

Reignite, Build, and Grow Gauteng



# Special Economic Zones **Gauteng**



## Gauteng Province

The Gauteng Growth and Development Agency (GGDA) is the implementation arm of the Gauteng Department of Economic Development, tasked with assisting the department in leading, facilitating and managing sustainable job creation and inclusive economic growth and development in the Gauteng City Region. Through some of its subsidiaries, the GGDA has created partnerships and ecosystems that promote economic development and the competitiveness of Gauteng.



### Our Mandate

To be the implementation arm of the Gauteng Department of Economic Development and to assist the department to lead, facilitate and manage sustainable job creation and inclusive economic growth and development in the Gauteng City Region.



### Our Vision

To be the premier catalyst of innovative and sustainable growth and socio-economic development within the southern African region.



### Our Mission

To create an enabling environment for growth targeted investment facilitation, strategic infrastructure development and social transformation, thus positioning Gauteng as a leading Global City Region.



## Gauteng Offers:

### We open possibilities.

By bringing smart strategic opportunities to the table and supporting businesses through a modern and relevant economic infrastructure, we ensure Gauteng's economy prospers.

### We make it easy to do business, locally or globally.

We've taken great care to streamline our services. We cut through that all-too familiar bureaucratic red tape with linked infrastructure between our office and other Government departments.

### We support business.

Our drive and commitment in growing and supporting sustainable businesses that are firmly rooted in Gauteng, is only one of the many directives we are tasked with. We facilitate networks, help with administrative, legislative and financial advice, and are committed to taking your business further.

### We grow business.

Our aim is to speedily develop the economy of Gauteng and create jobs. We do investment promotion, facilitation of trade and investment, export expansion and support SMME development and growth.

### Why Invest in Gauteng

Gauteng is the epicentre for growth – it is South Africa's economic engine and an important launching pad for local and international businesses into African markets.

- An investor-friendly environment
- Good infrastructure and facilities
- Low land and commercial building costs
- World-class road, rail and air networks
- A large pool of young and highly skilled labour
- Electricity, which is amongst the cheapest in the world.
- Functional national institutions protecting the right of investors.
- Clear and consistent economic policies in line with national policies



# Special Economic Zones Footprint In Gauteng

## Introduction

The South African Government seeks to transform the economy into a globally competitive industrial economy, built on the full potential of all citizens and regions.

One of the critical tools for accelerating the country's industrial development agenda is on the new Special Economic Zone (SEZ) Programme, which was mandated by the SEZ Act, proclaimed in February 9, 2016. SEZs are a tool to help:

- promote industrial agglomeration,
- build the required industrial infrastructure,
- promote coordinated planning among key government agencies and the private sector, and
- guide the deployment of other necessary development tools

The spatial configuration of South Africa's economy is characterized by concentration of economic activity in a few parts of the country. The main metros in Gauteng, Cape Town and the eThekweni area together accounts for a substantial part of economic output resulting in a constant movement of people from other parts of the country and rural areas to these economic hubs. Government's policy objectives include measures to provide a wider pool of economic development.

The dtic's is exploring an expanded/ inclusive approach to special industrial development with the intention to achieve three overarching outcomes that guide the departmental work namely, industrialisation to promote jobs and rising incomes ; (transformation to build an inclusive economy.

The intended consequence of this expanded approach is to streamline all spatial industrial development support measures under a single plan within each district municipality in the country, using the \*District Development Model (as a point of reference)

Underpinning this revised approach are lessons learnt from the implementation of the two Spatial policy instruments that are driven by the dtic SEZ and Industrial Parks Revitalization Programme. Spatial industrial development initiatives in the form of Special Economic Zones and Industrial Parks have been largely driven by provinces to date, with a smaller, supportive role for



national government.

The review of the initiatives has shown that the combined impact of SEZs and Industrial Parks has resulted in a reported 65 500 jobs.

However, given the scale of the challenge, this is well below the level required, the booklet will give an overview of the institutional and performance indicators for SEZs and Industrial Parks, and consider spatial industrial development within the context of the new \*District development Model and conclude with a element of the new approach being considered based on the consultations and completion of the work. The SEZ Act is currently being revised.

The SEZ is a catalyst for employment, transformation, socio-economic development and industry growth. It boasts the most skilled labour in the sector, easy access to a strong consumer base, and connectivity to both suppliers and potential markets, while promoting export-orientated industries and local integration.

