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**STATEMENT BY MINISTER OF PUBLIC WORKS AND INFRASTRUCTURE,
PATRICIA DE LILLE**

**N2 Nodal Development in Nelson Mandela Bay a key example of how to truly
integrate our cities and grow city economies**

In line with my duties as Minister of Public Works and Infrastructure (DPWI) and Chairperson of the Presidential Infrastructure Coordinating Commission (PICC) Secretariat, today I conducted an oversight visit to the N2 Nodal Development in the Nelson Mandela Bay municipality in the Eastern Cape.

I was joined by Minister in the Presidency, Mondli Gungubele, Deputy Minister of Public Works and Infrastructure, Noxolo Kiviet, Deputy Minister of Human Settlements, Pamela Tshwete and the Executive Mayor of the Nelson Mandela Bay Municipality, Eugene Johnson.

The delegation on the oversight visit also included the Deputy Mayor of Nelson Mandela Bay, Buyelwa Mafaya, various Mayoral Committee members, city officials and the Ward 19 councillor, Margaret Andrade.

Today's oversight visit formed part of my duties to monitor progress of the 62 projects which were gazetted as Strategic Integrated Projects (SIPs) as part of the Infrastructure Investment Plan, which was approved by Cabinet on 27 May 2020.

In July 2020, DPWI gazetted 62 projects as SIPs in line with the Infrastructure Development Act and many of these projects are currently in construction as part of efforts to expedite much needed infrastructure development in communities and assist in reviving the struggling construction sector. The N2 Nodal Development in is one of the 62 gazetted Strategic Integrated Projects and has been progressing well.

The Infrastructure Investment Plan is a credible pipeline of projects with projects from all three spheres of government, state-owned entities and the private sector.

The plan is also an integral part of the Economic Reconstruction and Recovery Plan (ERRP) announced by President Cyril Ramaphosa in October 2020 in which infrastructure development was identified as the “flywheel to economic growth”.

ISA’s establishment was also approved by Cabinet in 2020 and they are responsible for monitoring this project and all other projects in the Infrastructure Investment Plan and is assisting stakeholders to address any blockages and ensure successful implementation of projects.

Minister Gungubele said: “Catalytic projects such as the N2 Nodal development are of strategic importance because they have the potential to transform the spatial and social landscape of the local area and help stimulate the local economy. The N2 Nodal project is a uniquely diverse and well-structured infrastructure project that includes residential, large-scale retail, light industrial and warehousing developments which will create much needed employment opportunities.”

Background to the N2 Nodal Development

The N2 Nodal Development is an integrated mixed-use catalytic project located along the N2 in Gqeberha, Eastern Cape. The development within the Nelson Mandela Bay Metropolitan Municipality (NMBM) include both public sector and private sector developments within the node. The N2 Node is identified and approved as a strategic development area for social and economic upliftment of the region and surrounding communities. The N2 Nodal Development Project is one of the city’s Catalytic Land Development projects for focussed and targeted developments as part of National Treasury’s City Support Programme. Furthermore, the project forms part of the Baywest Corridor Priority Human Settlement and Housing Development Area (PHSHDA) and is gazetted as a Strategic Integrated Project (SIP 24e).

The projects within the Node will attract significant high impact investment (over R18 billion for the implementation phase alone); resulting in large-scale economic development and job creation, critical housing and service provision, as well as delivery of all associated facilities and amenities within modern, integrated and sustainable development.

The Node comprises of various property portions, centred around the super-regional Baywest Mall, located on the N2 National Freeway. The integrated mixed use development includes:

- residential development (from fully subsidised through to upper middle market),
- large-scale retail, commercial and office facilities,
- light industrial and warehousing, as well as the full spectrum of community and social facilities (educational, health, institutional and municipal).

The Node benefits from its strategic location with excellent movement networks and access from this busy National Freeway via two off-ramps (one already constructed and the second, designed and approved by SANRAL).

