



**INVESTMENT OPPORTUNITIES IN THE  
MANGAUNG LOCAL MUNICIPALITY (MLM)  
A QUICK GUIDE FOR LOCAL AND INTERNATIONAL INVESTORS**

# INVESTMENT OPPORTUNITIES IN MANGAUNG

(Bloemfontein, Botshabelo and Thaba Nchu)



**INVEST IN THE CENTRE OF THE REPUBLIC  
OF SOUTH AFRICA**

## 1. THE AIM OF THE INVESTMENT AND INCENTIVES POLICY PLAN

The MLM Incentives and Investment Promotion Policy is a holistic effort of giving momentum to the strategies and projects identified in the IDP (Integrated Development Plan) and EDS (Economic Development Strategy). The said policy, after ratification by Council, shall be implemented through the prescriptions of this implementation plan.

## 2. THE NEED FOR INCENTIVES

Mangaung Local Municipality is committed to ensure sustainable economic growth and development through increasing global competitiveness and reducing levels of poverty. The strategies that are meant to tackle economic growth are linked to declining sectors that must be stimulated. The incentives and investment promotion policy support the application of incentives in sector specific projects. In order to achieve the said goal, the following strategies emanated from the IDP process:

- 1.1 To attract major national and international investors
- 1.2 To promote purchasing of local products and services
- 1.3 To assist key sectors in Mangaung to develop
- 1.4 To support development of a sound SMME sector
- 1.5 To ensure a skilled and well-trained workforce in Mangaung
- 1.6 To ensure access to finance for PDIs

MLM's Economic Development Strategy prioritized the following projects to stimulate fast growth in the city economy:

FLAGSHIP PROJECT	SECTOR/S
<ul style="list-style-type: none"> <li>Establishment of an SMME Service Centre</li> </ul>	All sectors
<ul style="list-style-type: none"> <li>Establishment of a logistics and freight hub</li> </ul>	Distribution, Warehousing, Manufacturing, Transport, Trade
<ul style="list-style-type: none"> <li>Development of the tourism sector</li> </ul>	Tourism, Construction, Manufacturing
<ul style="list-style-type: none"> <li>Development of the N8 Route Corridor</li> </ul>	Agriculture, Manufacturing, Trade, Real Estate and Finance, Information and Communication Technology (ICT)
<ul style="list-style-type: none"> <li>Regeneration of the CBD</li> </ul>	Trade, Construction, Finance and Real Estate
<ul style="list-style-type: none"> <li>Agriculture and Rural Development</li> </ul>	Agriculture, Construction, Trade, Manufacturing, ICT



Botshabelo Industrial Hub: The leading textile industrial complex in the Free State, situated within close proximity of readily available and skilled labour.

Sky Country meat processing plant in Thaba Nchu: The major supplier of processed meat products in the Free State and Lesotho.



The sectors that qualify for incentives are those that require urgent stimulation:

SECTOR & SIZE	STATUS	ACTIVITIES TO BE INCENTIVISED
Construction (3%)	-3.6 % decline	Production of cement, manufacturing of bricks
Manufacturing (8%)	-1.2 % decline	Food and beverages (agro-processing), metal and wood products, transport equipment, textile.
Trade (16%)	-1.3% decline	Jewellery, Electric appliances, Textiles, Cigarettes and tobacco, Sport equipment, Pharmaceuticals, Hotels, Restaurants
Agriculture (4%)	1.0% growth	Fish farming, new crop production, flower planting, and green houses
Mining (0.5%)	1.2 % growth	Quarrying
Transport (13%)	3.7% growth	Logistics and warehousing, travel agencies, tour operations
Finance (18%)	4.1% growth	Broad based Advocates- Attorneys agencies, Real Estate

### 3. Which Industry Sectors Qualify?

The MLM incentive package is accessible to business and industrial projects participating within the following sectors that are hereto ranked in order of importance to the city economy:

- Tourism
- Construction
- Trade
- Manufacturing
- Agriculture/ Agro-processing
- Transport/ Warehousing and Logistics
- Finance and Real Estate