## The SEZ Act No 16 of 2014 sets out the purpose of SEZs as:

Facilitating the creation of an industrial complex, having strategic national economic advantage for targeted investments and industries in the manufacturing sector and tradable services.

Developing infrastructure required to support the development of targeted industrial activities.

Attracting foreign and domestic direct investment.

Providing the location for the establishment of targeted investments.

Enabling the beneficiation of mineral and natural resources.

Taking advantage of existing industrial and technological capacity, promoting integration with local industry and increasing value added production.

Promoting regional development.

Creating decent work and other economic and social benefits in the region in promoting small, micro and medium enterprises and co-operatives, and promoting skills and technology transfer; and

The generation of new and innovative economic activities.



## Special Economic Zones Background

### 2000 - 2010

Industrial Development Zones (IDZs)  
 Focus on export orientation close to ports of entry  
 4 IDZs designated - Coega, East London, Richards Bay & OR Tambo International Airport  
 Performance - 40 investors, R11,8bn investments, 41 000 jobs (mostly construction)  
 Comprehensive review in 2010 highlighted major challenges around investor mobilization, planning & coordination etc  
 Review led to new policy & legislation

### 2011 - 2019

Policy development and legislative approval  
 Promulgation of the SEZ Act No. 16 of 2014  
 Key elements included:  
 Countrywide vs ports of entry  
 Enhance governance & coordinated planning  
 Supportive financial instruments & incentives  
 World class infrastructure, integration of SMMEs  
 10 potential new SEZs identified in 2012  
 By March 2019 5 new SEZs had been designated but not operational, increasing total number of SEZs to 9

### 2020-2022

August 2019 Cabinet directed that the dtic should play a more active role in the planning, development and management of SEZs  
 In 2020 a National SEZ PMU established and located at the IDC  
 PMU role is to accelerate implementation of the Programme  
 Development of the new approach to include strong involvement of national government  
 Tested the new approach with the implementation of Tshwane Automotive SEZ

## SEZ Implementation since 2019

- The DTIC invited provinces to identify possible areas that would be designated as SEZ's
- The proposed SEZs are presented to MIMMEC for approval so that they can be tested through feasibility studies
- The dtic can provide seed funding on the establishment of Project Management Units and Feasibility Studies
- The dtic role is to provide technical support on the planning of the proposed SEZ
- Applications are submitted to the SEZ Advisory board for recommendation to the Minister and cabinet
- The Minister approved, and Cabinet ratified the designation of the proposed SEZ
- The province established provincially owned and managed SEZ entities to develop and manage the SEZ
- The dtic had no role in the management and ownership of SEZs except having one board representative
- The dtic supported all SEZ with infrastructure funding and
- All tax incentives are approved by the Minister of Finance the SEZ Implementation Approach before 2019

## SEZ Implementation since 2020

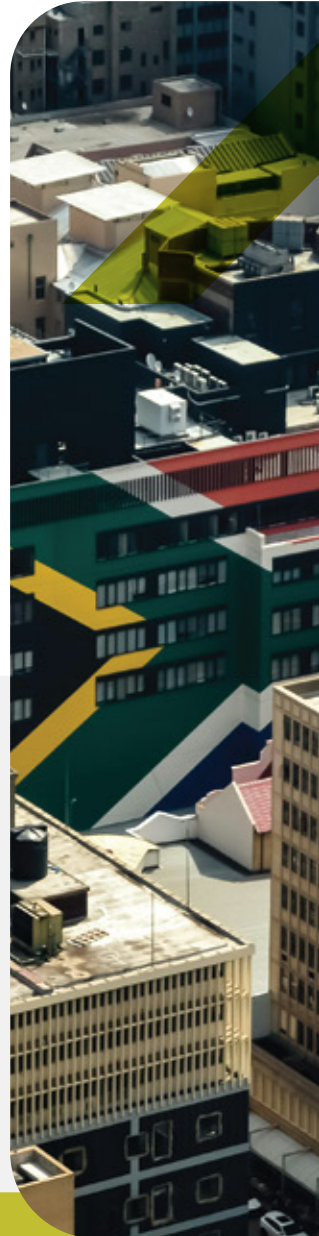
In August 2019 Cabinet directed the dtic to undertake a review of the programme with the view to strengthen the national role in the development and management of the Special Economic Zones,

The review process identified the following as key challenges:

- Failure to commit sufficient resources to infrastructure and human resources.
- Convoluting Value Proposition of the Zone
- Weak investment commitments and premature designations
- Weak Stakeholder Management
- Inept executive management team, and high turnover of critical/experienced employees and CEO's
- Weak Governance Systems and
- Lack or weak long-term planning of the zones.

