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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 1354

Mr M A Maimane (BOSA) to ask the Minister of Trade, Industry and Competition:

- (1) What measures have been put in place to monitor the effectiveness of the existing special economic zones;
- (2) Whether his department has undertaken any feasibility studies on the designation of townships as special economic zones; if not, what is the position in this regard; if so, what are the relevant details? NO1648E

REPLY:

- (1) Section 7 of the SEZ Act of 2014, provides for the establishment of the SEZ Advisory Board and enables the board secretariat to conduct performance analyses of SEZs against an agreed-set of input and output KPIs. To this extent, the SEZ Monitoring and Evaluation Framework has been put in place to:
 - standardise the key performance indicators (KPIs) and reporting formats for SEZs; and
 - Developing norms and standards for SEZ performance evaluations.

The framework seeks to ensure that analyses of SEZ performance are based on an agreed-set of KPIs which is used for purposes of determining outcomes against targets set. The KPIs are listed below:

Output KPIs

- Investment projects approved against target
- Job creation in investor companies against target

- Fixed assets investment by investor companies against target
- Land allocated against target
- Revenues raised against target
- Annual exports

Input KPIs

- Operator staff against target
- Infrastructure capital costs and timings against targets
- Top structures/factories costs and timings
- Operational costs against target

- (2) The Department has not undertaken feasibility studies on the designation of townships as Special Economic Zones. The request to establish an SEZ is applicant based and usually driven by a Province.

the dtic position is that, for a township to be considered as a SEZ, it would require the co-ordination of a number of Government Departments; timely adjustments to relevant policies and Regulations; putting-in place efficient regulatory and administrative systems; and reliable infrastructure, such as roads; water; electricity, sewerage; and ICT, which will involve dedicated Government fiscus investment, especially in the initial stages.

Furthermore, the involvement of the private sector which can assist in the planning development, operating and investment in SEZ real estate, are critically important. The Department is aware that in some regions around the world SEZs have been set-up as vehicles for developing poorer regions of a country. These SEZs are prone to fail due to a lack of infrastructure, limited access to skilled labour, distance from markets, etc. To overcome all these disadvantages, SEZs would have to offer extensive subsidies or require levels of investment in public infrastructure that are at this stage not economically viable.

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