



Investment Incentive Policy

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1. DEFINITIONS

For the purposes of this policy, unless otherwise stated, the following definitions shall apply:

Incentive	Any measurable advantage affected by specific enterprises and/or categories of enterprises at the strategic direction of government.
Council	Means the Municipal Council of Overstrand established in terms of the Municipal Systems Act, Act no. 32 of 2000.
Mayoral Committee	The committee appointed by the Executive Mayor to assist the Executive Mayor in terms of Section 60 of the Municipal Structures Act, Act no. 32 of 2000.
Development Charge	A Development Charge, as outlined in the approved Council Development Contribution Policy, means a once-off charge imposed on a developer as a condition of approval or where additional capacity is required by a property owner. This charge is also known as the Bulk Infrastructure Contribution Levy (BICL).
Development and Investment Committee	An internal committee is established by the Municipal Manager responsible for identifying and assessing major development and investment initiatives/projects within the municipal area.
Incentive package	The list of approved incentives that may be negotiated with investors.
Policy	The policy for investment incentives, or any other policy adopted by Council in relation to investment incentives.

2. PREAMBLE

The vision of the Municipality is:

To be a centre of excellence for the community

The mission of the Municipality is:

Creation of sustainable communities by developing optimal services to support economic, social and environmental goals in a politically stable environment as an Overstrand for All

The strategic goals of the Municipality is:

1. The provision of democratic, accountable and ethical governance.
2. The provision and maintenance of municipal infrastructure.
3. The encouragement of structured community participation in the matters of the municipality.
4. The creation and maintenance of a safe and healthy environment.
5. Promotion of tourism, economic and social development.

Taking the above-mentioned vision, mission and goals into consideration, as well as Council's drive to make it easier to do business in the Overstrand, the aim of this policy is to create leverages to encourage investments to be made towards Overstrand's strategic direction.

Incentives are aimed at promoting the ease of doing business, especially where it relates to large capital and/or catalytic developments.

Investment incentives focus on:

- Spatial targeting
Encouraging and promoting development in identified nodes according to Overstrand Spatial Development Framework and Overstrand Growth Management Strategy and investments towards strategic direction.
- Targeting certain Sectors
The Blue economy, aquaculture, agriculture, nature conservation, tourism, green and renewable energy, warehousing, call centre, financial, medical and health care, and social/affordable housing.

3. REGULATORY CONTEXT

This policy is developed in the context of the following legislation, policies and strategic frameworks:

- 3.1 The Constitution of the Republic of South Africa Act 108 of 1996.
- 3.2 Municipal Finance Management Act (MFMA) Act No 56 of 2003 and related regulation,
- 3.3 Municipal Property Rates Act (MPRA) Act No 6 of 2004,
- 3.4 Municipal Systems Act, Act No 32 of 2000,
- 3.5 Land Use Planning Act (LUPA) Act 3 of 2014,
- 3.6 Overstrand Municipality Property Rates Policy.
- 3.7 Overstrand Municipality Integrated Development Plan (IDP).
- 3.8 Overstrand Municipality Spatial Development Framework.
- 3.9 Overstrand Municipality Amendment by Law on Municipal Land Use Planning 2020.
- 3.10 Overstrand Municipality Developer Contributions Policy.
- 3.11 Overstrand Municipality Tariff Policy.
- 3.12 Overstrand Municipality Long-Term Financial Sustainability Policy.

4. STRATEGIC FOCUS AREAS

This policy aims to inform and guide the provision of incentives for investment within the Overstrand Municipal area.

For any Municipality, the question of how to design a comprehensive incentives strategy must be located within both a global and local context. For the Overstrand Municipality, the local context demands that the municipality carefully balance the incentives packages that encourage investment that is critical for driving economic growth and job creation, with the revenue requirements to address its other strategic policy priorities and service delivery.

While research tends to indicate that incentives are rarely the most important factor in locality decisions by business, they do influence decision making and can play a “tipping point” role. Non-financial incentives, particularly with respect to transparent and consistent administrative procedures are often considered by investors to be more important than incentives with a direct financial benefit. It is the role of the Overstrand Municipality to identify the best mix of both non-financial and financial incentives.

