ETHEKWINI MUNICIPALITY

ECONOMIC DEVELOPMENT & PLANNING CLUSTER

ECONOMIC DEVELOPMENT INCENTIVE POLICY (EDIP) 2025-2026

1. Preamble

In response to the Municipality’s vision of becoming the most competitive City in the country, several initiatives have been introduced to ensure sustained growth and industry support across all sectors within the Municipality. Parallel to slow economic growth globally, the local economy has also suffered due to several extenuating factors that have impacted negatively on businesses sustainability and expansion. The Municipality has been pro-active and have tailored bespoke offers which would provide relief to the business sector. The Economic Development Incentive Policy was crafted to enable the ease of doing business and to support industries by creating an economic environment that is more responsive to the current dynamics to support the much-needed resuscitation and expansion of business and, employment creation.

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, innovation, 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: Municipal Property Rates Act, 2004 (Act No. 6 of 2004) provides one of the primary enabling mechanisms for the Municipality to progressively move towards the realisation 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 property rates payable on their properties.

Economic incentives are regulated by local government legislation read with policies adopted by the Council. The offer of incentives is reviewed annually and is aligned to the annual budgetary process. Financial incentives are determined by and are dependent on the Municipality’s affordability for a specific financial year.

A combination of criteria to meet key outcomes is intended to catalyze growth in targeted localities, grow investment in specific sectors of the economy, thereby promoting highly industrialised technology, stimulate urban regeneration in targeted areas, enable workforce growth, and employability, transformation, skills transfer as well as enhanced public revenues. Against this backdrop, the EDIP provides details of the Municipality’s approach to incentivizing foreign and local investment.

2. Purpose of the Policy

The purpose of the EDIP is to:

a) Provide a guideline for the provision of economic incentives.
b) Define principles and procedures for the accessing of incentives by enterprises.
c) Outline the extent of the economic incentives that can be made available.
d) Encourage vacant land development, expansion of industrial and commercial brownfield sites and urban regeneration as envisaged in the Integrated Development Plan.
e) Increase labour market growth, access to job opportunities and potential skills transfer.
f) Ensure alignment with legislative requirements, the Municipality’s IDP and, where applicable, national and provincial strategies.
g) Ensure the Municipality remains financially viable and sustainable while implementing Economic Incentives.
h) Ensure that Economic Incentives are provided and used in a manner that allows for transparency and accountability and that transversal management is properly integrated.
i) Enhance fiscal revenue generation.
j) Ensure appropriate exit criteria from the incentive programme.

3. Problem Statement

The South African economy has achieved marginal growth year on year since the devastating pandemic. Unemployment has been at its highest. The province of KZN has had grave destruction to its infrastructure due to natural disasters and unrest in the past three years. As a result, the local economy suffered decline and is struggling to resuscitate to a point of impactful growth. The Municipality has made concerted effort to support ailing industries and revive economic growth and job creation. Several factors have been identified as key causes of socio-economic decline and slow growth:

a. Decline in economic growth due to a number of events that have impacted negatively on our local economy for example the Covid19 pandemic, the civil unrest in 2021 and the devastating floods suffered by the people and more especially businesses in KZN that are still struggling to surface or expand.
b. Negative impact on job creation due to global, national, and local crises in the economy.
c. Slow growth in industrial and commercial sectors across South Africa.
d. Decline in industrial sectors resulting in unemployment, flaccid local economic activity.
e. Barriers to entry of small, medium, and large enterprises in priority sectors exacerbated by market failures.

f. Limited skills response to the 4th Industrial Revolution, skills transfer as well as limited technological advancement within the Municipal area.
g. Need for deepening investor links with local business to enhance skills transfer.
h. High construction costs.
i. Low rate of industrial innovation and efficiency.
j. Need for optimizing the Municipality's advantage as a port city through increased export.
k. Prevalent spatial, economic, and social fragmentation and need for targeted alignment to the Municipality's spatial policies for economic growth and regeneration.
l. Declining investor confidence and the challenges of doing business in the city.
m. 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.
n. Tough market conditions constrain regeneration efforts in the Inner City, driving away private sector investment.
o. Financial incentives that can be provided by the Municipality must be premised in legislation.
p. Fiscal constraints. Funding of financial incentives is not derived from the equitable share allocation or from any other funded source but from the Municipality's own revenue.

