

# UThungulu District Municipality

## Socio-Economic Profile 2014



treasury

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Department:

Treasury

PROVINCE OF KWAZULU-NATAL

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## LIST OF ACRONYMS

AFSA	Aids Foundation South Africa
AIDS	Acquired Immunodeficiency Syndrome
BRICS	Brazil, Russia, India, China and South Africa
DM	District Municipality
EAP	Economically Active Population
GDP	Gross Domestic Product
GDP-R	Gross Domestic Product by Region
GVA	Gross Value Added
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
IMF	Internationally Monetary Fund
KZN	KwaZulu-Natal
LER	Learner-Educator Ratio
LM	Local Municipality
LSR	Learner-School Ratio
NDP	National Development Plan
QLFS	Quarterly Labour Force Survey
RDP	Reconstruction and Development Plan
SA	South African
SARB	South African Reserve Bank
Stats SA	Statistics South Africa
UNICEF	United Nations Children's Fund

UThungulu is one of the eleven provincial district municipalities in KwaZulu-Natal (KZN). The district is located on the north-eastern region of KZN province on the eastern sea-board of South Africa. The district is made up of six local municipalities, namely uMfolozi, uMhlathuze, Ntambanana, uMlalazi, Mthonjaneni and Nkandla. The neighbouring districts are uMkhanyakude, Zululand, Umzinyathi and iLembe district municipality.

The district has a population of 909 760 people. The total geographical area of the municipality is 8213 square kilometres (km<sup>2</sup>), thus contributing a population density of 110, 8 per km<sup>2</sup>.

The agricultural sector is dual economy, consisting of commercial agriculture on one hand and traditional agriculture on the other. The significant economic centers that shape the district are Richards Bay, whose harbour facilities are world class and have been the prime reason for large-scale industrialisation in the district, and Empangeni, an industrial and service centre whose higher-order services attract people from many rural settlements.

## 1. Demographic profile

### 1.1 Introduction

The link between population growth and economic growth has been a long debate among economists. Population growth is supposed to decrease the gross domestic product (GDP) per capita because output growth rate cannot keep pace with population growth (Malthus, 1826). This is due to limited availability of natural resources in the economy. In addition, Solow (1956) analysed the impact of population growth rate on output into two aspects: firstly, an increase in the population rate increases the amount of labour and thus increases output. Secondly, it decreases physical capital per worker, thus resulting in a decrease in productivity. Therefore it is of utmost importance to look at the population dynamics and its effect on the economy with greater emphasis on uThungulu district municipality

### 1.2 Population distribution

The main focus of this socio-economic profile is on uThungulu district municipality in KZN. South Africa (SA) is a diverse nation, with over 50 million people and a wide variety of cultures, languages and religious beliefs. According to the annual mid-year population estimates by Statistics South Africa (Stats SA, 2013), the country's population was estimated at 52 981 991. The province of KZN is home to an estimated 10.3 million people which accounts for an estimated 19.8 per cent of the South African population and is the second most populated province after Gauteng 12 065 885 (24 per cent). UThungulu district municipality is located on the north-eastern region of KZN on the eastern sea-board of SA. The district is made up of six local municipalities, which are Mfolozi, uMhlathuze, Ntambanana, uMlalazi, Mthonjaneni and Nkandla. Table 1 shows the population size, area and population density of KZN and uThungulu district municipality in 2012.

**Table 1: Population size, percentage share of population and density, 2012**

	Population size	% share of KZN population	% share of uThungulu population	Area in square KM	% share of KZN Area	Population density
KwaZulu-Natal	10 347 260	100		93 378	100	110.8
uThungulu	909 760	8.8	100	8 213	8.8	110.8
Mfolozi	124 475	1.2	13.7	1 208	1.3	103.1
uMhlathuze	338 848	3.3	37.2	789	0.8	429.3
Ntambanana	73 168	0.7	8.0	1 084	1.2	67.5
uMlalazi	213 129	2.1	23.4	2 214	2.4	96.3
Mthonjaneni	47 515	0.5	5.2	1 087	1.2	43.7
Nkandla	112 625	1.1	12.4	1 830	2.0	61.5

