



Wes-Kaapse Provinsiale Parlement Western Cape Provincial Parliament IPalamente yePhondo leNtshona Koloni

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Draft Report of the Standing Committee on Agriculture, Economic Development and Tourism on its oversight visit to the Atlantis Special Economic Zone and Freeport Saldanha Industrial Development Zone on 28 and 29 January 2025 respectively, as follows:

Delegation

The delegation consisted of the following members:

Brinkhuis, G (Al Jama-ah)
Bryant, D (DA)
Constable, N (PA)
Masipa, NP (DA: Chairperson)
Mbombo, N (DA)
Nkondlo, ND (ANC)
Wessels, DJ (DA)

1. Introduction and background

Section 114 (2)(b)(i) of the Constitution of the Republic of South Africa mandates provincial legislatures to provide for mechanisms to maintain oversight over the Provincial Executive Authority in the province.

The Committee undertook an oversight visit to the Atlantis Special Economic Zone (ASEZ) on 28 January 2025 and to the Freeport Saldanha Industrial Development Zone on 29 January 2025. The focus areas of the visit was on economic impact and growth; infrastructure and development; regulatory compliance and governance; social impact; innovation and technology; operational challenges and risk management; partnerships and collaboration; and long-term sustainability.

This report highlights the Committee's findings and recommendations stemming from the visits.

2. Atlantis Special Economic Zone (ASEZ)

2.1 Overview

The ASEZ was established in 2018 as an industrial hub located in Atlantis. However, the area had already been developing as a green technology manufacturing hub since around 2011, when efforts to attract renewable energy investments began.

It was established to promote investment, economic growth, and job creation, particularly in the green economy and manufacturing sectors with a focus on investment incentives, job creation and skills development. It was strategically located near Cape Town with access to

ports, infrastructure, and supply chains. The ASEZ was part of South Africa's National Special Economic Zones Programme, designed to attract both local and international investors to drive sustainable industrial development.

The visit commenced with a welcome by the Chief Executive Officer of the ASEZ, that was followed by a presentation and an industrialist visit to the Everflo workshop (a tenant in the ASEZ).

2.2 Presentation on the ASEZ

2.2.1 Findings

2.2.1.1 One of the key advantages of Atlantis as a location was its increasing proximity to Cape Town. For those living in the northern suburbs, it was a 20-minute drive, making it a convenient option for investors, many of whom resided in that area.

2.2.1.2 However, a significant challenge was talent retention and industry opportunities. The sector was growing rapidly, offering numerous opportunities. The focus of the ASEZ was on developing and retaining skilled talent within the industry.

2.2.1.3 The ASEZ identified four primary revenue streams, namely, rental income (including precinct charges); additional tenant services (that included revenue from utilities, solar electricity sales, renewable energy solutions, and labour services, such as skills sourcing); Broader services for Atlantis (that included grant funding applications and leveraging funds from organisations like PepsiCo and Atlantis Foundries); and potential consulting services. The latter, though still in the early idea phase, could help diversify revenue, but required careful consideration before presenting it to the Board.

2.2.1.4 While securing investors remained the ASEZ's core priority, it was in the process of building a broader value proposition to support long-term growth. The development process was inherently slow.

2.2.1.5 To ensure accountability, the ASEZ closely monitored project timelines and workforce data. Its contracting civil engineers provided oversight over small medium business contracts, keeping accurate records of the companies involved, employment numbers, and workforce demographics (including gender and youth representation). This structured approach assisted in maintaining operational transparency and efficiency.

2.2.1.6 The ASEZ had productive engagements with the Department of Trade, Industry, and Competition (DTIC) and the Special Economic Zone (SEZ) Fund. It has seen significant progress in securing funding for internal reticulation in Zones 2 and 3, through the Budget Facility for Infrastructure, an agreement between the DTIC SEZ Fund and National Treasury.