There are a wide range of incentives offered by other spheres of government, most notably the Department of Trade and Industry (DTI); the Overstrand Municipality desires to see these national incentives complemented by a set of incentives that relate to the mandate of local government. The context-specific investment incentive package detailed in this policy document is designed to encourage investment towards the strategic direction of the Overstrand Municipality. Utilising investment incentives for private sector investment will position the Overstrand Municipality as a preferred investment destination both in the Western Cape, South Africa and globally whilst achieving the strategic objectives.

4.1 STRATEGIC DIRECTION ACTIVITIES

The proposed strategic focus areas of the Overstrand Municipality should be enshrined in the Overstrand Municipality's Integrated Development Plan (IDP) and is categorised into five pillars:

- The Opportunity Overstrand Municipality.
- The Well-run Overstrand Municipality.
- The Safe Overstrand Municipality.
- The Caring Overstrand Municipality.
- The Inclusive Overstrand Municipality.

Although incentives can have an impact on all five pillars, this discussion document proposes a focus on the Opportunity Overstrand Municipality and the Inclusive Overstrand Municipality.

The underlying principle of the Opportunity Overstrand Municipality in relation to investment incentives is the attraction of business investment that creates sustainable employment, contributes to the development of key sectors and catalytic development in important spatial nodes. In the long term the right kind of investment in the right place will create the platform for sustainable growth of the Overstrand Municipal area, but also contribute to a Safe and Caring Overstrand Municipality.

The underlying principle of the Inclusive Overstrand Municipality is to ensure accessibility for any qualifying investor/entrepreneur to employment and business opportunities. This includes direct employment created by businesses investing in the Overstrand Municipal area, but also in terms of indirect employment within local business supplying goods and services to new investments.

In terms of strategic context, this is aimed at development not necessarily located in the spatial nodes but in the overall context of Urban and Rural Development. These projects could include development of tourism, agriculture, environmental conservation and establishment of green energy and blue economy projects.

4.2 SPATIAL CONTEXT

The Spatial targets can be categorized in the following categories:

- Economic corridors in previously disadvantaged areas. The main aim is to promote formal socio-economic facilities within previously disadvantaged communities in order to enrich the community and allow the respective community to live, play and work without having to travel long distances. Refer to Annexure A.
- Economic Opportunity nodes as identified in terms of the Overstrand Municipal Spatial Growth Management Strategy where the main aim will be to increase the footprint of existing economic activities. Refer to Annexure B.

5. DESIRED OUTCOMES

This Investment Incentive Policy aims to:

- 5.1 Enhance the creation of a favourable economic climate to attract and retain investment in the Overstrand Municipality area,
- 5.2 Create favourable conditions for investors to participate in the implementation of key catalytic projects and initiatives,
- 5.3 Define the investment incentive package available to investors; and
- 5.4 Provide the necessary principles, processes and approval procedures that will enable a transparent incentive program.

6. GENERAL PRINCIPLES

The following principles have guided the development of the incentive packages described in Table 1 and Table 2.

6.1 Principle 1: Employment Creation

The investment incentives must be tied to the attainment of the Municipality's developmental goals of which job creation is foremost. The goal, of incentive provision is not to simply enhance business profit margins with little or no broader socio-economic impact. Rather, investment incentives must be used to support and enhance sustainable job-creating private sector investment. In this respect a business 'eligibility for incentives' should be conditional upon the creation of a prescribed number of jobs.

6.2 Principle 2: Affordability

The incentives package must not place undue pressure on the Municipality's finances. A Municipality should not sell services below cost to business. Where possible, high impact but low cost 'soft incentives' such as expedited approval times; and increased administrative efficiency in the dealing with applications, should be targeted. Financial incentives should be limited to application cost in order to make the opportunity to enter into the economy more accessible.

6.3 Principle 3: Transparency and Uniformity

The incentives should be non-discriminatory and should be applied with uniformity and transparency. The granting of investment incentives should be done according to a set of predetermined criteria. This set of criteria will be consistently applied to all businesses applying for incentives. Information on the nature of the granted incentives should be public knowledge.

6.4 Principle 4: Sectoral Targeting

The investment incentive will only be applicable in specific areas as set out in Annexure A. Incentives will be mainly geared towards priority sectors as outlined in the eligibility criteria. The aim is to attract and/or push specific investment into specific areas in line with the municipal Spatial Development Framework.

