pre-Approval Committee may request additional information from the Applicant or a line department to confirm that no breach has occurred or is occurring in relation to the property.

In the event of non-compliance, further consideration of the application will be suspended until such time as the breach in question has been remedied to the satisfaction of the Municipality.

10.3 Pre-Approval of an Application

1) An application will receive pre-approval by the Pre-Approval Committee if the application satisfies all assessment criteria contained in the EDIP in particular, the relevant special

qualifying criteria as set out in Table 1 of the EDIP and identified in the prescribed application form as applying to the New Investment.

2) In order to properly assess an Application, the Pre-Approval Committee (through its Secretariat) shall have the right to call for updated information or documentation from the applicant.

3) Pre-approval of an application by the Pre-Approval Committee is a prerequisite for submission of a report to Council recommending approval of the Financial Incentives.

4) The Pre-Approval Committee must reject an application if it is non-compliant with requirements contained in the EDIP. Where an application is non-compliant, the applicant will be notified in writing.

5) An ongoing interaction between the applicant and the Municipality is envisaged to enable expeditious and efficient evaluation and processing.

10.4 Approval of an Application and Financial Incentives

1) In accordance with Clause 14 of the Rates Policy, final approval of Financial Incentives must be granted by the Council.

2) A draft Contractual Agreement must be submitted to the Council for approval when it is requested to grant final approval for Financial Incentives.

10.5 Contractual Agreement

1) In order to receive the benefit of Financial Incentives, a Contractual Agreement must be concluded.
2) The level and nature of the Financial Incentives that the Contracting Party qualifies for in terms of the EDIP, must be recorded in the Contractual Agreement, the terms and conditions of which must be approved by the Council, as stipulated in the Rates Policy.
3) The maximum duration of a Contractual Agreement shall be three years.
4) Certain standards must be incorporated in all Contractual Agreements. These are:
   - (i) An obligation to submit quarterly reports to the Municipality on the Investment/progress with the development.
   - (ii) An obligation to refund the Municipality all rates that would have been payable to the Municipality had the Financial Incentives not been granted, together with interest thereon. at the rate prescribed in the eThekwini Municipality's: Credit Control and Debt Collection Policy, where:
     - (a) Approval of an application is found to have been tainted by false information or where it comes to the Municipality's attention that information provided in the quarterly reports, contains false information.
     - (b) Development is halted, stalled or abandoned. Whilst the Contracting Party is in receipt of Financial Incentives, the New Investment must proceed in a purposeful and progressive way (subject to the usual annual builder's break and statutory public holidays). In the event of work being interrupted for a period

that exceeds 3 (three) months or for a period or periods, which cumulatively amount to 3 (three) months during any quarterly period, the Municipality shall have the right to stop further Financial Incentives, after written notice to the Contracting Party. The right to stop Financial Incentives shall also apply where the Contracting Party is placed under Business Rescue, or under provisional or final liquidation/sequestration. The fact that a work stoppage may be attributable to labour unrest, strike action, intimidation by third parties, or force majeure shall not derogate from the Municipality's right to withdraw the Financial Incentives.

(c) Where a development is complete and there is subsequent occupation but transfer of ownership has not taken place, the Contracting Party shall be liable for the relevant taxes payable in respect of the property and any other municipal debt arising out of such occupation including interest charges at the rate prescribed in the eThekwini Municipality: Credit Control and Debt Collection Policy.

(d) If the Contracting Party receives the Financial Incentives in error, the Municipality reserves the right to reverse such Financial Incentives in the manner it deems fit.

(e) A Contractual Agreement may, with the prior consent of the Municipality in writing, be ceded to a successor in title of the Contracting Party.

5) Where a Contracting Party benefits from the additional incentive, referred to in Clause 9.1(3) of the EDIP, the Contractual Agreement must impose an obligation on the Contracting Party to make disclosure of the benefits passed onto any tenant/tenants on the property. The quarterly reports must likewise make reference to the transfer of such benefits.

11. Monitoring of Contractual Obligations and Reporting Requirements

1) The Municipality must monitor the contractual obligations of the Contracting Party.

2) The primary responsibility for monitoring shall lie with the ED&IP Unit in liaison, where necessary, with line departments, in particular, the Finance Unit, in relation to the Contracting Party's payment obligations to the Municipality and the Real Estate Unit in the case of valuation matters informed by the MPRA.

3) The ED&IP Unit must stipulate the form which the quarterly reporting, as referred to in Clause 10.5, must take, and the minimum content. In the event of a report being deemed by the ED&IP Unit to:

(i) contain insufficient factual information;

(ii) lack supporting documents to substantiate information in the report,

the ED&IP Unit shall be entitled to call for such additional information or documentation as it considers reasonable.

