SWELLENDAM MUNICIPALITY / SWELLENDAM MUNISIPALITEIT

INCENTIVES POLICY

COUNCIL RESOLUTION …. / 2025

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DOCUMENT DEFINITION

Version	**1**
Date	
Summary	This document is the Incentive Framework applicable to Swellendam Municipality
Signature	**Date**:
	MUNICIPAL MANAGER
Approved by the Council	**Date**:
	Resolution
Effective date	…………………………………
Next revision date	**May 2026**

AMENDMENT HISTORY

No	Amendment reference	Effective date	Chapter	Paragraph	Short description
1					
2					
3					
4					
5					

1 FOREWORD

This policy recognizes that the investment situation is subject to continuous change. The policy aims to support investments based on their potential future contribution to economic growth within the municipal area. It should not be utilized as a loophole or precedent for cash poor developers to circumvent standard municipal charges such as capital contribution and service charges. This policy must be applied fairly and consistency

The Incentive Policy is aligning the municipal strategic agenda with the Municipal Integrated Development and sector plans such as the Spatial Development Framework, the Land Use Management Scheme etc. It is acknowledged that there are numerous Provincial and National Incentives available to business.

The policy of Swellendam Municipality – in respect of Incentives:

1.1. Offers Inducements to investors to encourage them to invest within a particular area in an effort to attract additional sustainable industrial or service-related investment to the municipal area;

1.2. Provide information and guidelines in relation to the available incentives offered by Swellendam Municipality to encourage and support residential, commercial, industrial and business development within the Swellendam Municipal Area.

1.3. Promote the Swellendam Municipal Area as an attractive location in which to live, work and invest.

1.4. Provide incentives which help foster increased opportunities for economic participation through sustainable employment creation.

1.5. Is a framework which aims to outline and guide the provision of incentives for job creating investment within the Swellendam Municipal Area.

1.6. Is recognised as an instrument to achieve economic, socio-economic and development objectives.

1.7. Recognises that the incentive framework cannot be applied without cost and that such cost should be subject to the Municipal Budget and the prioritisation processes applicable to municipal expenditure.

1.8. The policy intrinsically recognises that the investment situation is subject to continuous change and hence the policy will have to be revisited annually.

2. LEGISLATIVE CONTEXT

The development of this policy is guided by the following legislation as amended and policy prescripts:

- The Constitution of Republic of South Africa (Act No 108 of 1996)
- The Public Finance Management Act (MFMA, 2003)
- Municipal Finance Management Act (MFMA, 2003)
- Property Rates Act (Act No 6 of 2004)
- The Municipal Systems Act (Systems Act, 2000)
- National Development Plan
- Swellendam Municipal Tariff Policy
- Municipal Rates Policy
- Integrated Development Plan
- Municipal ordinances and by-laws
- Swellendam Annual Tariff List (as published annually)

3: PREAMBLE

3.1 The incentive policy represents the Municipality's intent with respect to the offering and management of incentives as an additional tool for attracting, retaining and securing lucrative and sustainable investments in certain geographical areas and the Municipal area in general.

3.2 Incentives can serve as useful signalling devices that sought to maintain or change the perception of a location as an attractive investment destination. However, focus should not be removed from the provision of excellent services by all municipal Directorates as a means to attract investors.

3.3 The key feature of this policy is to **provide a pre-approved incentive list and associated administrative procedures** relating to the application for and uptake of these incentives.

3.4 The aim is to speed-up the investor's negotiation process and as such increase the municipality's competitiveness within the investment market.

3.5 This is a rules-based incentive scheme, with a transparent policy that provided set guidelines.

3.6 The policy focusses on supporting new investments and retaining of existing businesses/investors on the basis of their potential future contribution to economic growth within the municipal area.

3.7 This policy should not be utilised as a loophole or precedent for cash poor developers to circumvent standard municipal charges such as Capital Contributions and service charges.

4. PURPOSE, INTENT AND OBJECTIVES

The broad purpose, intent and objectives of the Incentive Framework is to:

4.1 Attract and/or retain sustainable industrial, commercial or service-related investments into the municipal area thus generating employment opportunities and providing backward and forward linkages among industries within the region;

4.2. Provide the necessary principles, processes, approval procedure, roles and responsibilities to enable a professional, consistent and transparent incentive management dispensation;

4.3. Specify the qualification criteria that investors would have to comply with in order to be considered for incentives;

4.4 Facilitate the transformation of specific geographical areas within the municipal area into a highly developed commercial, tourist, investment and financial centres of the region.