2.2.1.7 The 2025-2030 strategy development process was positive, with a strong strategic direction taking shape. The pipeline of potential tenants remained strong, with notable activity expected in Quarter 4 of the 2024/25 financial year, leading to new lease signings. New partnerships were emerging with Atlantis industrialists and key stakeholders (eg. Foundries, Lesedi, PepsiCo) to support skills development and enterprise growth programmes. There was active collaboration on investment promotion and events, enhancing exposure and access to critical business and regulatory networks. A land transfer application was submitted on 10 December 2024, with registration under Atlantis Special

Economic Zone Company expected soon. Funding was secured for skills development initiatives in robotics, programming, and the Space Science, Technology, Engineering and Mathematics Programme.

2.2.1.8 The DTIC top structure funding remained a concern. This funding was needed to booster the funds of the ASEZ. The ASEZ will therefore be monitoring the 2025/26 DTIC budget closely.

2.2.1.9 The following was reported in terms of a pipeline update. A pipeline update was a progress report on potential business opportunities, projects, or investments that were in various stages of development. The ASEZ reported that it was focused on attracting GreenTech companies, particularly in renewable energy and agri-processing. There were 31 investment applications, totalling R19 billion in investment and an estimated 3 500 direct jobs. The investment pipeline included 87 prospective investors, each at varying stages of project readiness. The ASEZ's Business Development and Commercial teams continued to provide essential support, including access to regulatory bodies, capital, business opportunities, partnerships, export markets, and industry networks. Three highly advanced projects were undergoing conceptual design work, namely Agri-business; a waste processing facility; and a multinational tech company (in partnership with DTIC). The ASEZ was actively seeking funding for top-structure development to support mature projects.

2.3 Everflo

2.3.1 Findings and observations

2.3.1.1 Everflo, one of the tenants within the ASEZ was established in 2002. It was an original equipment manufacturer, specialising in industrial refrigeration solutions, particularly for the fishing industry. Their expertise extended to addressing global challenges related to food, water, and energy security.

2.3.1.2 Everflo was committed to the empowerment and development of the Atlantis community. Many of their staff members were local residents, and the company invested in training and development initiatives to enhance skills and promote community growth. They actively supported the Atlantis Special Economic Zone Community Stakeholders Network, a voluntary association dedicated to uplifting the Atlantis community.

2.3.1.3 As a high-tech manufacturer specialising in industrial refrigeration and thermal energy solutions, Everflo enhanced the ASEZ's reputation as a hub for green and sustainable industries. Their presence attracted investors and suppliers in related sectors, strengthening the ASEZ's ecosystem. Everflo's focus on energy-efficient cooling solutions and wastewater treatment aligned with the ASEZ's commitment to green technology and sustainability. Their thermal energy storage solutions support the ASEZ's goals of energy efficiency, reducing reliance on non-renewable energy sources. By operating within ASEZ, Everflo boosted local procurement, helping smaller businesses in the zone grow by supplying raw materials and services. This resulted in reduced costs and logistical challenges for companies within the ASEZ, fostering a self-sustaining industrial ecosystem. Everflo's presence within the ASEZ strengthened industrial capacity, created jobs, promoted sustainability, and attracted investment, all key drivers for the zone's long-term success.

2.3.1.4 The company stated that there were opportunities for growth, allowing it to expand, contribute to economic development, and create more jobs. However, it faced challenges in meeting the Broad-Based Black Economic Empowerment criteria, which limited its ability to

operate on a large scale in South Africa. The company further expressed its willingness to play a greater role in economic growth, provided that Broad-Based Black Economic Empowerment legislation was eased in its case.