4) In the event of a breach of the Contractual Agreement by the Contracting Party which is not remedied, the Contractual Agreement must be cancelled and the Municipality shall be entitled to invoke the remedies available to it as set out in the Rates Policy or as may exist in law.

5) Cancellation of any Contractual Agreement must be reported in the Section 71 MFMA report.

12. Special Qualifying Criteria for Financial Incentives

1) In addition to the general criteria required for the approval of an application for Financial Incentives, as contained in the EDIP, a New Investment must satisfy at least one or more of the Special Qualifying Criteria set out in 12 (2) below, in relation to the specific property in respect of which Financial Incentives are applied for.

2) The Special Qualifying Criteria are:

- Investment Value
- Jobs Created
- Targeted Sector
- Spatial Location

For the purposes of the EDIP (and unless otherwise indicated by the context of a particular clause in the EDIP), such terms have the meanings determined below:

12.2 Table 1: Special Qualifying Criteria:

Value of Investment	The value of investment, as verified by a registered professional in the built environment/development sector. The verified value will be deemed to be the final value upon which an assessment by the Pre-Approval Committee, will be based. In the case of a Greenfield Site, Value of Investment refers to the cost of the New Investment. In the case of a Brownfield Site, the cost of acquisition of any building must be excluded from the final verified value.
Jobs Created	The number of FTE Jobs Created catalyzed by the New Investment and based on evidential information provided by the applicant. Jobs Created must be certified by a registered professional, as contemplated in **Clause 10.1 (1)(xii)** of the EDIP. This Jobs Created criteria applies only to: (i) new industrial and commercial developments in Greenfield Developments and Brownfield Developments. (ii) Targeted Sectors • a direct work opportunity created sustainably by the new investment.

	• The new job had not been in existence previously, nor was it available prior to the investment in the eThekwini Municipal Area.
Targeted Sector	New Investment in the Targeted Sectors, as defined in the Municipality's Inclusive Growth Strategy 2020-2025 document. These are: (i) Chemicals (ii) Automotive Supply Chain (iii) Business Process Outsources (iv) Information, Communication, Telecommunications (v) Manufacturing: Clothing, Leather, Textiles and Footwear (vi) Maritime Engineering (vii) Light Engineering (viii) Life Sciences (ix) Tourism (x) Metals (xi) Green Economy (xii) Wood Products
Spatial Priority	The priority nodes for economic growth, identified and demarcated in the Municipality's Spatial Development Framework also available on the Strategic Spatial Planning Departments website https://bit.ly/2mv29o2 and the Inclusive Growth Strategy 2020-2025 document. These Spatial Priority areas/nodes are areas already serviced with bulk infrastructure. In the BEPP, they are described as the Prime Investment Corridor and Urban Zones; Inner City and Surrounding Areas; Transit Orientated Development Nodes; Secondary CBD's; and Former Township Areas.

3) An applicant shall not be allowed to aggregate criteria applying to other properties in its ownership in order to the derive the benefit of Financial Incentives in respect of a New Investment on a property. All Special Qualifying Criteria must be unique to the site in question. Except for properties in the Inner City and surrounding precincts.

13. Spatial Priority Area: Inner City: Bespoke Financial Incentives

13.1 Rationale for Bespoke Financial Incentives

The Municipality's Inclusive Growth Strategy 2020-2025 identifies the Inner City as one of the four core assets of the Municipality which requires dedicated attention in terms of urban management and regeneration. Despite the high level of investment in the built environment that has historically happened in the Inner City, relatively little private sector investment has been noted over the last 10 years. The Municipality has invested significantly in the redevelopment of the promenade and in the Point Area and is further addressing the problems that contributed to the flight of commercial business operation within the Inner City.

The Municipality, working in partnership with stakeholders are planning on fundamentally improving the space we call the Inner City, through making it the first choice as a place to live, while strengthening its role as a business and tourism destination. The Municipality has therefore crafted bespoke Financial Incentives to attract investment and regenerate the Inner City, thereby creating a vibrant space for commercial activity and multiple use developments to enhance densification.

13.2.1 Bespoke Financial Incentives

1) The incentive period applicable to the Inner City, shall consist of a maximum of three years, except in the case of 9.3, where such incentive may be extended by a maximum of two years.

2) Investment intended for high density Residential use (>80duph) and multiple use development in the Inner City **and** in precincts identified as a densification zone will qualify:

    (i) Brownfield Developments seeking to qualify in terms of the 'Value of Investment' criteria, shall be allowed to aggregate all the new investment values being made within the defined area of the Inner City (as set out in Condition a. above), be they on a single or multiple properties even if such properties are not spatially contiguous (or adjoining).