5. PRINCIPLES

The Policy is founded upon the following core principles:

5.1. AFFORDABILITY

- The introduction of an incentive should not create a cost to the municipality and the income forgone should not have a severe effect on the revenue stream of the municipality.

5.2. TRANSPARENCY AND UNIFORMITY

- The granting of an incentive will be done according to a set of pre-determined criteria and information on the actual granted incentive will be open for public knowledge.

5.3. TARGETED GEOGRAPHICAL AREAS AND SPECIFIC CRITERIA

- The incentive will specifically target certain areas, but will also be open if the certain criteria are met to all businesses.
- The aim is to attract and/or push specific investment into areas where it fits with the long-term spatial planning for the municipal area.

5.4. SIMPLICITY AND CONTINUITY

- The structure and administration of the incentive has to be easily understandable and should not require a complex administration so as to minimise staff and financial impacts.
- This will ensure quick turnaround times for applications.

6. INVESTMENT CONTEXT

6.1. At present no single Directorate can negotiate or facilitate incentive packages that could entice or influence the decision to the benefit of municipal area.

6.2. In order to attract and streamline investor support, it is imperative to have a municipal policy to ensure that this **pre-application incentive process** can be managed in a professional and constructive manner expeditiously within an incentive approval procedure and policy.

6.3. It is also considering newly identified growth nodes and corridors with the view to incentivise and thus speed up the move towards a transformed, inclusive spatial economy.

7. TYPES OF INCENTIVES

There is different type of incentives that may be offered from time to time. The incentives are divided into two main categories namely

a) administrative related, and
b) rates and services charges related (financial).
c) Non - financial incentives

These types of incentives will be available in different combinations across the different incentive categories and areas.

7.1. ADMINISTRATIVE RELATED

7.1.1. This type of incentive relates to **discounts or rebates on fees** required during the development approval process such as building plan approval costs, service tariffs.

7.1.2. There are also some non-monetary benefits that could be classified here such as prioritised treatment of application processes.

7.2. RATES AND CHARGES RELATED

7.2.1. A business can apply for **discounts on taxes and service charges** which are aimed at lowering start-up/extension costs.

7.2.2. This can for an example be achieved **via discounts for service payments or phased payments/discount of capital contributions (Development Charge Deferral).**

7.2.3. Reduced or exempted building plan application tariff

7.3. NON FINANCIAL INCENTIVES

7.3.1. One stop investment stop

7.3.2. Fast tracking of development applications

7.3.3. Investment facilitation officers

7.3.4. Facilitation with external stakeholders to obtain relevant incentives

7.3.5. Provision of spatial and other information

7.3.6. Skills development assistance

8. ELIGIBILITY CRITERIA FOR INCENTIVES

The following qualifying criteria will be used to determine the eligibility for incentives. Potential Investors must qualify for at least 1 of the following classifications. If you qualify for both, you will be rebated according to the highest classification.

8.1. GENERAL CRITERIA

- The investment must constitute a new "external" investment or the expansion of an existing investment in the area, and cannot simply be a relocation of businesses already in Swellendam.

8.2. SECTORAL CRITERIA

- The investment must be a sector which enhances the value-added production capacity in Swellendam.
- The proposed investment (except where otherwise stated in the priority sector list) should be allocated in the manufacturing sector).

8.3. CATEGORY CLASSIFICATION CRITERIA

- Applicants will have to fall into one of the following categories in order to qualify for an incentive package: (Potential investors must qualify for at least one of the following classifications. If you qualify for both, you will be rebated according to the highest classification.