In response to the challenges, the dtic developed a new approach to the implementation in 2019 based on the following:

- Strong Involvement of the dtic in the implementation of SEZs, including taking ownership equity in SEZs
- Building a strong unique value proposition for Special Economic Zones
- Long term Planning that caters for holistic support for each Special Economic Zones
- Collaborative planning that involved financial contributions from all spheres of government and private sector
- Building Strong investment pipeline prior to designation in order to avoid long delays between designation and signing up of investments.



# Gauteng SEZ Footprint since 2019

Gauteng SEZ	No Of Secured Operational Investors	Secured Investments (R Million)	Expected Number of Job created/to be created
OR Tambo	11	245	135
Tshwane Automotive SEZ	9	3 940,00	1 463

## TASEZ

In 2020 TASEZ became the test case for the implementation of the new Cabinet approved approach to the SEZ Programme

Flagship partnership between government and private sector the dtic Gauteng Provincial Government, City of Tshwane and Ford Motor Company South Africa

The DTIC led the planning and development of the TASEZ using the new approach, resulting in the following key achievements

This is one of the fast-growing SEZs in the country currently

The Tshwane Automotive SEZ (TASEZ) is Africa's first automotive city, located in the country's capital city of Tshwane, Gauteng. It is an attractive world-class automotive city and a preferred investment destination for the automotive industry on the African continent. The proximity of the SEZ to an established automotive industry allows for increased economies of scale and scope, thereby lowering the cost of doing business. It offers world-class customised solutions, incentives, support services and systems for manufacturers seeking excellence, and a productive and progressive location. Located on more than 162.6ha, the TASEZ offers direct and ready linkages to regional and international markets, making it easy to export to SADC.



The TASEZ is a leading investment destination, offering:

A secure, business environment with world-class manufacturing and logistics infrastructure that support freight-orientated activities through rail connectivity to ports designed to accommodate both containerised goods and ro-ro ships.

Several additional value-added business solutions that will support businesses within the precinct.

A professional team of sector specialists, who drive the development of the TASEZ and ensure that it remains a competitive business environment, linking both investors and developers to various regulatory bodies and facilitating the development process.

National government support - the Department of Trade, Industry and Competition (the dtic), through the SEZ Fund, provides financial support for investor-related infrastructure; and

Provincial and local government support - the Gauteng Department of Economic Development and the City of Tshwane provides financial support and resources necessary to manage and implement the SEZ.

