



the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1020

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Nkomazi SEZ

Ms H.S Boshoff (Mpumalanga: DA) to ask the Minister of Trade, Industry and Competition:

(a) What progress has been made with the (i) Designation Phase, (ii) Interim Phase and (iii) Development Phase of the Nkomazi Special Economic Zone (SEZ) multi-year project, (b) when will the Nkomazi SEZ be fully operational and (c) how many direct jobs will be created? CW1179E

REPLY:

The dtic, after due evaluation, designates Special Economic Zones in terms of the the Special Economic Zones Act, 2014 (Act No. 16 of 2014).

Designated in March 2019, the Nkomazi Special Economic Zone (SEZ) is a state-owned entity. The Mpumalanga Provincial Government is the sole shareholder and the dtic provided funding for the initial infrastructure build.

I reproduce below for your information, the reply to the questions my office received from the Provincial Department of Economic Development and Tourism. Should the Honourable Member require a further response related specifically to the SEZ, I encourage direct engagement with the Provincial department.



**economic development
& tourism**

MPUMALANGA PROVINCE
REPUBLIC OF SOUTH AFRICA

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Litiko Letekutfufukiswa
Kwetemnotfo neteku Vakasha

UmNyango WezokuThuthukiswa
KoMnotho neze Vakajho

Departement van Ekonomiese
Ontwikkeling en Toerisme

THE NATIONAL COUNCIL OF PROVINCES

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Response:

(a) The Nkomazi SEZ is a multi-year project and it is delivered through three distinct phases, namely, the Designation Phase the Interim Phase, of which, is currently being finalised; and finally, the Development Phase.

In terms of the Designation Phase it can be reported that The Minister: Department of Trade, Industry & Competition ("dtic") formally designated the Nkomazi SEZ in March 2019 (in terms of the Special Economic Zones Act No.16 of 2014) which thus concluded the Designation Phase of the Nkomazi SEZ.

Currently the Department is dealing with the Interim Phase of the Nkomazi SEZ consists of the following elements:

1. Setting up of the SEZ Entity
2. Capacitation of SEZ Entity
3. Satisfy all statutory requirements (land development processes)



Currently the Nkomazi SEZ is still within the finalisation of the Interim Phase and the following progress can be reported:

SEZ Entity and Corporate Governance

- Nkomazi SEZ Entity registered as State Owned Company in Jan 2021 and it is a stand-alone Entity as guided by the SEZ Act;
- MEC appointed a six-member Interim SEZ Board in March 2021, (3x Dtic; DEDT; Nkomazi and Ehlanzeni municipalities with One (1) member each);
- PMU of three members appointed immediately after designation and Acting CEO and CFO seconded to the Entity in July 2021 to strengthen the PMU;
- Institutional Arrangements have been put in place to assist in the implementation of the SEZ programme (i.e. Political Oversight; Steering Committee and Rapid Intervention Task Team);
- 2020-2025 Nkomazi SEZ Five-Year Strategy already in place.

Township Establishment and Land Preparation:

- A fifty-year (50) Land Lease Agreement between SEZ Entity & Nkomazi municipality already in place;
- Change of Land Use in support of the SEZ approved by DAFF;
- Environmental Authorisation for the identified site already in place (i.e. 673 ha, Portion 58, Komatipoort Townlands 182 JU), however with Conditions of Establishment;
- Site Layout Plan for Township Establishment approved by the Nkomazi municipality and at final stage of registration with the office of the Surveyor General;
- Preliminary designs of internal infrastructure already done and commencement of detailed designs activities already underway;
- The Nkomazi SEZ is also part of municipal Spatial Development Framework and the Komatipoort Precinct Plan.

The Department has a technical team that deals with the bottlenecks to finalise the township establishment for the Nkomazi SEZ, these are mainly dealing with Conditions of Establishment as contained in the approvals of the Environmental Authorisation and Municipal Planning Tribunal Authorisation and can be summarised as follows:

- Erection of a Barrier Fence
The Department has finalised the appointment of a contractor to erect the barrier fence, however this function has now be shifted to the Department of Agriculture, Rural Development, Land and Environmental Affairs for construction of the fence.
- Registration of the Access Servitude
The Department had the required interaction with the role players and land owners and has now obtained the conditional consent from the land owner, however, a further interaction is required between all parties to finalise the matter, particularly SANRAL, TRAC and SASOL company.
- Obtain Water Use Licence
The Department has an appointed an Engineering firm to finalise the required detailed designs for the water treatment works as well as the waste water treatment works where after the process would be finalised
- Development of the N4 Intersection
An additional Traffic Impact Study was completed and Sanral has been approached to reconsider the erection of an Intersection at this early stage. It is proposed that the Intersection be developed as the SEZ grows over time and the traffic generated requires the erection of an Intersection. An additional Traffic Impact Study has been finalised to support the gradual approach towards the construction of the N4 interchange.

The Department has already done the required work and are now finalising compliance to the abovementioned conditions where after the development of the Nkomazi SEZ would commence.

(b) The development of Phase 1 is looking a ten-year horizon period, of which, once Phase 1 is fully developed, then Phase 2 will follow and thereafter Phase 3. Therefore, the

development of Phase 1 is planned to commence during the 2023/24 financial year. Given the complexity and magnitude of this project, one can argue that a fair progress has been made thus far and, in overall, the project is on track.

(c) The Nkomazi SEZ is expected to greatly benefit the people of Mpumalanga, especially those people who reside within the Nkomazi Municipality as they will enjoy not only the indirect benefit but many direct benefits as well.

The SEZ is designated as a multi sectorial industrial zone focusing on Agro Processing covering: citrus and subtropical fruits, Aromatic plants and ground and tree nuts. Further to this the refining of nutraceuticals, milling and processing facilities for various other agricultural commodities would be established. Various agro related support industries would also be accommodated.

The Nkomazi SEZ has set a 10 year development horizon and will contribute the following to the Provincial Economy:

- A direct GDP contribution of R97.6 Billion from SEZ output to the annual GDP of the Province.
- More than 100 new businesses would be sourced through the investment pipeline over this period and an annual export contribution of R 3 billion dollars is expected.
- More than 8000 jobs during the construction phase and ultimately within the companies operating within the SEZ

As a result of the Nkomazi SEZ, the agricultural sector would be stimulated to increase its annual GDP output thereby stimulating multiple indirect jobs throughout the agricultural value chain throughout the Province. Below is a list of investors and the number of jobs which is envisaged to be created by that investment commitment

Investor Number	Sector	Est. Value of Investment	Number of Direct Jobs
1.	Agro-processing	R250 million	1500
2.	Agro-processing	R100 million	180
3.	Agro-processing	R100 million	120
4.	Agro-processing	R1 billion	15 000
5.	Green energy	R280 million	600

6.	Green energy	R220 million	50
7.	Green energy	R8 Billion	500
8.	Logistics	R363 million	1000
Total Value		R9, 1 313 billion	18 950



Mr NM SEBITSO

HEAD (ACTING): ECONOMIC DEVELOPMENT AND TOURISM

DATE: 25/11/2022