4. Legislative Framework

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:

4.1 National Government

a. National Development Plan (2012)
b. Industrial Policy Action Plan (IPAP2) (2018-2019 – 2020-2021)
c. Policy on the Development of Special Economic Zones in South Africa (2012)
d. National Port Plan 2022

4.2 Provincial Government

a. KZN Provincial Growth and Development Strategy and Plan (PGDS AND PGDP) (2016)
b. KZN Industrial Development Strategy (IDS) (2012)
c. KZN Investment Strategy (2011)
d. KZN Ports Master Plan 2022

4.3 Local Government (eThekwini Municipality)

a. Integrated Development Plan 2022/23 to 2026/27 (2025-2026 Review)
b. Spatial Development Framework 2022/23 to 2026/27 (2025-2026 Review)
c. District Development Model
d. EThekwini Economic Recovery Plan 2020
e. Industrial Spatial Strategy (2009)

f. 5 Year Investment Promotion Strategy and Implementation Plan for the eThekwini Municipality (2017)
g. eThekwini Economic Strategy 2022 to 2027
h. City Densification Strategy (2013)
i. LTDF- Imagine Durban (2010)
j. Integrated Transport Plan (2010)
k. Energy Strategy (2008)
l. eThekwini Inner City Local Area Plan (2016)

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

Clause 14 of the Rates Policy provides 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 as contemplated in the EDIP, subject to compliance with all legislative requirements for the development of a property, such as the town planning, environmental health, financial, health and safety, amongst other compliance requirements

5. Definitions

"Applicant" means the landowner or the lessee who has entered into a notarial lease; or an authorised lessee with proxy from the landowner.

"Beneficiary" means a person OR entity that has acquired final Council approval for property rates rebate as per the EDIP;

"Brownfields Development" refers to an addition, refurbishment, repurposing of an existing building, in a Priority Area;

"Brownfield Site" means a property with an existing top structure, in a Priority Area;

"Building Plan" means the plan as approved in terms of Section 7 of the National Building Regulations and Standards Act 103 of 1977, or an authorisation granted for minor building works in terms of Section 13 of the National Building Regulations and Standards Act 103 of 1977;

“Construction Commencement Date” means the date that either earthworks or foundation trenches have commenced or construction of the top structure begins on the ground, and as verified by the Municipality’s Building Inspectorate Branch;

“Contractual Agreement” refers to the written agreement (Memorandum of 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;

“Contracting Party” refers to an owner of property who concludes a Contractual Agreement with the Municipality;

“Council” means the eThekwini Municipal Council; a council composed and elected in terms of Section 157 of the Constitution;

“Densification Zone” As detailed in the City’s Densification Framework;

“Developer” means a natural or juristic person developing a property leading to an increase in the economic value of the property. The Developer may or may not be the owner of the property on which the investment is made.

“Development Incentive Rebate” means 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;

“Economic Activity” refers to the activity that triggers one or more of the categories and criteria set out in Table 1 of this Policy;

“Economic Incentives” means any measurable financial and/or non-financial advantages that are utilised to encourage, attract, retain or expand investment within the Municipal area;

“Economic Value” refers to the increased and/or enhancement of economic activities;

“EDIP” means this Economic Development and Incentive Policy which provides a detailed guideline as referred to in Clause 14 of the eThekwini Property Rates Policy;

“Effective Date” refers to, 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 or upon a certificate of occupancy;

“Financial Incentives” means, in the context of the EDIP, financial incentives relating specifically to the Development Incentive rates rebates as contemplated in Clause 14 of the Rates Policy;

“Former Township Areas” refers to Special Land Use Area (SLUA) as defined in the eThekwini Land Use Management Scheme 2024/25;

“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;

“Greenfields Development” refers to a new property development on vacant land;

“Inner City” refers to the area defined in the Municipality’s Inner-City Local Area Plan, as well as the extensions/surrounding precincts. For the purpose of Financial Incentives, the Inner City shall be confined, exclusively to the Durban Inner City.

“Investment Value” means the value of the New Investment in relation to the financial worth invested in the top structure or added to the top structure.