#### 4. What are the qualification requirements?

The proposed project should:

- Comprise investment in new qualifying assets equal to or exceeding R5 million
- Increase annual production of the relevant industry sector within Mangaung
- Not substantially displace products or jobs in the relevant sectors and demonstrate long term commercial viability
- Promote employment and production in the same economic sector in which the project is to be established
- Not concurrently be benefiting from certain other schemes as per the relevant legislation

#### 5. How do I qualify?

Criteria	Points
Introducing a new process or products	1
Filling a critical gap in an industrial cluster	1
Involving a process that represents at least 35% value-added	1
Sourcing inputs from SMME's *	1 or 2
Provision of infrastructure ** that is freely accessible to the general public	1
Creating 3,4,5 or 6 full-time jobs *** per R1 million ****	1,2,3 or 4
35 % of the business be owned by blacks (BEE ratio)	5

\* Between 10% and 20% earns 1 point, 20% or more earns 2 points

\*\* The cost to construct infrastructure must be at least 5% of the qualifying assets over a period of 6 years

\*\*\* Direct and indirect jobs are included

\*\*\*\* Only the cost of qualifying industrial assets shall be considered in determining the ratio of jobs to the investments

Projects are evaluated on the basis of a points scoring system:

Rail infrastructure: The railway line runs between Bloemfontein and Maseru, and connects conveniently to the other modes of transport such as N8 road and Bloemfontein Airport.



**6. What are the final benchmarks.**

Classification	Points
Qualifying Project	9 or 10 points out of 15
Preferred Status	11 or more points out of 15

The points are scored out of 15, and form the basis of determining the applicability of the incentive.

**7. What are the types of incentives and their conditions.**

- **Municipal Rates Reduction**
- **Land Concessions**
- **Urban Development Zone (UZ) Tax Incentive**
- **Capital Investment**
- **Rates exemption**
- **Infrastructure Service Subsidy**



BMW repair centre: The centre is located along the N8 corridor airport node. There is readily available serviced erven zoned for light industrial purposes along this stretch of the corridor near the Bloemfontein Airport.

Regional shopping centre in the south of the city: The trade sector contributes a chunk of 20% in the city economy, and establishment of such centres receive priority attention during the application process.



**8. Services available to investors applying for incentives, establishing new business or expanding existing business.**

The service rendered to the investor is meant to receive the investor warmly to the city, explain what is available through oral discussions and provide reference to the available guides numbered from Annexure A to F of the incentives and investment promotion plan.

SERVICE	HOW TO ACCESS IT
<b>Information on economic trends</b>	<b>Annexure A:</b> Annual review of the economic indicators
<b>Options of land available</b>	<b>Annexure B1:</b> 5 year land development plan or a short version of the Spatial Development Framework  <b>Annexure B2:</b> Quarterly list of land parcels that go out on tender  <b>Annexure B3:</b> Monthly list of local properties as advertised by SAPOA
<b>Utilities and services tariffs</b>	<b>Annexure C:</b> List of tariffs for water, refuse removal, sewerage provision and electricity; and list of property rates
<b>Information on infrastructure availability for new ventures</b>	<b>Annexure D:</b> 5 year Infrastructure Development Plan
<b>Potential Incentives</b>	<b>Annexure E:</b> Manual on type of incentives and qualifying criteria
<b>Rules and regulations of acquiring land</b>	<b>Annexure F:</b> Manual on tendering for public land
<b>Rules on business and work permits</b>	<b>Annexure G:</b> Manuals of the Department of labour and DTI
<b>Contact Details of service providers</b>	<b>Annexure H:</b> Direct stakeholders in the city economy

# These annexures are available on request from Room 912, Bram Fischer Building, Bloefontein

## 9. How do I apply?

- **Register**

To register contact the Division: Sectoral Development and Investment Promotion; and make enquiries followed by a formal application in Room 912, Bram Fischer Building, Bloemfontein.

- **Application Submission**

The Applicant receives a letter of acknowledgement, stating the date and time the application was received and feedback regarding additional information that may be required.

