



UMNGENI INCENTIVES POLICY

BACKGROUND

Like many small municipalities in South Africa the uMngeni Municipality has challenges with infrastructure maintenance and the provision of bulk infrastructure that supports or promotes socio-economic development. The municipality lacks the finances to make the large-scale investments into bulk infrastructure such as roads, storm water, sanitation, electricity and waste management. The once off capital outlay or financial burden placed on expensive loans limits the ability of the municipality to adequately invest in infrastructure in a way that stops the depreciation of assets to a compromised state or to sufficiently support socio-economic development.

To fast-track infrastructure development and revitalization that supports socio-economic growth and stability, the uMngeni Municipality has created an Incentive Policy to encourage private sector partnerships and investment.

LEGISLATIVE & REGULATORY

The primary role of local government is outlined in section 152 of the constitution. Section 152 (1) states the object of local government are;

- “(a) to provide democratic and accountable government for local communities;
- (b) to ensure the provision of services to communities in a sustainable manner;
- (c) to promote social and economic development;
- (d) to promote a safe and healthy environment; and
- (e) to encourage the involvement of communities and community organisations in the matters of local government.

Section 152 (2) of The Constitution further states that “A municipality must strive, within its financial and administrative capacity, to achieve the objects set out in subsection (1).”

Key legislative & regulatory framework to the Incentives Policy include:








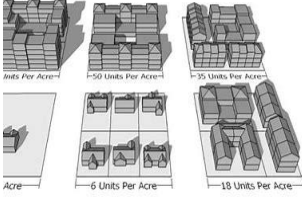

- Constitution of the Republic of South Africa
- Municipal Systems Act
- Municipal Financial Management Act
- Municipal Property Rates Act
- National Development Plan
- National Industrial Policy Framework
- National Investment Promotion and Facilitation Strategy
- Industrial Policy Action Plan o KZN Provincial Growth & Development Strategy
- KZN Investment Strategy
- uMngeni Municipality Integrated Development Plan
- uMngeni Municipality Local Economic Development Strategy

In May 2022 the uMngeni Municipal Council approved the uMngeni Economic Incentive Policy (hereafter referred to as The Policy). This policy aims to:







- Attract development to the municipality by offering incentives;
- Creating an attractive and investor friendly environment;
- Create a platform for inclusive investment;
- Stimulate local employment and local procurement;
- Establish processes and procedures for incentives;

The Incentives Programme will focus on the following sectors of the economy and will be applicable throughout the municipality with the exception of agri-industry and urban renewal:

<p>Agri- industry</p> 	<p>Tourism</p> 	<p>Manufacturing</p> 
<p>Urban renewal</p>  <p>As defined by the town planning scheme</p>	<p>Commercial</p> 	<p>Education & Training</p> 
<p>Transportation terminals</p> 	<p>High density residential</p> 	<p>Medical</p> 

Section 9.11.2 of the uMngeni Economic Incentive Policy makes provision for bulk infrastructure investment. This infrastructure includes:

 <p>Electricity</p>	 <p>Roads & storm water</p>	 <p>Bulk water & wastewater treatment works</p>	 <p>Sustainable infrastructure</p>
---	---	---	--

INVESTMENT TARGETS

Geographic targets	This is when an area within the municipality is demarcated as a location for further development and investment
Entrepreneurial targets	This entails focusing on specific types of enterprises as a means of encouraging certain kinds of investment to an area.
Business targets	This involves identifying the most relevant sectors of the economy and addressing both the flow and maintenance of business activity within a community.
Occupational targets	This concerns economic development within the context of employment. This does not involve the targeting of a specific area, enterprise or sector.

CLASSIFICATION PER INVESTMENT

Classification according to investment

Classification according to investment	Class 1 minimum	Class 2 Minimum	Class 3 Minimum	Class 4 Minimum	Class 5 Minimum
	MINIMUM RATABLE INVESTMENT				
Tourism	R1M	R2M	R5M	R10M	R20M
Agri-industry	R5M	R10M	R25M	R50M	R100M
Manufacturing	R5M	R10M	R25M	R50M	R100M
Urban Renewal	R5M	R10M	R20M	R35M	R50M
Commercial	R10M	R20M	R50M	R100M	R250M
Education & Training	R5M	R10M	R50M	R100M	R150M
Transportation terminals	R10M	R50M	R501M	R100M	R150M
High density residential	R20M	R1M	R100M	R150M	R250M

Classification per employment

Number of permanent, direct employment opportunities added					
INDUSTRY	Class 1 minimum	Class 2 Minimum	Class 3 Minimum	Class 4 Minimum	Class 5 Minimum
All industries	40	50	65	80	100

It is a condition of this incentive that only employment opportunities filled by South African residents will count towards the minimum number of employment opportunities created in relation to unskilled labour.

PROPOSED INCENTIVES PACKAGES

The municipality will make the following non-financial incentives/ commitments available to all businesses willing to make an investment in the municipality.

