

**ADDRESS BY THE KWAZULU-NATAL MEC FOR ECONOMIC DEVELOPMENT AND TOURISM MR  
MICHAEL MABUYAKHULU ON THE OCCASION OF THE OPENING OF THE PICK N PAY CHATSWORTH  
STORE**

**24 APRIL 2013**

**Programme Director;**

**Dignitaries Present;**

**Ladies and Gentlemen;**

**All protocol observed.**

On behalf of the provincial government of KwaZulu-Natal and the people of this province, it gives us pleasure to be part of this momentous event where we are gathered to witness the opening of the Pick N Pay store in Chatsworth.

As the government of KwaZulu-Natal we are delighted for being part of this event which is a clear and unambiguous vote of confidence in the growth prospects of Chatsworth and the province KwaZulu-Natal. We believe that this occasion does not only send a message of positive sentiment about the trajectory of our economy, but it also testifies to the economic potential that is found not only in Chatsworth but in the whole of our province of KwaZulu-Natal.

Amidst a host of other multiplier benefits, an investment of this magnitude carries profound benefits in the form of infrastructural development, as well as increased employment opportunities for our local community and the province at large.

As many of you are aware, last week we learned that according to a survey by the South African Chamber of Commerce and Industry (SACCI), business confidence in the country had plunged to a 13 year low in March.

A separate survey from the Bureau of Economic Research and Rand Merchant Bank showed that business confidence had improved in the first quarter of this year but not strongly enough to suggest the start of an upward trend. The decline in SACCI's Index was broad based with component indices on inflation, the rand's exchange rate, share prices, precious metals and private sector borrowing all negative. The Indices for retail sales, vehicle sales and imports were also negative. It is because of this reason we believe that this multi million rand investment by Pick N Pay is important because it is

not only bucking the trend but shows that in spite of the difficult trading environment, business confidence has not completely receded.

Significantly, the opening of this store comes after Pick N Pay yesterday presented its results which showed that under the stewardship of the new CEO Richard Brasher this company was succeeding to navigate the choppy waters of tough trading conditions. In this regard we are encouraged as government that Pick N Pay last year opened 107 stores bringing the total number of its stores to 992. That Pick N Pay plans to open 100 stores in the coming year is an omen for growth economic prospects of our South Africa.

Ladies and gentlemen, retail sales growth of 2.3% in the 4<sup>th</sup> quarter of 2012, contrasted with the comparable 4<sup>th</sup> quarter of 2011. This clearly shows that the nation is ready to catapult itself out of the economic doldrums, triggered by the global recession.

And rightly so, retail sector performance is a critical indicator of consumer confidence and spending, which in turn reflects on the economic performance of a country. I am sure that economists would attest to the fact that a healthy economy can be depicted by stable growth in consumption spending, which in turn can be used as an indicator for increased productivity, and ultimately employment generation.

As such, developments such as the opening of this new store denote a plausible upward trend in the retail sector, and it is this trend which has prompted the need for this new and highly capitalised establishment.

High value infrastructural developments such as this new shopping centre set the tone for a buoyant economic and physical transformation of the South African retail sector. Furthermore, investments of this magnitude are in themselves, a show of commitment by the private sector to the economic growth of the South African nation.

Contrary to the general trend within the South African labour market which has generally been uninspiring in recent years, the government remains committed to its target of creating jobs as outlined in the New Development Plan (NDP). KwaZulu-Natal, being one of the nation's largest provinces, is anticipated to account for a significant portion of these new jobs, and it is investments of this nature, that can aid in achieving this target.

Whilst according to the expanded definition of unemployment, unemployment has risen from 26% in the fourth quarter of 2008 to 33.2% in the fourth quarter of 2012, KwaZulu-Natal recorded the highest regional growth rate of 2.8% in the fourth quarter of 2012. In this regard, initiatives such as

the opening of this store not only contribute towards economic growth but also underline the critical role of the private sector in the employment creation battle.

As government we have always maintained that while ours is to create a conducive environment for business to thrive, the private sector also has a role to play in growing the economy. We have also maintained that the challenges facing our country cannot be solved by government working alone. It is because of this reason that we talk of a social compact in the New Development Plan.

In KwaZulu-Natal we have developed a slew of strategies to grow the economy. Among these are the Provincial Growth and Development Plan, which is aligned to the NDP and the KwaZulu-Natal Investment Strategy which is aimed at increasing our province's abilities to attract investment to the province.

We are happy to report that these proactive interventions are already beginning to bear fruit, as the provincial economic growth has been on an upward trajectory in the past couple of years.

Furthermore, the Provincial Export Strategy as well as the Provincial Industrial Development Strategy have been developed, to complement our Provincial Investment Strategy and ensure well-rounded growth within our provincial economy.

As government, we have a significant role to play in the creation of a conducive and enabling investment climate. As such our policy focus has been geared towards the well suited environment for the business sector, as evidenced by the aforementioned strategic interventions.

Ladies and gentlemen allow me to take this opportunity to applaud the Pick n Pay Group, for their commitment to improving the livelihoods of communities within KwaZulu-Natal and the nation at large. This is evident through their continual contribution to the South African fiscus, as well as the vast variety of product offerings, services and opportunities they continually provide to different communities within the country.

While a lot of companies are still struggling to come to terms with the aftermath of the global meltdown, and at a times downsizing is still high up on the agenda , this new development by Pick n Pay is a bold show of confidence in the future of our economy, by the business community. Taking cognisance of this, we would like to extend a special welcome to the Pick n Pay Group to this part of our province.

Programme Director, let me hasten to add that our province is not only the second biggest contributor to the country's growth and domestic product, but we are the province of the future. We are the only province that has two ports, a spanking new international airport, multi modal

logistics platform that can rival any in the world and critically the home of one of the biggest infrastructure developments unveiled by the government: the port expansion. KwaZulu-Natal is also home to Africa's first purpose built aerotropolis. Therefore, if you invest in this province you invest in the future.

We are therefore confident that this investment is an indication that further investments of this magnitude are on their way and that Pick N Pay will continue to spread its tentacles across the length and breadth of KwaZulu-Natal.

I thank you

Michael Mabuyakhulu

MEC for Economic Development and Tourism