## Special Economic Zones Background

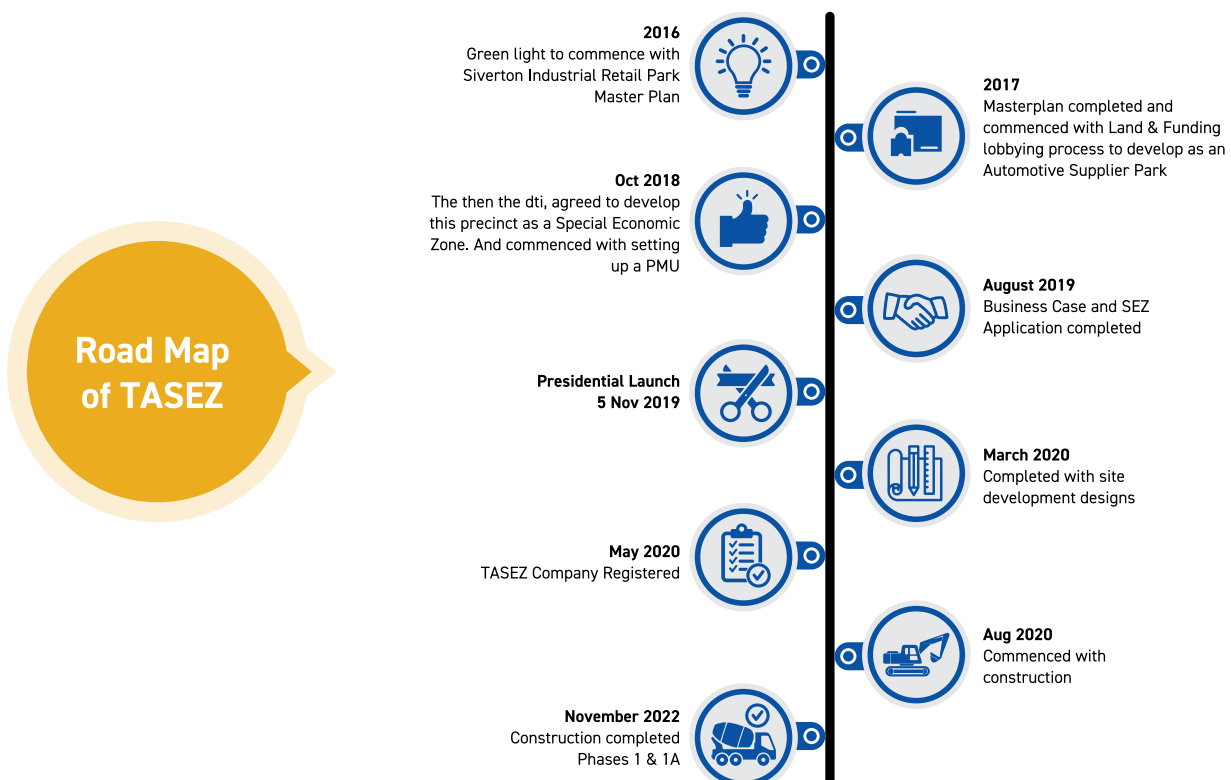
Area	Key Outcomes
Private investment	R4.3 billion from 12 investors mobilised
Private investment	Sourced from all three spheres of government (R3,9bn)
Governance	Registered company and established Board within a month, construction began 6 months later
Long-term planning	Strategy crafted to position the City of Tshwane as a leading Automotive City
Approvals	Accelerated approvals –EIA (3 months), Township Establishment (3), Water Use Licence (6)
Infrastructure	Bulk infrastructure and Top structures for 12 factories completed within 24 months
SMMEs	45% of infrastructure budget spent on SMMEs

## Values

Currently, the TASEZ values are driven by its strategic goals and objectives:

- To create economic growth and transformation within the South African automotive industry.
- To create awareness and support for the development and growth of the automotive SEZ.
- To support the process of attracting automotive and related industries and tenants into SEZ, and achieving socio-economic empowerment for the surrounding communities.
- To ensure greater inclusion (deepen value addition) of SMMEs within the automotive value chain.

## TASEZ Development Trajectory (Phase 1 & Phase 1A)





TASEZ Phase 1  
(August 2020)



TASEZ Phase 1  
(August 2020):  
3 months of earthworks



TASEZ Phase 1  
(May 2021): Top-Structure construction



TASEZ Phase 1  
(October 2021):  
1st Factory  
operational  
[Aeroklas Duys]

TASEZ Phase 1 (March 2022):  
100% completion Phase 1  
Top-Structure construction  
All internal roads completed



For more information, visit [www.tasez.co.za](http://www.tasez.co.za)

## OR TAMBO SPECIAL ECONOMIC ZONE

The Gauteng IDZ Development Company (SOC) Limited (GIDZ or Gauteng IDZ) is a subsidiary of the Gauteng Growth and Development Agency (GGDA). Established in 2009, the Gauteng IDZ is mandated with the development and operations of the designated Special Economic Zone (SEZ) at the OR Tambo SEZ. In support of its mandate, the Gauteng IDZ works to create an enabling platform for manufacturing investment opportunities that support the positioning of OR Tambo SEZ and the Gauteng City region as globally competitive investment locations.

The Gauteng IDZ also aims to promote job and enterprise development opportunities facilitated through partnerships that can enable the sustainable growth of emerging enterprises or new industrialists, further contributing to economic growth.

Established in 2009, the Gauteng IDZ is mandated with the development and operations of the designated Special Economic Zone (SEZ) at OR Tambo International Airport.

In support of its mandate, the Gauteng IDZ works to create an enabling platform for manufacturing investment opportunities that support the positioning of OR Tambo International Airport SEZ and the Gauteng City region as globally competitive investment locations.