- **Evaluation Process**

The evaluation process begins with the gathering of additional information. An assessment is made as to whether the mandatory requirements and point scoring procedure have been complied with, and an evaluation report is then compiled and forms the basis for the adjudication process.

- **Council Approval**

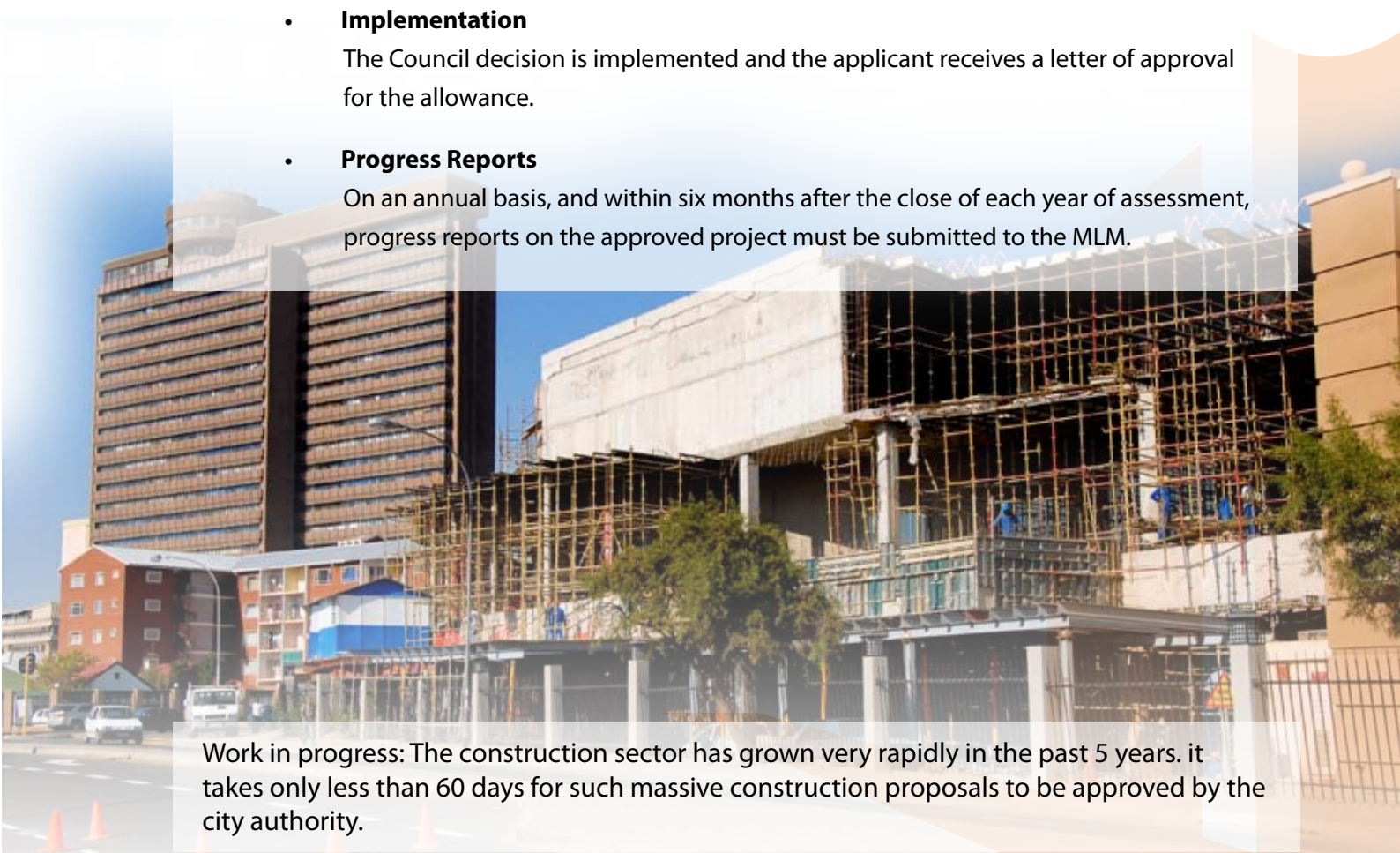
The adjudication process results in recommendations for Council Approval. The Executive Mayor makes a final decision regarding approval of the proposed project.