3. Resolutions/Actions

3.1 The Committee **RESOLVED** that it would:

3.1.1 Undertake a follow up oversight visit to the ASEZ to assess the remaining factories and their operations;

3.1.2 Invite the ASEZ to brief it on developments in the Zone, with specific reference to the four funding streams; the top structure funding; the alignment of the nearby college to the skills development initiatives of the ASEZ and the Department of Economic Development and Tourism; and the feasibility model relating to client acquisition, and the determination of rental rates and payment structures; and

3.1.3 Invite the Department of Economic Development and Tourism and the DTIC to brief it on the process of establishing a SEZ, outlining the key steps and considerations involved to ascertain if the Karoo region qualifies for an SEZ.

3.2 The Committee **REQUESTED** that the ASEZ provides it with a written response to the question of whether the ASEZ has established specific targets, particularly in terms of measurable outcomes and numerical objectives.

4. Freeport Saldanha Industrial Development Zone

4.1 Overview

The Freeport Saldanha Industrial Development Zone (FSIDZ) was a SEZ that was established in 2013. It was established to attract investment in oil, gas, marine, and related services, supporting industrial growth and job creation in the region and was the first South African SEZ to include a port.

The visit commenced with a welcome by the Acting Chairperson of the Board that was followed by a presentation on the FSIDZ. The Committee then embarked on a tour of the Southern precinct, the Small Micro Medium Enterprise Hub and the Chieta Smart Skills Centre.

4.2 Presentation on the FSIDZ

4.2.1 Findings

4.2.1.1 Legislation governing the relationship between the National Ports Authority (NPA) and Industrial Development Zones (IDZs), including the FSIDZ were the National Ports Act, 2005 (Act 12 of 2005) and the Special Economic Zones Act, 2014 (Act 16 of 2014). The National Ports Act governed the establishment, management, and operation of South Africa's ports. It defined the roles of the NPA and outlined the responsibilities for port authorities, including infrastructure development, maintenance, and ensuring the safety and security of ports. The National Ports Act allowed the NPA to manage and operate ports and collaborate with entities such as the FSIDZ in facilitating trade, logistics, and industrial activities. The Special Economic Zones Act governed the establishment and operation of SEZs in South Africa, including the FSIDZ. It provided the legal framework for the creation, management, and

operation of SEZs and offered incentives for businesses operating within these zones. This Act facilitated the development of zones like FSIDZ and provided a platform for the NPA and other stakeholders to collaborate in driving industrial growth through incentives such as tax breaks, customs exemptions, and infrastructure development. These two Acts worked together to establish the regulatory framework that governed the ports and IDZs in South Africa, ensuring that both entities work in a coordinated manner to promote industrial development and investment in zones like the FSIDZ.

4.2.1.2 A large number of potential investors were initially identified. A focused assessment was then conducted to determine which of these investors were practical and had the potential to be converted into real investors. At this stage, attention was directed toward these viable investors. Additionally, the province became actively involved in the process. The Director-General of the province hosted the investors and engaged with them on a one-on-one basis. The objective was to address any challenges that might be preventing these investors from committing. These investors were considered serious, and after this process, the number was narrowed down to five. These five investors represented those with whom there was a high level of certainty in terms of achieving investment commitments.

4.2.1.3 A key aspect of the current situation was the relationship with the ports, as many of the investors were port-based. Historically, the primary obstacle faced by the FSIDZ was its relationship with the port. The lack of alignment between the Port Act and the SEZ Act had caused significant challenges. Numerous engagements took place, at times nearly leading to litigation, due to substantial investments in port land rental without any tangible returns. However, progress has been made, and collaboration has improved. Many of these investors were nearing financial close and possessed the necessary funding. This marked a departure from previous experiences where investors relied on third-party funding and failed to reach financial closure. As a result, there was strong confidence in the current group of investors and their commitment to the proposed investments.