6.5 Principle 5: Spatial Targeting

Investment incentives are most effective when they are spatially targeted. This is for the following reasons:

- Spatial targeting maximizes the socio-economic return of incentives by focusing on areas with strong potential, but which are currently underperforming
- Spatial targeting enables the Municipality to achieve its development objectives in specific areas thereby addressing issues of spatial inequality

The spatial targeted area should align with Overstrand SDF and Overstrand Growth Management strategy.

6.6 Principle 6: Simplicity

Ascertaining whether a business is eligible for an incentive and subsequently obtaining an incentive should not be an onerous task for investors. The criteria for incentive provision should be easy to understand. The structure and administration of the investment incentives should not require excessive administration, thereby minimizing staff and financial impacts. This to ensure quick turnaround times for applications.

6.7 Principle 7: Legality

The incentives that are provided must be subject to the relevant legislation and planning parameters. Incentives cannot conflict with legislation, nor should they be provided to companies or persons not in good standing with the law.

6.8 Principle 8: Complementarity and alignment

A Municipality's Investment Incentives Policy should directly reflect its mandate as a separate and independent sphere of government i.e., it should relate to incentives that the Municipality can uniquely provide, and which will help to achieve the key strategic objectives of the Municipality as identified in the IDP and other strategic documents.

6.9 Principle 9: Continuous Review

The policy needs to be reviewed continuously in order to ensure it stays relevant and that the Municipality achieves the relevant outcomes anticipated by the policy.

7. INVESTMENT ENABLING FACTORS

The municipality utilizes a number of tools aimed at fast tracking, unblocking and reducing red tape in doing business in Overstrand; these include:

- a. The Development and Investment Committee.
- b. Infrastructure Master Planning; and
- c. Investment in the Business and Economic Corridor, nodes and strategic direction.

8. THE INVESTMENT INCENTIVE PACKAGE

The following incentives are offered to qualifying Investors in terms of the eligibility criteria:

Table 1: Non-Financial Incentives

Serial no	Category	Description
1.	Dedicated Investment Facilitation Committee	A dedicated Development and Investment Committee to assess applications.
2.	Fast Tracked Development Application Process	a) Guaranteed development application time frames, including provision of pre-lodgement meetings, dedicated assistance, and guidance. b) Timeframe commitments for compliant applications are as follows: • Land-use application: six (6) months. • Building plan approval: 14 days
3.	Property Locality and availability assistance	Assistance to prospective Investors searching for ideal development sites or building premises within Overstrand Municipal area.

Table 2: Financial Incentives

Serial no	Category	Description
1.	Development Application Fees	Applies to all land use and building plan fees. Reduced building plan application fees and land use management application fees apply to non-residential development as follows: i. Building plan application fee. • If the building is less than 1000m² - 30% rebate on scrutiny fees. • If the building plan is more than 1000m² - 50% rebate on scrutiny fees. ii. Land use management application fee: • In economic corridors (Disadvantaged areas) - 100% rebate on land use applications • 50% in economic nodes Applicable to applications relating to: Strategic sectors such as agri/aqua culture, nature conservation, tourism, green energy, <u>the blue economy</u>, warehousing, call centre, financial and medical.
2.	Rebate on Municipal Property Rates portion (Value of improvements)	• Development value (value of improvements) of R20m to R40m – 100% rebate for 1 year, which period will be affected from date of final approval of the development. • Development value (value of improvements) of > R40m – 100% for 2 years, which period will be affected from date of final approval of the development.

9. ELIGIBILITY AND COUNTER-PERFORMANCE CRITERIA

The following criteria will be applied to determine investor eligibility for incentives:

1. General Criteria	The investment must constitute a new development or expansion of an existing investment within the economic corridor or nodes (value of investment to be > R5 000 000) In previously disadvantaged areas value of investment to be > R2 000 000.
2. Sectoral Criteria	a) The Investment incentive package is specifically targeted to businesses operating in the following manufacturing sectors: - i. Agri/Aqua culture and Blue Economy ii. Nature conservation iii. Tourism iv. Green Energy v. Warehousing, vi. Call centre, vii. Financial viii. Medical and Health Care b) In line with Council priority projects, incentives will be available for the following Initiatives: - • CBD regeneration projects (mixed use residential and retail facilities)
3. Employment Creation	Applies to both sectoral and spatial criteria. The proposed investment must create new and sustainable full-time employment to be eligible for the Investment Incentives package (must create 10 or more permanent jobs). In previously disadvantaged areas (must create 5 or more permanent jobs)
4. General conditions	a) The applicant must be in good legal standing, b) The municipality accounts linked to the property owner or investor must be fully paid before entering into an investment contract.

