

**ADDRESS BY THE MEC FOR ECONOMIC DEVELOPMENT AND TOURISM,
MICHAEL MABUYAKHULU, ON THE OCCASION OF THE OPENING OF THE
PHONGOLO CITY SHOPPING CENTRE, 25 MARCH 2014**

The Mayor of uPhongolo Municipality, Councillor MM Hadebe

Distinguished guests

Ladies and gentlemen

All protocol observed

It is a pleasure for us today to join the community of uPhongolo on this momentous occasion where we celebrate the opening of retail facilities which will transform this town from an aesthetic and an economic standpoint.

For us, the opening of the Phongolo City Shopping Centre is by no means a fortuitous occurrence; rather, it is a development born out of a consciousness that as our province and indeed the country forges ahead with its initiatives aimed at liberating our people from the throes of economic inactivity, we do so without losing sight of the importance of also improving the quality of life and economic well-being of people living in areas which were previously regarded as isolated or sparsely populated.

In this regard, ladies and gentlemen, we want to say that we are acutely aware of the shifting global dynamics which are slowly yet surely increasing the tempo of the urbanisation of rural areas.

In India for instance, a country which along with Brazil, China and South Africa is party to the BRICS alliance, there exists ample evidence to suggest that areas which were previously regarded as hinterland are, in fact, the proverbial pot of gold at the end of the rainbow.

According to a report titled “***The Great Indian Equalization***” published in 2012 by Credit Suisse, a global financial concern, in the past six years, rural districts enjoyed a higher economic output than cities. While Indian cities remain vital economic engines, the rising wealth of rural India is a significant development that underscores how these once sleepy economic areas are rapidly urbanizing.

The report further notes that: “**75% of new factories built in India in the last decade**

were located in rural areas. This fast-paced industrialization means that the agricultural sector is playing a smaller part in rural livelihoods, and rural consumers are taking on better-paid manufacturing jobs which act as springboards into the middle class.”

Programme Director, this pointedly suggests that there are valuable lessons to be learnt by us as KwaZulu-Natal if we too are serious about emulating this Indian success story. Indeed, we can all agree that whilst the town of Phongola has a rural population of 82%, this need not be construed as an impediment to the area's economic fortunes.

As the Credit Suisse report suggests: “The image of rural India in most minds is still of an agrarian economy exposed to the vicissitudes of an erratic monsoon. In our view, this is outdated and, as with most broad-brush descriptions, simplistic”.

Because of its location as a gateway to Mpumalanga, Gauteng and the Swaziland border a stone's throw away; Phongola is a vital cog in KwaZulu-Natal's tourism and economic fortunes.

The area's primary development via the N2 national road corridor also provides links to Richards Bay and Durban.

What this means is that while Phongolo is to an extent surrounded by sugarcane farms, high density traditional authority settlements and pockets of game farms; it is by no means an area without any prospect of achieving economic prosperity.

To this end, under our Special Economic Zones and Industrial Hubs program, we have identified the Zululand District, which encompasses the Phongolo Local Municipality, as one of the provincial hubs that will concentrate on agro-processing.

In this regard; we expect Phongola to claim its fair share in the available economic growth opportunities in agriculture and agro-processing namely:

- Commercial cattle farming
- Commercial soya bean farming for biodiesel production
- organic vegetables production

But we also realise that the tourism potential of the uPhongolo area.

Through our annual East 3 Route programme, a tourism initiative which includes Mozambique, Swaziland, KZN and belatedly, the Seychelles, we have sought to actively promote this area to our borders and beyond by including it as part of our East 3 Route tour.

This East 3 Route initiative was created as a vehicle for cross-border development that would ensure economic growth and job creation for all four countries.

The route was conceptualised taking into account the needs of each region and the opportunities for product development that would impact positively on, as well as leave a lasting legacy for the communities through which the expedition passed.

Programme Director, we have always advocated for strong private sector involvement if we are to truly alter the harsh economic circumstances which our people are currently subjected to.

We are therefore buoyed by the forethought of a group of private investors who in 2010 got together and decided to buy the Phongolo Shopping Centre with a view to refurbishing it, which they duly did in 2011.

It would also be a mistake to not acknowledge the role of the leadership of the local municipality in the actualization of this dream through pro-actively expediting the approval of the relevant plans.

Indeed, ladies and gentlemen, as an attestation to that revered African custom of 'Ubuntu', this centre has not only benefitted the population of Phongola but attracts even customers from Swaziland.

It is also worth applauding that the retail tenants at this centre have, in a move displaying good corporate citizenship provided the following to the community:

- Upgrade of taxi shelters and taxi offices such that the shelter covering increased from 50sqm (5 taxis) to approximately 150 taxis at any one time.
- Taxi association offices are provided at no cost
- Provision for hawkers' trading areas in taxi sheltered area.
- Shelter, seating, food and security provided at no cost to the pensioners on pension payout days on site. These pensioners range between 1000-2000 people, twice monthly.

Programme Director, we also know that this centre has created 400 jobs during the construction phase and a further 550 permanent jobs in the various tenants trading within the facility.

Additionally, the spin-off effects have resulted in many small businesses being born around the centre; these range from SMMEs setting up various enterprises ranging from a car wash and trading stalls.

In closing, ladies and gentlemen, we would like to applaud the developers of the Phongolo City Shopping Centre and may this signal the beginning of yet more economic development initiatives for this area.

I thank you