“Investment” means, in terms of the EDIP, the construction of a new building or refurbishment, additions of property which enhances Economic Activity of the property;

“Investor” means a person that makes a commitment towards a New Investment within the Municipal area;

“Job” refers to permanent employment and a new FTE employment opportunity created directly due to the New Investment but excludes jobs created during the construction/additions/refurbishment/ period of the Investment;

Minor Building Work (MBW)” – refers to the minor building work as defined in the National Building Regulations and Building Standards Act and the prescribed MBW Schedule for eThekwini Municipality;

“Municipality” means the eThekwini Metropolitan Municipality, a Category A Municipality as envisaged in terms of section 155(1) of the Constitution of the Republic of South Africa;

“Municipal Area” refers to the jurisdictional area of the Municipality;

“Municipal Financial Year” means the year starting 1 July each year;

“National Building Regulations” refers to the National Building Regulations and Building Standards Act, No.103 of 1977, as amended, and regulations promulgated thereunder;

“New Investment” refers to construction of a new top structure, and refurbishment of a property thereby enhancing its economic value;

“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;

“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;

“Person” refers to a natural or juristic person;

“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);

“Property” means property as defined 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;

“Rates Policy” refers to the eThekwini Municipality 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;

“Registered Professional” means a person who is registered and certified under their respective professional bodies. E.g., Auditor, Accountant or Development Manager amongst others;

“Refurbishment” means an investment made to the improvement of the top structure which includes repairs, replacing worn-out components, and restoration including upgrading features, while preserving the original character and intended use through the guidance and confirmation of the Building Inspectorate Department;

“Secondary CBD’s” refers to the areas identified in Municipality’s Spatial Development Framework available on the Municipality’s Website;

“Site Refurbishment Plan” refers to a visual layout drawing/document showing proposed refurbishments on the rebate property site, together with estimated costs for Building Inspectorate review and guidance;

“Targeted Sectors” refers to the Targeted Sectors listed in Clause **12(2)** of this Policy which qualify for the additional targeted sector incentive as set out in Table 1 and Table 2 of this Policy 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;

"The Verification Committee" means The Economic Development Incentives Verification Committee comprising of representatives from the Municipality's Economic Development Programmes and Planning 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 this Policy;

"Top structure" refers to the definition of "Building" in terms of the National Building Regulations and Building Standards Act. (NBR&BSA);

"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; and

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

6. Abbreviations and Acronyms

CBD	Central Business District.
CIPC	Companies and Intellectual Property Commission
DTIC	National Department of Trade & Industry and Competition
EDU	Economic Development Programmes and Planning Unit
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
KZN	KwaZulu-Natal
MFMA	Municipal Finance Management Act No. 56 of 2003
MPRA	Local Government: Municipal Property Rates Act, 2004 (Act No. 10 of 2004), as amended
SDF	Spatial Development Framework
UNS	Urban Network Strategy

7. Policy Principles

The EDIP is founded upon the following core principles:

- Employment Creation
- Municipal Financial 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

a) An applicant must be the owner of the property, or a tenant in possession of a notarial lease, or a lessee who has authorised proxy from the owner of the property.

b) An applicant must be able to satisfy at least one criterion, as enumerated in Clause 12 (2) Table 1 & 2 of the EDIP, per property to be developed to qualify for the Financial Incentives.

c) The percentages of the Financial Incentives will then be aggregated to determine the final rebate value.

d) In the case of investment involving a new top structure, the applicant is required to apply to the Economic Development Programmes and Planning Unit for the Financial Incentive at least 6 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.

e) The new investment in respect of which a Financial Incentive is applied for must be a Greenfield Development on vacant land or a Brownfields Development on a site with existing top structure/s.

f) The Investment must constitute a new investment and must be inclusive of development on vacant land, the building additions, refurbishment of an existing investment within the Municipal area that leads to an increase in the economic value of the property. The relocation of existing businesses within the Municipal area, do not qualify unless it is accompanied by the addition of the Investment related to the new property.

g) The New Investment must result in an increase in the economic value of the property.

h) An applicant may apply for Financial Incentives in respect of the following periods:

aa) New development on vacant land:

(i) During the planning of the development of the top structure;

(ii) Choose to receive the incentive during the construction period of an Investment for a maximum of 3 years and/or upon occupancy;

(iii) Post-construction of the Investment for a maximum 3-year period where the Effective Date will be guided by the issuing of a certificate of occupancy by the Municipality in terms of section 14 of NBRs".