Classification Per Investment

Classification According to Investment	Class 1	Class 2	Class 3	Class 4	Class 5
Industry	Minimum Ratable Investment	Minimum Ratable Investment	Minimum Ratable Investment	Minimum Ratable Investment	Minimum Ratable Investment
Industrial and manufacturing	R5m	R10m	R25m	R50m	R100m
Adventure and experience tourism	R1m	R2m	R5m	R10m	R20m
Convention Centre and Hotels	R10m	R20m	R50m	R100m	R250m
Medical Industry	R5m	R10m	R25m	R50m	R100m
Waste Reduction, recycling and re-use	R1m	R2m	R5m	R10m	R20m
Renewable energy industries	R5m	R10m	R25m	R50m	R100m
Airport Development	R5m	R10m	R25m	R50m	R100m
CBD Regeneration & Precinct Projects	R5m	R10m	R25m	R50m	R100m
SMME's addressing the economic gap	R1m	R2m	R5m	R10m	R20m

Table 2.2 Classification Per Employment

Classification per number of permanent, direct employment					
Number of permanent, direct employment opportunities added					

Industry	Class 1 Minimum	Class 2 Minimum	Class 3 Minimum	Class 4 Minimum	Class 5 Minimum
Industrialisation and manufacturing	40	55	70	85	100
Adventure and experience tourism	40	55	70	85	100
Convention Centre and Hotels	40	55	70	85	100
Medical Industry	40	55	70	85	100
Waste Reduction, recycling and re-use	40	55	70	85	100
Renewable energy industries	40	55	70	85	100
Airport development	20	25	30	40	50
CBD Regeneration Projects	20	25	30	40	50
SMME's addressing the economic gap	20	25	30	40	50

8.4. EMPLOYMENT CREATION

The investment must create new and sustainable full time employment opportunities to be eligible for an incentive package.

95% of jobs created in Category A or B must be occupied by South African residents

75-80% of jobs for unskilled or lower skilled employees must be occupied by local residents

The onus is on the investor to provide auditable and verifiable evidence and will be subject to monitoring.

9. INCENTIVE MANAGEMENT PRINCIPLES

It is acknowledged that the investment environment is dynamic and the considerations and governance is therefore essentially in a "continuous" state of flux.

The following principles are the main drivers for the relevant procedures:

9.1.1. SERVICE ORIENTATED APPROACH

9.1.1.1. The incentive scheme is dependent on a service orientated marketing approach.

9.1.1.2. The first impression that investors get from the municipality is largely based on the service they receive when requesting information.

9.1.1.3. A service orientated approach is mandatory to attract/retain investments.

9.1.1.4. It is furthermore important to have an **approved procedure within which negotiations** can proceed in short time to ensure a proper response time to investors.

9.1.2. It is proposed that different investment schemes and criteria be applicable depending on the type of organisation and the geographical area.

9.1.3. Approvals should be within **60 days** of receiving all the applicable documentation.

9.2. CENTRAL BUSINESS DISTRICT

9.2.1. This incentive scheme is applicable to investments or extension of existing in the Central Business District / industrial development

Swellendam Municipality has identified the **Central Business District areas and Industrial areas** as the geographical area in which development should be incentivised.

9.2.2. This area has specifically been identified as vital for light manufacturing / processing.

9.2.3. Most of the CBD is already developed and businesses located in the CBD would most likely be established buildings where building plans and capital contributions are not applicable.

9.2.4. The business/organisation will also in most instances be the tenant and not the property owner so any incentive offered should benefit the tenant.

9.2.5. Incentives for extension of businesses will be considered.

9.2.6. The following specific business/organisations will qualify for incentives in the CBD, in terms of a tariffs:

- Professional consulting firms such as medical practices, accounting firms, legal firms, architects etc.
- Coffee shops and restaurants
- Fresh produce markets
- Antiques and designer furniture shops
- Art galleries
- Photography shops
- Banks
- Information technology
- Pharmacists
- Stores

9.3. INDUSTRIAL AREA

9.3.1. According to the spatial development framework, the following specifically should be developed and the following criteria and incentives are suggested:

- New investment and not a relocation from one area to another
- At least the number of permanent job opportunities excluding manager on payroll within 6 months of establishment, created as per the tables in item 8.3.

- Development desirable in terms of spatial development framework and precinct plans if applicable.
- Newly identified growth nodes and corridors.
- The **availability of bulk services** will have to be considered when considering and approving incentives.