5. Counter- performance criteria and proviso's	a) Failure to start development within 12 months, or not completing the development within three (3) years, will result in the approved investment incentive package lapsing and deferred payments becoming payable. b) Job targets should be reached within 24 months of the commencement date of operation. Failure to do so will result in all approved incentives contracts lapsing and deferred payments becoming payable. c) The investment must be consistent with the provisions of the Integrated Development Plan and Spatial Development Framework as approved by Council, and subject to relevant land-use and building control approval. d) The applicant and all businesses associated with it must be in good standing, with Council and SARS. e) The premises from which the business will be operating must comply with the National Building Regulations and Standards Act, f) The investment must comply with all applicable legislation or policy, and g) All financial incentives are subject to the Council's budgeting processes as prescribed by National Treasury.
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10. APPLICATION AND ASSESSMENT PROCESS

- 10.1 Applications for the Investment Incentive Package are to be made formally through an approved application process. The Development and Investment Committee in the Office of the Municipal Manager serves as the single point of contact.
- 10.2 Applications will be evaluated as per the eligibility criteria. Other factors to be considered include but are not limited to:
- Expected economic impact of the project/business,
 - Income generation for residents,
 - Level to which the project contributes to economic diversity,
 - Growth potential of the business and access to market,
 - Ability to leverage additional economic growth in the future,
 - Corporate Social Investment spend, and
 - Anticipated environmental Impacts of the project.
- 10.3 A person as appointed or nominated by the Municipal Manager shall complete an evaluation report of the incentive application together with a draft incentive contract, which shall be approved by the Municipal Manager, and

- 10.4 If the criteria are not met, applicants will be informed and discussions may be entered into around adjustments to scope, which could allow for further consideration.

11. APPROVAL PROCEDURE

- 11.1 The Municipal Manager is mandated to approve the Investment Incentive package; and
- 11.2 The signed incentive contract shall become the legal binding agreement between Overstrand Municipality and the investor.
- 11.3 The following require incentive approval from Mayoral Committee:
- Projects outside the policy framework and criteria, which will require special assistance or is of special importance to the development of the economy.

12. ROLE PLAYERS

To ensure effective implementation of this Investment Incentive Policy, the following Department/Divisions are responsible for the management of certain incentives.

Role-players	Key Responsibilities
Office of the Municipal Manager	➤ Function as a one-stop shop for investments in the Overstrand area. ➤ Responsible for the development administering and monitoring of the Investment Incentive Policy.
Town and Spatial Planning Department	Responsible for conceptualizing spatial targeting of incentives in identified catalytic zones.

13. MONITORING AND EVALUATION

- The office of the Municipal Manager is responsible to monitor the implementation of this policy.
- A comprehensive assessment of the Investment Incentive Policy will be conducted after three years from the date of Council approval.
- The Investment Incentive Policy must be reviewed annually to ensure that it complies with the Municipal strategic objectives and current legislation, and
- Council reserves the right to review, replace or abolish any incentive contract

14. SPATIAL AND STRATEGIC CONTEXT

14.1 STRATEGIC DIRECTION SECTORS

- ❖ Agriculture
- ❖ Aquaculture
- ❖ Blue Economy
- ❖ Call centre
- ❖ Financial
- ❖ Green Energy
- ❖ Medical and Health Care
- ❖ Nature conservation
- ❖ Social and Affordable housing
- ❖ Tourism
- ❖ Warehousing

14.2 BUSINESS CORRIDORS & NODES FOR EXISTING SETTLEMENTS IN THE OVERSTRAND MUNICIPAL AREA

Refer to Annexure A.

14.3 ECONOMIC OPPORTUNITY NODES AS IDENTIFIED IN THE OVERSTRAND MUNICIPAL SPATIAL GROWTH MANAGEMENT STRATEGY

Refer to Annexure B.

15. IMPLEMENTATION AND REVIEW PROCESS

This policy will come into effect on **1 July 2026**.

This policy will be reviewed at least annually or when required by way of a Council resolution.

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