Stable infrastructure	Ongoing public infrastructure development and maintenance through appropriate budget allocations to improve reliability of services.
Rezoning processes	As per SPLUMA, rezoning processes are to be finalized within a maximum of 180 days.
Building plans approvals	As an incentive, UMngeni Municipality commits to communicate a decision on all building plans in less than 60 days.
Electricity connections	Commitment to facilitate electricity connections within two months of receiving an application.
Business & development enquiries	commitment to respond and acknowledge all formal business queries and enquires within a maximum of ten (10) days from date of enquiring.
Market & economic information	Facilitate the sourcing of recent and available market and economic data and statistics within a maximum period of two (2) weeks from date of request, provided the information is availed by government agencies and departments.

FINANCIAL INCENTIVES

Financial incentives applicable to all classes on a sliding scale per year

CLASS	YEAR 1	YEAR 2	YEAR 3
Class 1	25%	10%	5%
Class 2	35%	25%	10%
Class 3	50%	35%	20%
Class 4	75%	50%	25%
Class 5	100%	75%	25%

Refuse incentives applicable to all classes on a sliding scale per year

Class	Year 1	Year 2	Year 3
All Classes	15%	10%	5%

DISCRETIONARY INCENTIVES

The municipality also acknowledges the need to incentivise unique/ innovative projects that will benefit the municipality and its residents. Regarding such unique projects the municipality will also give consideration towards transformational type projects. This involves, but is not limited to projects where:



Private landowners avail land for agricultural use by emerging farmers.



Landowners offering support to SMMEs

Any projects aimed at the betterment of uMngeni residents.

In order to qualify for discretionary incentives, there will need to be proven measurable evidence of sustainable and meaningful benefit, to the residents, more particularly, marginalised groups. Each application will be evaluated on merit and will be recommended to council for approval.

CORRIDOR AND NODAL INCENTIVES

In addition to the financial incentives that will be implemented, the municipality will also implement additional incentives aimed at reviving residential development nodes and corridors.

Corridor/ nodes	Incentive	Applicable areas
Residential development nodes	No application fee for consents & rezonings.	Mpophomeni, Howick, West, Lions River, Lidgetton, Zenzani Village & Merrivale
N3 Corridor	50% discount for industrial & commercial applications	500m from the road centreon either side of the N3 primary corridor
Development corridors	50% discounts for consent and rezonings	Karkloof, Curry's post, Dargle, Hilton College, R103. R617 500m from the road centre on either side of the N3 secondary corridor
Industrial Zones	50% discount for industrial applications	Merrivale Industrial area Midmar Industrial area R617 corridor

EXPANSION OF EXISTING ECONOMIC ACTIVITIES

In an effort to support and incentivise the growth of existing industries, the municipality will make the following financial incentives/commitments available:

Financial incentives applicable to all classes on a sliding scale per year			
Class	Year 1	Year 2	Year 3
Class 1	2%	1%	0%
Class 2	5%	2%	1%
Class 3	8%	5%	2%
Class 4	10%	7%	4%
Class 5	12%	8%	5%

Number of additional permanent, direct employment opportunities created through expansion					
Industry	Class 1 minimum	Class 2 Minimum	Class3 Minimum	Class 4 Minimum	Class 5 Minimum
All industries	20	40	60	80	100

* Such incentives will only be applicable to established businesses which have been in operations for a period of 3 or more years.

SCHEDULE A

Process to be followed when applying for Capital Investment Incentive

- | | |
|---|--|
| <p>1 Submit application as per annexure A of the Implementation Framework (available at: https://umngeni.gov.za/umngeni-incentives-policy/)</p> <p>2 Receive response to application.
Meet with designated department for meeting and site inspection.</p> <p>3 Receive secondary approval based on acceptance of scope of work.
Receive specifications and/or designs from the designated department.</p> <p>4 Given the specification, the applicant is to provide the municipality with 3 quotations as per the designated process in this framework.</p> <p>5 Utilizing the implementation framework, select a project implementing agent.
Based on selected quotation, municipality to provide proposed discount.</p> <p>6 Applicant to accept/reject proposed discount.</p> | <p>7 On acceptance of discount and project proposal item to be submitted to Full Council for approval.
On approval from Council, municipality to notify affected community members of intended partnership with written notices (properties adjacent to the site). The municipality to publish notice in local newspaper.</p> <p>8 Receive comments from the community.
Process accordingly and respond in writing.</p> <p>9 On approval from council and after responding to comments, project to commence.</p> <p>10 Constant monitoring by relevant department during project implementation
Project to be implemented to the satisfaction of the municipality</p> <p>11 Signing off of completed project
Inclusion of new asset onto asset register</p> |
|---|--|

SUBMISSION AND PROCESSING OF APPLICATIONS



CONTACT DETAILS:

General Manager: Economic Development & Planning:

Ms. Sinenhlanhla Dlamini
Sinenhlanhla.dlamini@umngeni.gov.za

Manager: Local Economic Development:

Ms. Ayanda Makhaye
Ayanda.makhaye@umngeni.gov.za