(iv) The incentive will be effective on the date of the last signature on the contractual agreement and/or final lawful issuing of a certificate of occupancy.

bb) Refurbishments and/or additions:

i) Refurbishments refer to the investment improvements that are equal to or exceed 20% of the municipal value of the property;

ii) Applications for incentive due to refurbishments or additions may receive an incentive for a maximum of 2 years;

iii) Choose to receive the incentive during the refurbishment period of

an Investment for a maximum of 2 years or upon occupancy; or

post-construction or refurbishment of the Investment for a maximum 2-year period where the Effective Date will be guided by the issuing of a certificate of occupancy by the Municipality in terms of section 14 of NBRs".

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

k) An applicant who is in receipt of other forms of rate's relief from the Municipality-in terms of Clause 7 of the Rates Policy, does not qualify to receive the Financial Incentives.

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

m) Financial Incentives are not available to organs of state. However, a lessee or tenant that has entered into an agreement of lease or has registered a notarial lease over the property owned by an organ of state and increases investment on the property or Municipal area shall receive the incentive benefit and may not be eligible to receive any other incentives that may be available.

n) An applicant/developer will be at an advantage if their company has a favorable score as per the company's registration aligned to the Broad Based Black Economic Empowerment Act 46 of 2013.

o) An applicant may be eligible to apply for this incentive and any other incentive from any sphere of government.

9. Financial Incentives

9.1 Quantum Value of Financial Incentives

a) 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.

b) 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. Residential portions already considered for a concession will be excluded from the rebate in terms of the EDIP. A property rate randage as determined by the Municipality and subject to the tariff approval shall be levied in respect of the following categories as set out in the table below:

CATEGORY OF PROPERTY	
Agricultural	
Business & Commercial	
Outside Urban Development Line	
Industrial	
Public Service Infrastructure (PSI)	
Residential	
Unauthorised/ Abandoned/ Illegal Usage	
Vacant Land	
Sectional Title Registered Real Rights of extension	
Mining property	
Public Service Purpose (PSP)	
Public Benefit Activities (PBA)	

c) 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’ i.e. where the total investment exceeds R500 million and the nature of the development falls outside the criteria of the EDIP, 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:

a) **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 Verification Committee may determine, during assessment of the application.

The 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 CIPC 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) Identity 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) A proxy letter from the landowner authorizing the tenant or lessee to apply for the incentive in terms of the EDIP. A tenant or lessee must possess a registered notarial lease agreement – registered with the Deeds Office;

(vi) Where applicable, a resolution authorising a signatory to sign any agreement with the Municipality;

(vii) Approved Building Plan.

(viii) Where no building plan approval is required for refurbishments under the National Building Regulations, as envisaged in (vii) above, written confirmation issued by a duly authorised official in the Development, Planning, Environment and Management Unit, must be obtained by the applicant.

(ix) A Site Refurbishment Plan with full descriptions must be reviewed for guidance to Building Inspectorates Department to ensure compliance with the National Building Regulations and Building Standards Act 103 of 1977.

(x) In the case of investment within a Spatial Priority Area, a written confirmation of the property location must be issued by Strategic Spatial Planning Branch of the Development, Planning, Environment and Management Unit

(xi) Project milestones and cost schedule;

(xii) 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);

(xiii) Where an application indicates that a Special Qualifying Criteria, as set out in the EDIP, applies to the New Investment in relation to the number of Jobs Created, a signed letter from a registered professional is required, verifying the proposed number of jobs to be created during the rebate period. This is verifiable upon the anniversary of the incentive;

(xiv) Proof of good standing or acceptable 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 or acceptable 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 National Building Regulations and Building Standards Act have been met. However, the Verification 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 non-compliance in question has been remedied to the satisfaction of the Municipality.