9.4. DESIREABLE DEVELOPMENTS

9.4.1. The incentive is applicable to desirable developments in Swellendam.

9.4.2. The following criteria are proposed for desirable developments:

- Create at least the number of permanent direct job opportunities excluding the manager on payroll within six months of establishment as per category contained in tables of item 8.3.
- Can be located anywhere in the municipal area of Swellendam in line with the planning policies of Council and the spatial development framework.
- The availability of bulk services will have to be taken into consideration when considering and approving incentives.

AVAILIBLE INVESTMENT INCENTIVES

Financial Municipal Incentives

The Financial Investment Incentives created through this policy are described below. It makes provision for percentage discount in capital contributions, connection fees, basic charges and rebates on consumption on electricity, water, sewerage and refuse **removal.** The proposed rebates are indicated below:

Table 3.1 Rebates for Year 1

Rebates Year 1	Class 1	Class 2	Class 3	Class 4	Class 5
Capital Contribution	5%	10%	15%	20%	25%
Electricity Connection Fee	5%	10%	15%	20%	25%
Water Connection Fee	5%	10%	15%	20%	25%
Sewerage Connection Fee	5%	10%	15%	20%	25%
Electricity Consumption	2.5%	3%	3.5%	5.5%	6%
Electricity Basic Charge / Demand Charge	2.5%	3%	3.5%	5.5%	6%
Water Consumption	2.5%	3%	3.5%	5.5%	6%
Water Basic Charge	2.5%	3%	3.5%	5.5%	6%
Sewer and effluent Charges	2.5%	3%	3.5%	5.5%	6%
Refuse Charges	2.5%	3%	3.5%	5.5%	6%

Table 3.2 Rebates for year 2

Rebates Year 2	Class 1	Class 2	Class 3	Class 4	Class 5
Electricity Consumption	2%	2.5%	3%	4%	5%
Electricity Basic Charge / Demand Charge	2%	2.5%	3%	4%	5%
Water Consumption	2%	2.5%	3%	4%	5%
Water Basic Charge	2%	2.5%	3%	4%	5%
Sewer and effluent Charges	2%	2.5%	3%	4%	5%
Refuse Charges	2%	2.5%	3%	4%	5%

Table 3.3 Rebates for year 3

Rebates Year 3	Class 1	Class 2	Class 3	Class 4	Class 5
Electricity Consumption	1%	1.5%	2%	2.5%	3%
Electricity Basic Charge / Demand Charge	1%	1.5%	2%	2.5%	3%
Water Consumption	1%	1.5%	2%	2.5%	3%
Water Basic Charge	1%	1.5%	2%	2.5%	3%
Sewer and effluent Charges	1%	1.5%	2%	2.5%	3%
Refuse Charges	1%	1.5%	2%	2.5%	3%

Rebate on Municipal Building Plans

The Municipality could provide up to 50% rebate on the approval costs for building plans. The rebate will be to the sole discretion of the Municipality, considering the following criteria:

a) Should be located within Council's approved urban renewal or development precincts;

b) No residential type of developments, unless it's a tourist related accommodation facility with more than 30 newly constructed rooms or a sectional title type of development in the CBD;

c) The business must be the owner of the premises on which the development is set to take place;

d) The business has signed at least a 10-year lease agreement, for premises on which the development is set to take place; and

e) The nature, extend and financial impact of the proposed development. The rebate does not apply to any additional costs or penalties that the developer may incur in relation to building plans.

Land & Buildings (Asset Management Policy)

The Swellendam Municipality has strategic portions of land available that might be offered to investors. Swellendam Municipality is required to adhere to Municipal Finance Management Act (MFMA), Municipal Asset Transfer Regulations and Supply Chain Management Regulations. The MFMA requires that Municipalities, in selling / letting of assets (including land) non-essential for service delivery, must consider the fair market value of the asset, as well as the economic and community value to be received from the selling / letting of the asset.

Any disposal must be fair, equitable, transparent and competitive. However, in terms of the Constitution the object of the Municipality is to promote economic development. Council is therefore desirous to identify land in order to promote such development. The proposal of the investor will be evaluated by the Municipality in terms of, and subject to, the criteria set out in the framework (Asset Management Policy) approved by Council. The Municipality will assess and provide feedback on any application within fourteen (14) days of receipt of such application.