Project Description:

The N2 Nodal Development is a fully integrated mixed-use development with strong economic and social development components centred around the already established Baywest super-regional mall which was completed in 2015.

The core of the node is made up of four main projects over an area in excess of 800 ha, including:

- Baywest (±6000 units),
- N2 North (±2950 units),
- Utopia (±1480 units)
- Informal settlement (Gro-Gro) with a potential to develop ±1700 units

The total scope within the Node incorporates some 12 100 new housing opportunities together with over 500 000m² retail, commercial, office and industrial facilities as well as the full spectrum of community and social facilities.

The various projects are being developed by the Nelson Mandela Bay Municipality and Private sector stakeholders, including the Baywest Development Company (under the Billion Group) and Utopia (under Anathi Property Development).

The four main projects that are within the N2 Nodal Development will be implemented by both public and private sector stakeholders:

- 1) Baywest Development (Private)
 - Phase 1: Super regional mall, retail, office, hospital and residential
 - Phase 2: Private market residential, retail, light industrial and warehousing
- 2) N2 North Development (Public)
 - Mixed-use subsidised and affordable residential and retail
 - Institutional and other applicable facilities
- 3) Utopia Development (Private)
 - Mixed-use affordable residential and limited retail
 - Limited facilities
- 4) Gro-Gro Informal Settlement (Public)
 - Mixed-use subsidised and affordable residential and limited retail

The development will also include a Regional Hospital and other applicable facilities

Socio-Economic Impact

The housing beneficiary profile for the project is broad and diverse, including but not limited to fully and partially subsidised housing for underprivileged beneficiaries, lower earnings affordable market for both ownership and rental housing solutions, through to middle and upper middle market home buyers.

Additional beneficiaries include the multitude of jobs created over a variety of skills and earnings levels, as well as potential new business and enterprise development during both implementation and operational life cycles.

The total calculated capital investment of R19.7 billion could generate approximately R51.1 billion in additional business sales throughout the Eastern Cape provincial economy.

The construction phase could create approximately 86 956 jobs. The Baywest Mall alone, which was the first project to be completed in the N2 Nodal Development in 2015 to date has 2217 current employees.

Baywest Village (Utopia) Currently in Construction

During the civil construction which is now nearing completion and buildings construction phase, commencing this month, an estimated 288 people will be employed.

Around 50 SSME's were contracted during the construction of the Baywest Mall. For all other future developments, more opportunities will become available for more SMME's to be employed/ contracted for the future development phases.

Economic Empowerment:

Historically, major construction companies have to employ a minimum of 33% SMME's on a contract but this has gone up to 45% on this project with the main contractor having a BBBEE rating of 1.

Work done to date (Utopia site):

Civil works started on in January 2022 – 20% work done to date. Building works were restricted to enabling works, boundary walls, site clearance, etc. 90% complete.

Construction of the top structures at the Utopia site will commence later this month.

Concluding remarks

The delegation and I were briefed on the full scope of the project and progress to date as well as the next phases of construction. ISA has been engaging the developers to assist with unlocking bulk infrastructure funding for future phases of the development and has also worked with all partners to re-establish the project steering committee.

We were pleased to hear the progress to date and stressed the importance of this catalytic project for the region and the key role it can play in the achieving the goals of the ERRP to grow our economy and create much needed jobs for our people.

The project is also exciting in that it will bring different housing typologies together and building integrated developments where people on various income streams can live in well-located development close to transport arterials and economic development.

These developments are vital to achieving spatial justice and by stopping urban sprawl and bringing people into integrated, affordable and well-located developments thereby reversing the legacy of our unjust apartheid spatial planning.

I commended the teams for their work and urged them to continue working with urgency to ensure successful implementation of this project for the people of the Nelson Mandela Bay municipality.

I also expressed my gratitude to all stakeholders for their partnership on this project and wish all the teams the best as they work to complete what I am sure will be a beacon of what a truly integrated city development should look like.

ENDS

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