10.3 Verification of an Application

a) Initial compliance of an application will be verified by the Verification Committee to confirm that the application satisfies all assessment criteria contained in the EDIP as set out in Table 1 of the EDIP with evidence as enlisted in the application form.

b) The Verification Committee (through its Secretariat) shall have the right to call for updated information or documentation from the applicant, if required.

c) Verification of an application by the Verification Committee is a prerequisite for submission of a report to Council recommending approval of the Financial Incentives.

d) The Verification Committee may 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.

e) Ongoing interaction between the applicant and the Municipality is envisaged to enable expeditious and efficient evaluation and processing of incentives.

10.4 Approval of an Application and Financial Incentives

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

b) Upon final approval a customised Contractual Agreement will be prepared for sign off by the City Manager and the beneficiary.

10.5 Contractual Agreement

a) To receive the benefit of Financial Incentives, a Contractual Agreement must be concluded between the Municipality and the beneficiary.

b) 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.

c) The maximum duration of a Contractual Agreement shall be three (3) years.

d) Certain obligations must be incorporated in all Contractual Agreements. These are:

   (i) An obligation to submit annual reports on the anniversary of the Contractual Agreement, to the Municipality on the compliance with the qualifying criteria and progress with the development.

   (ii) Non-compliance with the terms of the contractual agreement will render the beneficiary under 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.

   (iii) Reversal of an approval or withdrawal of a benefit that is found to have been tainted by false information or where it comes to the Municipality's attention that information provided in the annual reports, contains false information.

   (iv) 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 recess 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, 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.

(v) 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 as prescribed in the eThekwini Municipality: Credit Control and Debt Collection Policy.

(vi) 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.

(vii) A Contractual Agreement may, with the prior consent of the Municipality in writing, be ceded to a successor in title of the Contracting Party provided all compliance requirements are met.

e) Where a Contracting Party benefits from the additional incentive, referred to in Clause 9.1(c) 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 annual reports must likewise refer to the transfer of such benefits.

11. Monitoring of Contractual Obligations and Reporting Requirements

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

b) The primary responsibility for monitoring shall lie with the Economic Development Programmes and Planning Unit in liaison, where necessary, with line departments, particularly the Revenue Management 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.

c) The Economic Development Programmes and Planning Unit must stipulate the minimum details and format of the required annual report, as referred to in Clause 10.5. In the event of a report being deemed by the Economic Development Programmes and Planning Unit to:

(i) contain insufficient factual information; or

(ii) lack supporting documents to substantiate information in the report, the Economic Development Programmes and Planning Unit shall be entitled to call for such additional information or documentation as it considers reasonable.

d) 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.

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

12.1 Qualifying Criteria for Financial Incentives

a) 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 Qualifying Criteria set out in 12 (b) below, in relation to the specific property in respect of which Financial Incentives are applied for.

b) The Qualifying Criteria are:

(i) Value of Investment.
(ii) Jobs Created.
(iii) Targeted Sector; and
(iv) 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: Qualifying Criteria:

Value of Investment	a) 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 Verification Committee will be based. In the case of a Greenfield Site, Value of Investment refers to the cost of the New Investment excluding the cost of the land. 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 (a)(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 DTIC Standard Industrial Code. These are: (i) Automotive sector

	(ii) Clothing, Textiles, Leather, and Footwear sector (iii) Agro-processing (iv) Chemicals Sector (v) Metals fabrication, capital, and rail transport equipment (vi) Steel Industry (vii) Plastics (viii) Mineral Beneficiation (ix) Mining Capital Equipment (x) Business Process Services (BPS) (xi) Film Sector (xii) Green Industries (xiii) Marine manufacturing and associated services (xiv) Aerospace and Defense; and (xv) Electrotechnical (xvi) Advanced Materials.
Spatial Priority	The priority nodes for economic growth, identified and demarcated in the Municipality's Spatial Development Framework are also available on the Strategic Spatial Planning Departments website. These Spatial Priority areas/nodes are areas already serviced with bulk infrastructure. These areas include Prime Investment Corridor and Urban Zones; Inner City and Surrounding Areas; Transit Orientated Development Nodes; Secondary CBD's; and Former Township Areas.