SMME and Secondary Economy Investment

Incentives In addition to the above-mentioned investment incentives, Swellendam Municipality could provide additional support to SMMEs and the secondary economy. In this regard the following tailored investment incentives are available for companies with special reference to SMME's:

i. Assistance in developing a business plan for start-up companies or companies that wishes to expand;

ii. Promotion of mechanisms for co-operation between SMME’s to meet contemporary needs;

iii. Assistance in establishing SMME networks that lead to competitive advantage, cost savings, market access and knowledge exchange. The emphasis would be on establishing supply chain linkages with the large companies who would be willing to outsource services to small companies that could better perform those services;

iv. Assist and support SMME's through the municipal procurement policy; and

10. INCENTIVE MANAGEMENT PROCEDURES

10.1. MAINTENANCE OF THIS INCENTIVE POLICY

10.1.1. The incentive policy shall be reviewed at least annually to coincide with the budget approval cycle.

10.1.2. Council can approve changes to the policy from time to time bearing in mind that tariffs cannot be adjusted or amended during a financial year.

10.1.3. Incentives on tariffs will be approved annually by Council.

10.1.4. Updated approved incentive qualifier conditions shall be maintained on the municipal website.

10.2. INVESTMENTS EVALUATION

10.2.1. A single point of contact e.g. investors service desk is a pre-requisite for success.

10.2.2. This desk should be based in the Office of the Municipal Manager.

10.2.3. Applications for incentives must be lodged in the planning phase of a development and well before construction phase.

10.2.4. This serves to ensure contact with the investor at an early stage of a development and will aid officials in ensuring sufficient time to assess the desirability and feasibility of proposed developments.

10.2.5. The approval procedure needs to be accompanied with clear indication as to the location of the development.

10.2.6. It must also be specified that organisations/businesses and developments which have allowed correct procedures and processes in terms of building plan approvals and land use processes etc will not qualify for any incentives.

10.2.7. Investments shall firstly be screened against the set criteria to evaluate whether minimum participation criteria are met (geographical and other criteria) by the responsible official in the Office of the Municipal Manager.

10.2.8. If the minimum criteria are not met, applications will be informed of non-compliance and discussions may be entered into around adjustments to scope which could ensure further consideration.

10.2.9. Negotiations shall proceed within the incentive approval procedure if the qualification criteria (minimum and geographical, if applicable) are met.

10.2.10. Only the officially approved policy shall be used to establish the economic contribution of an investment.

10.2.11. An evaluation report shall be completed together with a draft incentive contract by the responsible official.

10.3. INCENTIVE EVALUATION COMMITTEE

An Incentive Evaluation Committee (hereafter refer to as the Committee) will assess and recommend applications received for final approval by the Municipal Manager or Council.

The Committee will consider whether:

- the application meets all the minimum qualifying criteria of this Policy;
- if the economic contribution of the investment is positive; and
- if the contribution is sustainable.

The Committee consist of the following Officials and Councilors:
Officials:

- Coordinator and secretariat: Office of the Municipal Manager

- Chairperson: Municipal Manager
- Director Planning and Buillding Control or his/her representative
- Director Technical services or his/her representative
- Chief Financial Officer or his/her representative
- Senior Manager: Legal Services or his/her representative
- Senior Spatial Planner

Councilors: All Mayco members

During evaluation of the application, each Directorate in the Municipality will explore as far as possible concessions regarding application, costs, processing and turnaround times and report such to the Committee.

10.4. EVALUATION

10.4.1. A single point of contact e.g. an investors' service desk is a pre-requisite for success. This desk will be based in the Office of the Municipal Manager.

10.4.2. Applications for incentives must be lodged in the planning phase of a development and well before construction commences. This serves to ensure contact with the investor at an early stage of a development and will aid officials in ensuring sufficient time to access the desirability and feasibility of proposed developments.

10.4.3 The approval procedure needs to be accompanied with clear indication as the location of the development (proposed plans).

10.4.4 It must be specified that the organisations/businesses and developments which have not followed correct procedures and processes in terms of building plan approvals and land use processes etc. will not qualify for any incentives.

10.4.5 Investments shall firstly be screened against the set criteria to evaluate whether the minimum participation criteria are met (geographical and other criteria) by the responsible official in the relevant directorate.

