



the dtic

Department:  
Trade, Industry and Competition  
REPUBLIC OF SOUTH AFRICA

## THE NATIONAL COUNCIL OF PROVINCES

### QUESTION FOR WRITTEN REPLY

#### QUESTION NO. 987

#### Nkomazi SEZ

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

- (1) What is the detailed progress report of the Nkomazi Special Economic Zone (SEZ);
- (2) whether the process of appointing a fulltime SEZ Board has been finalised; if not, why not; if so, what are the relevant details;
- (3) whether the Nkomazi SEZ has been listed as Schedule 3D entity; if not, why not; if so, what are the relevant details;
- (4) whether he has (a) received and (b) approved the Nkomazi SEZ Business Plan; if not, why not; if so, what are the relevant details? CW1146E

#### REPLY:

The Nkomazi Special Economic Zone (SEZ) is owned and managed by Nkomazi SOC, company established and owned by Mpumalanga Provincial Government Department of Economic Development and Tourism. **The dtic** and the National Project Management Unit (National PMU) established at IDC are currently providing the oversight role and technical support to the province to finalise the infrastructure planning, strengthen governance arrangements, and the facilitation of investments. However, in order to respond to the honourable member, the Mpumalanga Provincial Government Department of Economic Development and Tourism (Department) was engaged and below is their written reply as the leading institution.

- 1) The Nkomazi SEZ is a multi-year project and is delivered through three distinct phases, namely, the Designation Phase, which has already been completed; the Interim Phase, which is currently under implementation and expected to be finalised before the end of the current financial year; and finally, the Development Phase.

The **Interim Phase** consists of the following elements:

- a) Setting-up of the SEZ Entity;
- b) Capacitation of SEZ Entity; and
- c) 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**

- The designation of the Nkomazi Special Economic Zone was gazetted on the 22 March 2019;
- Nkomazi SEZ Entity registered as State Owned Company in January 2021 and it is a stand-alone Entity as guided by the Special Economic Zones Act, 2014 (Act No. 16 of 2014) ('SEZ Act');
- MEC appointed a six-member Interim SEZ Board in March 2021, (*x3 the dtic; DEDT; Nkomazi and Ehlanzeni Municipalities with One (1) member each*);
- The PMU, consisting of three members were appointed after designation; and an Acting CEO and a CFO were 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*);
- The 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 and Nkomazi Municipality are already in place;

- Change of Land Use in support of the SEZ was approved by DAFF;
- Environmental Authorisation for the identified site is already in place (*i.e. 673 ha, Portion 58, Komatipoort Townlands 182 JU*), however, with Conditions of Establishment;
- Site Layout Plan for Township Establishment was approved by the Nkomazi Municipality and at final stage of registration with the office of the Surveyor General;
- Preliminary designs of internal infrastructure are already completed and commencement of detailed designs activities are underway;
- The Nkomazi SEZ is also part of Municipal Spatial Development Framework and the Komatipoort Precinct Plan.

The Department has a technical team dealing with the bottlenecks to finalise the township establishment for the Nkomazi SEZ - 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 been transferred 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 landowners and has now obtained the conditional consent from the landowners, 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 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 is now finalising compliance with the conditions mentioned above, whereafter the development of the Nkomazi SEZ would commence.

- 2) The appointment of a full-time SEZ Board has not been finalised due to the fact a decision has been taken to change the current stand-alone status of the Nkomazi SEZ into that of a subsidiary of the Mpumalanga Economic Growth Agency (MEGA). As soon as the modalities of the subsidiary are finalised, the Entity will be registered as a subsidiary of MEGA and the MEC will then appoint a full-time Board.
- 3) Currently the Nkomazi SEZ is registered with CIPC as a State Owned Company (*as contemplated in section 1 of the PFMA*) and as stand-alone Entity. It is not yet listed as a 3D Entity, due to lack of support from the National Treasury to list more Entities as schedule 3D Entity, since the current SEZs are not performing as expected. Hence the decision to register the Nkomazi SEZ as a subsidiary of MEGA because it is already a schedule 3D Entity. We believe this approach will be less cumbersome for listing the SEZ as a schedule 3D Entity.
- 4) (a)&(b)  
The Nkomazi SEZ has developed a 5-year Strategic Plan and Annual Performance Plan, which were approved by the Interim Board and Provincial Government.

**-END-**