Table 2: Sector Descriptions as per DTIC Standard Industrial Codes

PRIORITY SECTORS	DESCRIPTION/DEFINITION	REFERENCE
MANUFACTURING: FOOD AND AGRO-PROCESSING	MANUFACTURE OF FOOD PRODUCTS AND BEVERAGES PRODUCTS SIC 30 (EXCLUDING THE MANUFACTURE OF TOBACCO PRODUCTS SIC 30600)	SIC 30
MANUFACTURING: CHEMICALS	MANUFACTURE OF COKE, REFINED PETROLEUM PRODUCTS AND NUCLEAR FUEL; MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS; MANUFACTURE OF RUBBER AND PLASTIC PRODUCTS	SIC 33
MANUFACTURING: AUTOMOTIVE SUPPLY CHAIN	MANUFACTURE OF TRANSPORT EQUIPMENT MANUFACTURE OF MOTOR VEHICLES, TRAILERS AND SEMI-TRAILERS (381, 382 AND 383) ALSO ANY PRODUCT MANUFACTURED THAT FORMS PART OF THE MANUFACTURE OF TRANPORT EQUIPMENT	SIC 38 AND RELATED
CALL CENTRES OR BUSINESS PROCESS OUTSOURCING (BPO)	THE ESTABLISHMENT OF NEW CALL CENTRES NOT PREVIOUSLY WITHIN ETHEKWINI	

MANUFACTURING OF INFORMATION, COMMUNICATION, TELECOMMUNICATION AND ELECTRONICS AS WELL AS SOFTWARE DEVELOPMENT	MANUFACTURE OF RADIO, TELEVISION AND COMMUNICATION EQUIPMENT AND APPARATUS AND OF MEDICAL, PRECISION AND OPTICAL INSTRUMENTS, WATCHES AND CLOCKS. MANUFACTURE OF ELECTRICAL MACHINERY AND APPARATUS N.E.C. SOFTWARE DEVELOPMENT ONLY.	SIC 37 SIC 36
MANUFACTURING: LEATHER, CLOTHING, TEXTILES AND FOOTWEAR	MANUFACTURE OF TEXTILES, CLOTHING, FOOTWEAR AND LEATHER GOODS	SIC 31
MARITIME ENGINEERING	SHIP AND BOAT BUILDING AND REPAIR, MANUFCTURING AND FABRICATION RELATED TO THE MARITIME INDUSTRY	SIC 38
RESEARCH AND DEVELOPMENT AND MANUFACTURING IN LIFE SCIENCES	MANUFACTURE OF PHARMACUETICALS BIOTECHNOLOGY AND MANUFACTURE OF MEDICAL DEVICES AND RELATED PRODUCTS. RESEARCH AND DEVELOPMENT: RESEARCH AND EXPERIMENTAL DEVELOPMENT ON NATURAL SCIENCES AND ENGINEERING SIC 871	SIC 871 SIC 3353
MANUFACTURING: METALS AND FABRICATION	MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS. MANUFACTURE OF BASIC METALS, FABRICATED METAL PRODUCTS, MACHINERY AND EQUIPMENT AND OF OFFICE, ACCOUNTING AND COMPUTING MACHINERY.	SIC 34 SIC 35
MANUFACTURING: GREEN ECONOMY	MANUFACTURE OF PRODUCTS RELATED TO RENEWABLE ENERGY AND CIRCULAR ECONOMY. THESE ARE COVERED UNDER OTHER SECTORS LISTED BUT IS SPECIFICALLY HIGHLIGHTED.	
MANUFACTURING: WOOD PRODUCTS	MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK, EXCEPT FURNITURE; MANUFACTURE OF ARTICLES OF STRAW AND PLAITING MATERIALS; MANUFACTURE OF PAPER AND PAPER PRODUCTS; PUBLISHING, PRINTING AND REPRODUCTION OF RECORDED MEDIA MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C.; RECYCLING SIC 39	SIC 32 SIC 39
TOURISM: ACCOMMODATION	HOTELS AND SHORT-STAY ACCOMMODATION	SIC CODE 64101 ONLY
FILM AND TELEVISION	MOTION PICTURE, RADIO, TELEVISION AND OTHER ENTERTAINMENT ACTIVITIES	SIC 961 ONLY

a) An applicant shall not be allowed to aggregate criteria applying to other properties in its ownership to 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 adjacent areas.