- **Implementation**

The Council decision is implemented and the applicant receives a letter of approval for the allowance.

- **Progress Reports**

On an annual basis, and within six months after the close of each year of assessment, progress reports on the approved project must be submitted to the MLM.



Work in progress: The construction sector has grown very rapidly in the past 5 years. it takes only less than 60 days for such massive construction proposals to be approved by the city authority.



Though the agricultural sector contributes only 8% to the city economy, producers in this sector enjoy the balance of resource areas (farms) that are in close proximity to the production plants (industrial hubs).

## 10. Municipal Incentives applicable

INCENTIVE	TARGET SECTOR
Municipal Rates Reduction	<b>All 5 key sectors of the city economy on a five year plan; Year 1 qualifies for 90% discount and progressively slides to Year 5 with 10% discount</b>
<b>Land Concessions</b> –In accordance with the MLM Land Allocation Policy.	<b>All 5 key sectors of the city economy on a five year plan; 20 % Discount of the market value applicable only on identified nodes such as CBD, N8 and Mangaung Activity Corridor</b>
<b>Urban Development Zone (UDZ) Tax Incentive</b> – MLM will ensure that for buildings erected or renovated within the UDZ, the concerned property owners are registered for rebate from the South African revenue Service (SARS) in accordance with National Treasury directives.	<b>All 5 key sectors of the city economy on a five year plan; A once off exemption on payment of examination fees for building plans</b>
<b>Capital Investment</b> – A capital investment may be considered to support business or industry to be established in prime nodes or corridors i.e. the CBD, N8 Corridor and Mangaung Activity Corridor. The potential investor must show commitment to investing an equal proportion to the capital grant availed by MLM.	<b>All 5 key sectors of the city economy on a five year plan; MLM will contribute a ratio of 20% on the costs of infrastructure related to public use such as roads, water lines or communication networks</b>
<b>Rates exemption</b>	<b>All 5 key sectors of the city economy on a five year plan; the investor must have a total of 15 on the assessment score or a 100 % preferred status</b>
<b>Infrastructure Service Subsidy</b> for water, electricity and refuse removal	<b>All 5 key sectors of the city economy on a five year plan; Year 1 qualifies for 90% discount and progressively slides to Year 5 with 10% discount</b>



## INVESTMENT PRIORITY AREAS

## CBD Renewal and N8 Corridor Programme

The city has already started with multi million rand projects to facilitate the implimentation of this programme through infrastructure provision and erection of public facilities. Investors are encouraged to apply for available land throgh land concessions. Opportunities in this programme include property management, real estate, transport and logistics, and hotels and recreation.



## Retail and Finance

Retail sector is the second highest employer in the city economy, and investors in this sector receive preferential incentives such as services levy holidays.



## Manufacturing

Mangaung boasts five industrial hubs with opportunities in agroprocessing, textile, electrical appliances, machinery and petroleum products. Investors in the manufacturing sector are a key priority to the city, and automatically qualify for preference in acquisition on industrial land.



## Alternative Energy

Mangaung Local Authority is one of the few largest regional electricity distributors in the country. Besides electricity there are other energy sector opportunities such as solar and gas.



## Transport

Bloemfontein airport is one of the busiest dry ports in the country and has recently received international port of entry status



## Government Services

Government services contribute 35%, making this the largest sector in the economy with a allied opportunities such as public private partnerships and support services.



INVEST IN MANGAUNG ----- THE CITY ON THE MOVE

CONTACTS: MANAGER- INVESTMENT AND SECTORAL DEVELOPMENT

ROOM 912, BRAM FISCHER BUILDING

TEL 051 4058952

EMAIL [moeketis.sefika@mangaung.co.za](mailto:moeketis.sefika@mangaung.co.za)