the dtic

Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL COUNCIL OF PROVINCES

QUESTION FOR WRITTEN REPLY

QUESTION NO. 737

Expansion of TASEZ

Mr H J Van den Berg (Northern Cape: FF Plus) to ask the Minister of Trade, Industry and Competition:

(1) (a) What are the specific reasons for the reported requirement of R85 million funding need for phase 2 of the planned expansion of the Tshwane Automotive Special Economic Zone (TASEZ) (details furnished) and (b) what is the detailed breakdown of such costs;

(2) Whether the Government, via his department is required to be the primary provider of the financing; if not, why has the State been identified as the preferred funder; if so, what is the current position and timeline for allocation of funds.

(3) Whether TASEZ has explored or applied for any alternative financing for the expansion from the Development Bank of Southern Africa, World Bank, Industrial Development Corporation or any other development finance institutions or private sector sources; if not, (a) what are the reasons and (b) what policy or practical considerations prevent or discourage such applications? CW884E

REPLY:

1) (a)

The Tshwane Automotive Special Economic Zone (TASEZ), is the first model SEZ where all three spheres of Government are involved and have shares in the development of the SEZ. According to the agreement, the Provincial (Gauteng Province) and Municipal (City of Tshwane) governments, will be responsible for the bulk infrastructure funding and the National Government (**the dtic**), responsible for the top structure funding. The TASEZ proceeded with implementation of Phase 2 based on a Memorandum of Agreement (MoA) that was signed committing the funding from CoT for the External Bulk Projects for TASEZ.

According to TASEZ, the CoT initially committed R382,39 million under the 2024/25-2027/28 Medium-Term Revenue and Expenditure Framework (MTREF). R86 million was disbursed from this amount. However, in the 2026/27-2028/29 MTREF, the CoT allocated R210,4 million, which resulted in a shortfall of R85 million.

(b)

Below is a break down of the funding requirements and the proposed draft MTREF (2026/27–2028/29) allocation. TASEZ has tabled the shortfall with the City of Tshwane and constant follow ups are being made by the SEZ.

Project	Status	Budget Estimates as at 31 October 2024
2nd LaMontagne Reservoir	Under construction	R56, 221,817.05
External Bulk Electrical	Under construction	R85,554,791.44
Water Reticulation	Under construction	R22,821,897.25
Roads & Stormwater A	Advanced construction	R215,791,715.82
Roads & Stormwater B	Ready for procurement	
Roads & Stormwater C	ECSA Stage 2	
	Total	382,390,221.56
Funding already disbursed	LaMontagne Reservoir	R 56,221,817.05
Funding allocated in 2025/26		R 30,000,000.00
	Total	R 296,168,404.51
New draft MTREF (2026/27–2028/29)		R 210,400,000.00
Sub Total		(R 85,768,404.51)

(Source: TASEZ)

(2) The Department is not the primary funder for the development of TASEZ. The model for TASEZ allows that all three spheres of Government contribute towards the development of the SEZ. Government funding of bulk infrastructure is generally regarded as a catalytic intervention as it creates the enabling conditions necessary for private-sector investment, economic growth, job creation, and sustainable development. Investment in bulk infrastructure by the State is also a practical mechanism for fulfilling service delivery obligations while simultaneously leveraging substantially larger private and public investments in the economy.

(3) (a)&(b)

There are no restrictive policies in place to prevent or discourage TASEZ from sourcing alternative funding. The SEZ has indicated that they pursued alternative funding mechanisms to support infrastructure delivery, recognising that municipal allocation alone may not be sufficient to meet the scale of the programme.

This has included sustained engagements with the Development Bank of Southern Africa (DBSA), with joint presentations to the City of Tshwane and DBSA dating back to July 2023. TASEZ also pursued funding through the Budget Facility for Infrastructure (BFI) and has engaged the Industrial Development Corporation (IDC) to explore funding of energy-mix programmes, reflecting a deliberate strategy to diversify and optimise infrastructure funding beyond a single source.

-END-