The Gauteng IDZ also aims to promote job and enterprise development opportunities, the latter that is facilitated through partnerships that can enable the sustainable growth of emerging enterprises or new industrialists, further contributing to economic growth.

The OR Tambo SEZ aims to develop land around OR Tambo International Airport to stimulate economic development using the SEZ mechanism. The OR Tambo SEZ supports the growth of the beneficiation of precious metals and minerals sector, with a focus on light, high-margin, export-oriented manufacturing of South African precious and semi-precious metals. The multi-site development at OR Tambo SEZ consists of several industry-specific precincts and will be developed in phases over a 10- to 15- year period.



## LOCATIONS OF THE SEZ

### ORTIA PRECINCT 1

Located inside the Airport Park, the first precinct of the OR Tambo SEZ (referred to as ORTIA Precinct 1) is 7,5ha in size. This Precinct is fully developed and operational. To date, over R1b in private sector investment has been secured, resulting in 3000 jobs being created.

In lieu of its competitive location inside the Airport Park, this Precinct focuses on the manufacturing and export of fresh food products as well as beneficiated metals to the global market.

### ORTIA PRECINCT 2

Measuring 29ha and located on a major arterial road network next to the airport. This land parcel is competitively located for the continued production of high value light weight products that utilise air freight as a mode of transport.

These include pharmaceutical and medical consumables, mineral products, electronics as well as other time sensitive products.

For more information, visit [www.gidz.co.za](http://www.gidz.co.za)

## Proposed VAAL SPECIAL ECONOMIC ZONE

The planned Vaal SEZ sites are in southern Gauteng, the country's economic hub and financial heartland.

Due to being a central and vital part of the country, the province is interconnected extensively with the rest of South Africa through major national roads, railway and air traffic networks converging in the province and currently comprises five sites of varying size across the Sedibeng district municipality's area.



Conceptualized, suitable land obtained, and investors secured to the value of R2.2b.



## Economic Opportunities



### 1. Existing Industries

Encourage evolution of local businesses to new opportunities.  
Support existing businesses to be competitive.



### 2. Existing Industries

Solar & battery storage      Circular economy  
Bio-mass                              Carbon capture  
Hydrogen economy



### 3. Agro-Processing

Food, beverages, agroprocessing & agri business.  
Agro-processing plant products & value chains.  
Agro-processing - livestock & value chains.  
Warehousing & storage - packaging.



### 4. Skills Development and Training

Development with a purpose.  
Pool of resources for industry.  
Training for future skills.



### 5. Gateway Logistics Infrastructure

Resilient infrastructure that is reliable, accessible and affordable.  
Logistics - exploiting locational advantages.

## \*PROPOSED WEST RAND SPECIAL ECONOMIC ZONE

The West Rand District Municipality extends over 4 087km<sup>2</sup> from its seat in Randfontein. To its east it shares a boundary with the City of Johannesburg. To its west and southwest it shares boundaries with the Bojanala Platinum District and Dr Kenneth Kaunda, of the North West Province.

To the northeast it shares boundaries with the City of Tshwane. To its south east it shares a boundary with Sedibeng District of Gauteng. West Rand District is located on the southwestern edge of Gauteng Province and is traversed by major national roads, namely the N12 and N14.

## About The Proposed Westrand SEZ

The Proposed West Rand Special Economic Zone is in the West Rand District Municipality in the Gauteng Province.

## West Rand SEZ Value Proposition:

Area	Key Outcomes
World class infrastructure and utility provision	Farming activities which provide potential stock for Agro-processing industries
Fully serviced prime industrial property	Strong potential for bulk storage facilities for Agricultural products
Secure manufacturing environment with controlled access	Mining Equipment Repairs
Customised, environmentally friendly top structures	Security
Competitive rental rates	Logistics Service Provider
Bulk service connections	Regulatory compliance and government services access
National and local incentive programmes and benefits	Labour recruitment and skills development



## The purpose of the proposed West Rand SEZ would be to:

Transform the West Rand economy into an industrial production centre characterized by, amongst others, foreign and domestic direct investments, value-added exports, and job creation.

Facilitate the creation of an industrial complex, having a strategic national and regional economic advantage for targeted investments.

Develop infrastructure required to support the development of targeted industrial activities.