One of the most significant challenges was the current lease agreement structure, which involved multiple layers. Under the existing arrangement, investors leased land from the FSIDZ, which in turn leased the land from Transnet National Ports (TNP). This structure led to financial strain, as the IDZ struggled to sustain lease payments, ultimately resulting in lease cancellations. The goal was to finalise a resolution by the end of March 2025 in this regard. The designated land included both areas within the FSIDZ and sections within the port. While the FSIDZ leased this port land, its operationalisation was delayed due to the lack of necessary measures from the port authorities. Despite the FSIDZ continuing to pay rent, investors were unable to occupy the land, causing further delays. The FSIDZ has invested significantly in infrastructure development, yet the stalemate persists, as rental payments continue without the land being ready for use.

A critical issue was land control. Investors were meant to be part of the FSIDZ, not direct tenants of the port. If investors signed agreements with the port instead of the SEZ, they do not benefit from SEZ incentives, and the SEZ itself loses authority over them. Therefore, a strong, cooperative relationship between the SEZ and the port is essential. Extensive discussions have taken place, leading to some concessions and preliminary agreements to ensure that SEZ investors will ultimately occupy port land under a structured arrangement between the SEZ and the port.

From a legal standpoint, the SEZ Act allowed for institutional arrangements between government entities, which supported such an agreement. However, the challenge lies within the Ports Act, which requires public participation and advertisement before any entity

can operate on port land. This has been a primary obstacle. If consensus is reached, support was expected from both the provincial and national committees, with the matter being escalated to the relevant ministers to formalise a concessional arrangement.

When the SEZ was initially designated, public participation had already occurred, and the entity was officially gazetted within the port land. Therefore, what remains is for the two ministers to establish an agreement allowing the SEZ to operate on port land without unnecessary delays.

Another major challenge was funding for infrastructure development. While R300 million had already been invested by the DTIC into port land infrastructure, Transnet's financial constraints have led to delays in port-side development. These delays have forced the SEZ to shift its strategy to accommodate the situation. At a broader level, this issue highlighted the need for government entities to work collaboratively in a developmental approach. It was counterproductive for government stakeholders to charge each other rent in a way that undermined economic growth and local community benefits. The SEZ existed to drive economic development, but administrative and ministerial constraints have hindered its effectiveness. Resolving these issues required ministerial intervention and a streamlined approach to ensure that economic objectives were not compromised by bureaucratic inefficiencies.

4.2.1.4 In terms of restructuring, the original organizational structure consisted of 54 employees. However, the number of staff was reduced, with plans to gradually increase personnel as business growth demanded. While job creation remained a priority, the FSIDZ aimed to generate employment both through investments and within its own operations. However, it was necessary to align staffing with financial sustainability. Maintaining a workforce without sufficient operational functionality or revenue generation was deemed impractical. The restructuring ensured that resources were allocated efficiently while still supporting future job creation as investment activity expanded.

4.2.1.5 The Western Cape's R1,2 billion investment in the Zone generated a R5,19 billion boost to the South African economy, a 4-fold return, with a 3,5-fold return of R4,18 billion for the Western Cape alone. Over the years, the FSIDZ generated total rental revenue amounting to R19 million.

4.3 Tour of the Southern Precinct

4.3.1 Observation

The Southern Precinct at the FSIDZ offered a distinctive view of both the natural and industrial landscapes surrounding the area. This precinct was part of a broader development initiative to enhance the region's economic activity and industrial capacity, especially with regard to logistics, manufacturing, and trade. The view included the developed infrastructure of the industrial zone. This included large-scale logistics hubs, manufacturing plants, and port facilities that are central to the Zone's industrial activities. The development in the Southern Precinct was designed with a focus on environmental sustainability and conservation. While it supported industrial activity, the area was also home to natural habitats that were preserved. The industrial zone was therefore integrated into the wider environment, with careful attention to minimising the impact on surrounding ecosystems. The view also included undeveloped plots and future expansion areas within the FSIDZ.