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

13.1 Rationale for Bespoke Financial Incentives

The Spatial Development Framework 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 refurbishment of the promenade and in the Point Area and is further addressing the problems that contributed to the flight of commercial business operation from 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 Bespoke Financial Incentives

a) A separate application must be submitted for each property that has a unique Property Rates Number, together with a comprehensive Site Refurbishment Plan, a Minor Building Works Authorisation, or an Approved Building Plan as deemed by the Development Planning Unit of the Municipality.

b) The incentive period applicable to the Inner City, shall consist of a maximum of three years, where such incentive may be extended by a maximum of two years for greenfields developments as approved following the Section 33 process of the MFMA.

c) Investment intended for high density residential use (density ratio equivalent >80duph) and multiple use development in the Inner City and in precincts identified as a Densification Zone will qualify:

   (i) 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 or Densification Zone (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) 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.

   (iii) New or renovated office space that is intended for use by a targeted sector described in Clause 12, of the EDIP shall be eligible to apply in terms of the 'Targeted Sector' category. A property shall be granted the targeted sector incentive only if 100% of the defined targeted sector occupies 100% of the floor space of the said property.

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

14. Economic Investment Incentives Applicable 2025-2026:

14.1 Subject to compliance with criteria contained in the Economic Development Incentive Policy read together, where applicable, with the Rates Policy, a rebate may be allowed for the identified investment categories (i.e., Investment Value, Jobs Created, Targeted Sector, Spatial Priority). The rebate will be per property for greenfield and brownfield developments in commercial, industrial, or multiple use developments.

The maximum rebate available will be the aggregate of the percentage rebates assigned to the qualifying criteria as set out in the table below:

Table 3: Qualifying Criteria

CATEGORY	CRITERIA	INVESTMENT VALUE	MAXIMUM %AGE REBATE
Investment Value	New investment in any Industrial or Commercial or Mix Use Property Development.	R<1million – R299 million; or	10%
		>R300 million	20%
Jobs Created	FTE Jobs Created calculated post construction in new investment in any Sector for a maximum 3-year period.	All-inclusive values	
	• 50-250 jobs		10%
	• 251 jobs and above.		20%
Targeted Sectors	Investment in Targeted Sectors as defined in the eThekwini Economic Strategy 2022 to 2027	All-inclusive values	40%
Spatial Priority:	Investment in Spatial Priority Area.	All-inclusive values.	20%

Secondary Economic Nodes, Former Township Areas; Transit Oriented Development Nodes, Prime Investment Corridor, Bespoke **Inner City & Surrounding Areas and Densification Zones.**	As defined in the City's Spatial Development Framework & the eThekwini Economic Strategy 2022 to 2027		

a) The incentive policy will not be implemented retrospectively but rebates as stated herein will be implemented for a maximum 3-year period from date of MOA or as approved from the date post construction or upon final lawful certificate of occupancy. It is suggested that applicants submit an application early in the development cycle, allowing the Municipality to budget accordingly in anticipation of approval.

b) The applicant shall not, under any circumstances receive an incentive/rebate which is equivalent or greater than the value of invested amount or /total costs incurred for the refurbishment of the property.

c) The incentive is not available to high rise residential property which has not been identified within the Densification Strategy and the Inner-City LAP of the City.

14.2 All incentives are valid for implementation from the date of final signatures on the MOA.

14.3 The Incentive is not available to residential property which has not been identified within the Densification Strategy of the City or the Inner City.

14.4. Where the multiple use development comprises of commercial and residential uses, only the commercial footprint is eligible to apply.

15. EDIP Verification Committee

Once all the conditions have been met, the EDIP Verification Committee Secretariat recommends the application to the Verification Committee and onward to Council for final approval.

16. Communication and Branding of the EDIP

a) The Adopted EDIP will be posted on the eThekwini Municipality's website www.durban.gov.za .

b) Prescribed application forms will be available at Economic Development Programmes and Planning Unit Offices and on the Municipality's website.

c) 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 Municipality's 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 (3) 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 Revenue Management Unit, the Development Planning, Environment Management and 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 considering 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.