10.4.6 If minimum criteria are not met, applications will be informed of non-compliance and discussions may be entered into around adjustments to scope which could ensure further consideration.

10.4.7 Negotiations shall proceed within the incentive approval procedure if the qualification criteria (minimum and geographical, if applicable) are met.

10.4.8 Only the officially approved policy shall be used to establish the economic contribution of an investment.

10.4.9 An evaluation report shall be completed together with a draft incentive contract by the responsible official.

Approval by Council

The following scenarios will require approval from Council:

- Large-scale projects, outside of this Policy framework and criteria, which will require special assistance or is of special importance to the development of the economy; and
- Any incentive pertaining to Land and Buildings,

Incentive Contract

A final incentive contract, signed by the Municipal Manager and the investor, shall become the legal binding agreement between Swellendam Municipality and the investor. The Swellendam Municipality incentive approvals must comply with the applicable delegated authorities determined from time to time by Council.

11. IMPLEMENTATION OF APPROVALS

11.1 The respective Directorates shall implement the contracted incentives.

11.2 The contract conditions shall be monitored for adherence by the Directorate Planning and Integrated Services.

11.3 Adjustments to the incentives shall be initiated for implementation or re-negotiations where contract conditions are not met by the investor.

11.4 INCENTIVES MAY ONLY BE ALLOCATED WITHIN THIS APPROVED POLICY

11.4.1 The ad-hoc committee needs to have a clear set of guidelines in terms of this policy to eliminate discretionary decision-making. In the event that criteria for incentives are not met, the ad-hoc committee may refer the matter to Council if they are of the opinion that the development could be advantageous to Swellendam.

11.4.2 The policy gives mandated authority to responsible officials according to pre-determined conditions for authorising incentive negotiations and recommendations. This is necessary to speed-up the negotiation and approval process to ensure the best chance of obtaining lucrative investments for Swellendam.

11.4.3 The incentives which apply will be approved annually in Council's tariff policy.

IMPLICATION

11.4.3.1 The delegation to the Municipal Manager needs to be clear and pre-approved by Council.

11.4.3.2 The normal Swellendam Municipality approval processes shall be applicable once an investment does conform to the requirements stipulated in this policy.

12. ROLES AND RESPONSIBILITIES

This policy gives the broad roles and responsibilities for each Directorate/Section. Each of these shall develop and maintain its own internal procedures as necessary to support this policy.

The Directorates/Sections have the following main roles and responsibilities:

12.1 FINANCE

12.1.1 To assist the investor's negotiation processes where appropriate.

12.1.2 To assist in the development, structure and cost of appropriate incentives.

12.1.3 Develop and maintain healthy relationships with investors (service orientation)

12.2 OFFICE OF THE MUNICIPAL MANAGER

12.2.1 Secretariat role for major negotiations led by ad-hoc team

12.2.2 Marketing of the policy

12.2.3 Solicit investment as well as desirable development

12.2.4 To do quarterly and annual reporting on incentive policy and investors' performance

12.2.5 To evaluate continuously the added value of this incentive policy

12.2.6 To monitor and manage investor compliance with the agreement in conjunction with LED.

12.2.7 Develop and maintain healthy relationships with investors (service orientation)

12.3 PLANNING

12.3.1 To facilitate commercial incentive programme negotiations within the approval procedure

12.3.2 To facilitate special incentive negotiations outside the approval procedure

12.3.3 To assist with the negotiation process where appropriate

12.3.4 To assist with discounts on Capital Contributions (in consultation with Technical and Financial Services) and building plans

12.3.5 To monitor and manage investor compliance with the agreement in conjunction with LED.

12.3.6 Ensure that spatial plans and information are upfront available and updated for new investors.

12.3.7 Ensure that standard operating procedures are in place and applications are available i.e. municipal website, offices etc.

12.4 TECHNICAL SERVICES

12.4.1 To facilitate special incentive negotiations outside the approval procedure

12.4.2 To assist with the negotiation process where appropriate

12.4.3 To assist with discounts on Capital Contributions (in consultation with Planning and Financial Services)

12.4.4 Develop and maintain healthy relationships with investors (service orientation)

12.4.5 Ensure that spatial plans and information are upfront available and updated for new investors.

13 COMMENCEMENT DATE

This policy shall be implemented as of _______-