4.4 Tour of the Small Micro Medium Enterprise Hub

4.4.1 Observation

The Small Micro Medium Enterprise (SMME) Hub was a collaborative space designed to support and empower SMMEs. It provided entrepreneurs with access to a range of resources and services to help grow their businesses. These included business development support, networking opportunities, mentorship, and access to technology and infrastructure. The goal of the SMME Hub was to facilitate innovation and collaboration among local SMMEs, enabling them to improve their products, processes, and overall competitiveness. It also assisted businesses to connect with investors and other stakeholders within the industrial zone, enhancing their potential for scalability and success. Facilities that were availed at the hub included office space, meeting rooms, printing facilities and networking spaces.

4.5 Tour of the Chemical Industries Education and Training Authority

4.5.1 Observation

The Chemical Industries Education and Training Authority (CHIETA) was a national initiative. It was one of the 21 Sector Education and Training Authorities established under the National Skills Development Strategy.

The CHIETA Smart Skills Centre was an initiative aimed at bridging the digital skills gap, particularly in rural communities. Launched in October 2022 in partnership with the FSIDZ, the Centre focused on equipping individuals with competencies essential for the Fourth Industrial Revolution.

The Centre was fully automated and equipped with state-of-the-art technology, including virtual reality booths, advanced computers suitable for 3D printing and robotics, a smart boardroom, and a welding simulator.

Services were offered free of charge, including access to data and training courses, making it a valuable resource for job seekers, startups, and SMMEs aiming to expand their operations. The Centre's approach focused on ensuring that training translates into actual job opportunities and business success. With 20 000 individuals trained and 200 currently employed, it tracked outcomes to measure impact and to refine its strategies. A tracking system was implemented in 2024 to follow up on students post-training and a database of trained individuals maintained, which could be made available to companies seeking skilled workers. This ensured that when businesses in the region required trained professionals, they could easily access a pool of qualified candidates.

By analysing the industries entering the FSIDZ, CHIETA determined the critical skills needed, such as boilermakers, welders, and electricians. Through this approach, it aligned skills development with business growth, ensuring that companies investing in the FSIDZ have access to a ready and capable workforce.


There were concerns that some activities may be scaled down due to the new administration's focus and financial limitations and/or closing the Centre. This was of concern to the Committee.

5. Resolutions/Actions

- 5.1 The Committee **RECOMMENDED** that the provincial Minister and national Minister responsible for trade and industry continues to engage in an intergovernmental ministerial conversation and that discussions are prioritised and expedited where possible to strengthen the working relationship between the Port and the FSIDZ.
- 5.2 The Committee **REQUESTED** That the FSIDZ provides it with:
- 5.2.1 Information regarding the SMME hub, including data on past and projected client usage of the facility, to ensure transparency and effective utilisation of the space;
- 5.2.2 An investment progress update, including the status of investors and their position within the investment pipeline;
- 5.2.3 Detailed information from the CHIETA database of service providers, including the origin of individuals listed, recipients of projects, and the scale of those projects; and
- 5.2.4 A report on skills development, including the number of individuals trained to date. Additionally, the relevant report assessing investor skill needs should be shared for further review.
- 5.3 The Committee **RESOLVED** that it would:
- 5.3.1 Invite the DTIC, possibly in collaboration with Transnet, to brief it on the legislative and policy alignment between the Port Act, the SEZ Act, and the legislative work required for SEZs; and
- 5.3.2 Engage the Department of Economic Development and Tourism, through its partnership with the Department of Higher Education and Training, to reconsider the decision to close down the CHIETA Smart Skills Centre and to review the budget for potential funding to sustain the centre.

6. Acknowledgements

The Committee recognised the hard work, success stories as well as the challenges faced by the ASEZ, and in particular the FSIDZ, and undertook to continue its oversight role to assist in this capacity. A word of appreciation was expressed to all involved for the success of the visit.



MR NP MASIPA (MPP)

CHAIRPERSON: STANDING COMMITTEE ON AGRICULTURE, ECONOMIC DEVELOPMENT AND TOURISM

DATE: 4 March 2025