    (ii) Investments that qualify in terms of highest 'Value of Investment' discount (i.e. investments over R300 million) shall be eligible to apply for an extension of the incentive period to a maximum of two years, beyond the initial maximum of three years (i.e. a maximum incentive period of five years), subject to Council approval and compliance with the MFMA as amended.

    (iii) The definition of 'Investment Value', with regards to the Inner City, shall include the total monetary value spent on the improvement of land, buildings as well as place-making in terms of public spaces, but shall exclude the purchase price of land and buildings.

    (iv) Brownfields investments made by a single investor or entity seeking to qualify in terms of the 'Jobs' criteria, shall be allowed to aggregate all jobs being created in the Inner City, be they on a single or multiple property even if such properties are not spatially contiguous. In addition, all employed persons that are anticipated to occupy the area after a new investment is made, shall be eligible to be counted as a new job in terms of the Jobs criteria, exclusively with regard to the Inner City.

    (v) New or renovated office space that is intended for use by the Information and Communication Technology and Electronics (ICT&E) as well as Business Process Outsourcing (BPO) industries, as well as office space intended for use of any of the identified sectors within the Inclusive Growth Strategy (2020-2025), shall be eligible to apply in terms of the 'Targeted Sector' category.

    (vi) In line with rest of the eThekwini Rates Policy, EDIP and MFMA, incentives may not be applied for retrospectively. This means that applicants may only apply for incentives on new investment (expenditure) that is prospective and not for expenditure that has already been incurred.

14. Table 2: Financial Incentives

CATEGORY	CRITERIA	INVESTMENT VALUE	MAXIMUM %AGE REBATE
Investment Value	New investment in any industrial or commercial property development.	R0 – R299 million; or	10%
		>R300 million	20%
Jobs Created	FTE Jobs created post construction in new investment in any Sector for a fixed 3-year period.	All inclusive	
	• 50-250 jobs		5%
	• 251-500 jobs and above.		10%
	FTE jobs in new investment in the Targeted Sectors the 3-year period post construction: • 50-250 jobs	All inclusive	15%
	• 251-500 and above jobs.		20%
Targeted Sectors	Investment in Targeted Sectors as defined in the eThekwini Inclusive Growth Strategy 2020-2025.	All inclusive	40%
Spatial Priority: Prime Investment Corridor, Special Inner City Incentives, Transit Oriented Development Nodes, Secondary Nodes, Former Township Areas.	Investment in Spatial Priority Area. As defined in the City's Spatial Development Plan & the Inclusive Growth Strategy 2020-2025	All inclusive.	20%

15. EDIP Approvals Committee

Once all the conditions have been met, the EDIP Secretariat recommends the application to the Approvals Committee and onward to Council for final approval. The required compliance documents are as follows:

1) If the applicant is applying for the job incentives, then a signed letter from a registered professional is required, verifying the proposed number of jobs to be created through the 19. A Guide to EDIP: Life-cycle Design

16. Communication and Branding of the EDIP

1) The EDIP will be posted on the eThekwini municipal website www.durban.gov.za and in due course, a dedicated EDIP webpage will be created, linked to the eThekwini municipal website.
2) Prescribed application forms will be available at Economic Development Unit Offices and on the municipal website.
3) The Council's annual Rates resolutions passed in terms of Section 14 of the MPRA during the annual budgetary process, and determining, inter alia, Financial Incentives to investors and percentages can be accessed on the eThekwini municipal website.

17. Policy Evaluation and Review

1) The EDIP must be reviewed annually to ensure that it aligns with the Rates Policy, with a major review taking place every three years.

2) During each review, each principle, procedure and requirement in the EDIP must be interrogated, discussed and re-evaluated, for its relevance and appropriateness.

3) At the time of review and re-writing of the EDIP, the relevant internal and external stakeholders must be consulted through a series of in-depth discussions that result in the progression of the EDIP. Relevant internal stakeholders must include inter alia, the Finance Unit, the Development Planning, Management and Environment Unit, the Real Estate Unit, the Legal & Compliance Unit and Invest Durban.

4) The EDIP design must improve investment attraction, retention and expansion. These objectives must be set with realistic timeframes and measurables, to be able to review, refine and improve the design of the EDIP, whilst always taking into account the fiscal position of the Municipality.

5) The EDIP, as reviewed and amended annually, must be adopted by the Council for implementation in the new Municipal Financial Year.