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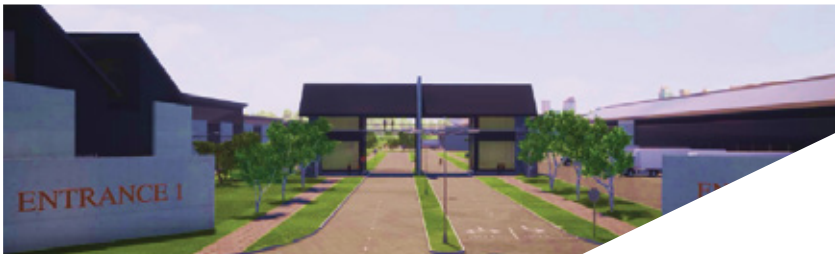
Attract foreign and domestic direct investment.

Increase investment and growth in the manufacturing industry.

Take advantage of existing industrial and technological capacity.

Promote regional economic development and create decent work and economic and social benefits in the region in which it is located.

Broaden economic participation by promoting small, micro and medium enterprises.



### HIGHLY FLEXIBLE DESIGN

SUITABLE FOR MULTI SECTOR  
USE LAYOUT AND DESIGN  
REQUIREMENTS



**STRATEGIC LOCATION**  
Located in Gauteng's  
Western Corridor.



**URBAN LOGISTICS**  
Large scale, multi-user  
urban distribution buildings.



**LABOUR POOL**  
Access to large skilled and  
unskilled local labour pool.



**ESTABLISHED INDUSTRIAL  
AREA**  
Home to leading brands using  
the location benefits for  
distribution.



**MULTIMODAL CONNECTIONS**  
Range of flexible access to  
transport nodes.

### VAT AND CUSTOMS:

Companies located within a CCA will be eligible for VAT and customs relief, as per the current IDZs.

Characteristics of a CCA include the following:

Import duty rebate and VAT exemption on imports of production-related raw materials, including machinery and assets, to be used in production with the aim of exporting the finished products.

VAT suspension under specific conditions for supplies procured in South Africa; and

Efficient and expedited customs administration.

More information on CCAs can be found on the SARS website [www.sars.gov.za](http://www.sars.gov.za)

### EMPLOYMENT TAX INCENTIVE

All employers of low-salaried employees (below R60 000 per annum) in any SEZ will be entitled to the employment tax incentive (ETI). This aims to encourage employers to hire young and less experienced work seekers. However, the employee age restriction will not apply to SEZs.

It reduces an employer's cost of hiring people through a cost-sharing mechanism with Government, while leaving the wage the employee receives unaffected. The employer can claim the ETI and 23 reduce the amount of Pay-As-You-Earn (PAYE) tax payable by the amount of the total ETI calculated in respect of all qualifying employees.

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### ABUILDING ALLOWANCE

Businesses operating within approved SEZs (by the Minister of Finance, after consultation with the Minister of Trade, Industry and Competition) will be eligible for an accelerated depreciation allowance on capital structures (buildings). The special rate of capital (depreciation) allowances in lieu of normal allowances will be available for erecting or improving buildings and other fixed structures. This rate will equal 10% per annum over 10 years.

Companies engaged in the following activities, based on the Standard Industrial Classification Code issued by Statistics South Africa, will not qualify for the building allowance:

Spirits and ethyl alcohol from fermented products and wine (SIC code 3051)

Beer and other malt liquors and malt (SIC code 3052)

Tobacco products (SIC code 3060) · Arms and ammunition (SIC code 3577)

Biofuels if that manufacture negatively impacts on food security in South Africa  
South African Special Economic and Industrial Development Zones

Certain companies will qualify for a reduced corporate income tax rate of 15%, instead of the current 28% headline rate.

### To qualify, the following conditions must be satisfied:

The company must be in a SEZ that is approved by the Minister of Finance.

It must be incorporated or effectively managed in South Africa.

At least 90% of the income must be derived from the carrying on of business or provision of services within that SEZ; and

The company must not be engaging in activities listed in the Government Gazette No. 39930

# Reignite, Build, and Grow Gauteng



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**Important Links**

[www.dtic.co.za](http://www.dtic.co.za)

[www.ggda.co.za](http://www.ggda.co.za)

[www.vaal.co.za](http://www.vaal.co.za)

[www.tasez.co.za](http://www.tasez.co.za)