Source: Global Insight, 2014

The estimated population of uThungulu district was 909 760 in 2012, which accounts for 8.8 per cent of KZN population. Table 1 indicates that uMhlathuze had the highest population in the uThungulu district with an estimated population size of 338 848, which accounts for 3.3 percentage share of KZN population in 2012. This was followed by uMlalazi with the population of 213 129 (2.1 per cent of KZN population). Mfolozi is the third populous local

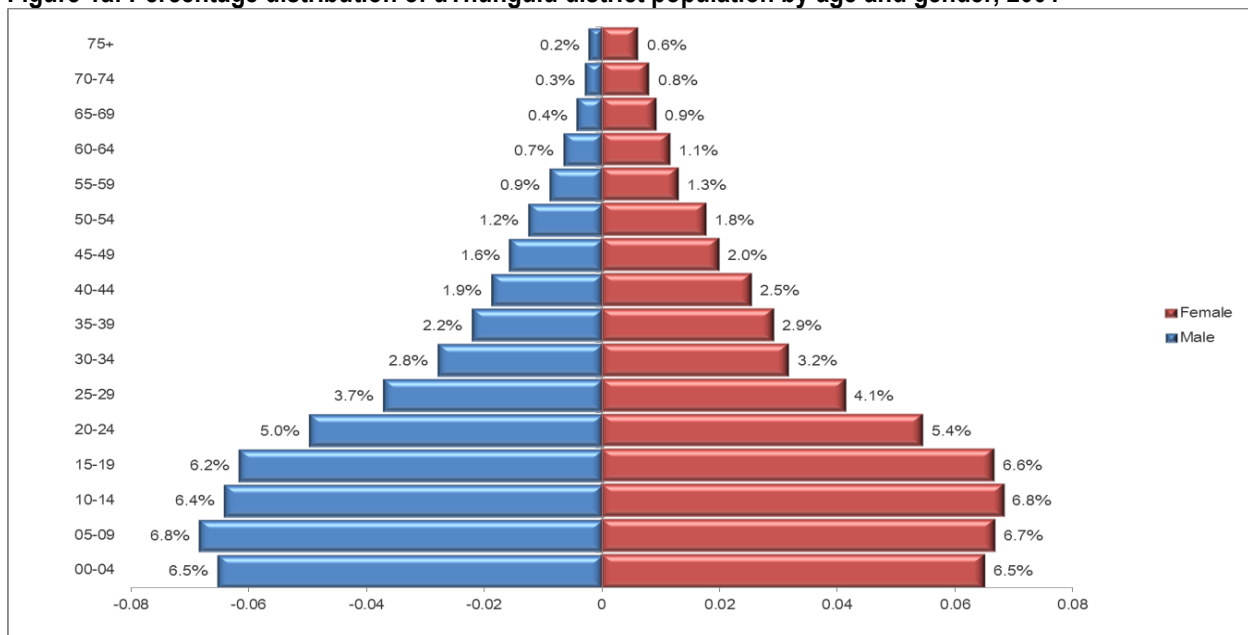
municipality with the population of 124 475. Nkandla trails Mfolozi with the population of 112 625, which is followed by Ntambanana with 73 168 people and lastly Mthonjaneni with 47 515 people (Table 1).

### 1.3 Population distribution by age and gender

Figure 1a and figure 1b shows the population distribution of uThungulu district by age and gender for the years 2001 and 2012, respectively. The distribution is narrowly distributed and indicates that the largest population in 2001 ranges between the ages of 00-04 to 20-24 (figure 1a). The population between the age group of 05-09 years old share a significant distribution of males and females in the district (13.5 per cent) followed by 10-14 years old (13.2 per cent). This may indicate that the population in Uthungulu district may have an equal distribution of males and females in the future. The smallest population is between the ages of 70-74 (1.1 per cent) followed by 75+ (0.8 per cent).

In 2001 the percentage of female population seemed to be slightly growing by each age group from 00-04 before starting to decrease at the age group 15-19 upwards (figure 1a). Apparently this decline in population begins at the age level when individuals are entering the economically active population. Conversely, at the early age groups of the male population (00-04) there is growth in the first two groups (from 6.5 to 6.8 per cent) then the population starts to decrease at the age of 10-14 to 6.4 per cent.

**Figure 1a: Percentage distribution of uThungulu district population by age and gender, 2001**



Source: Global Insight, 2014

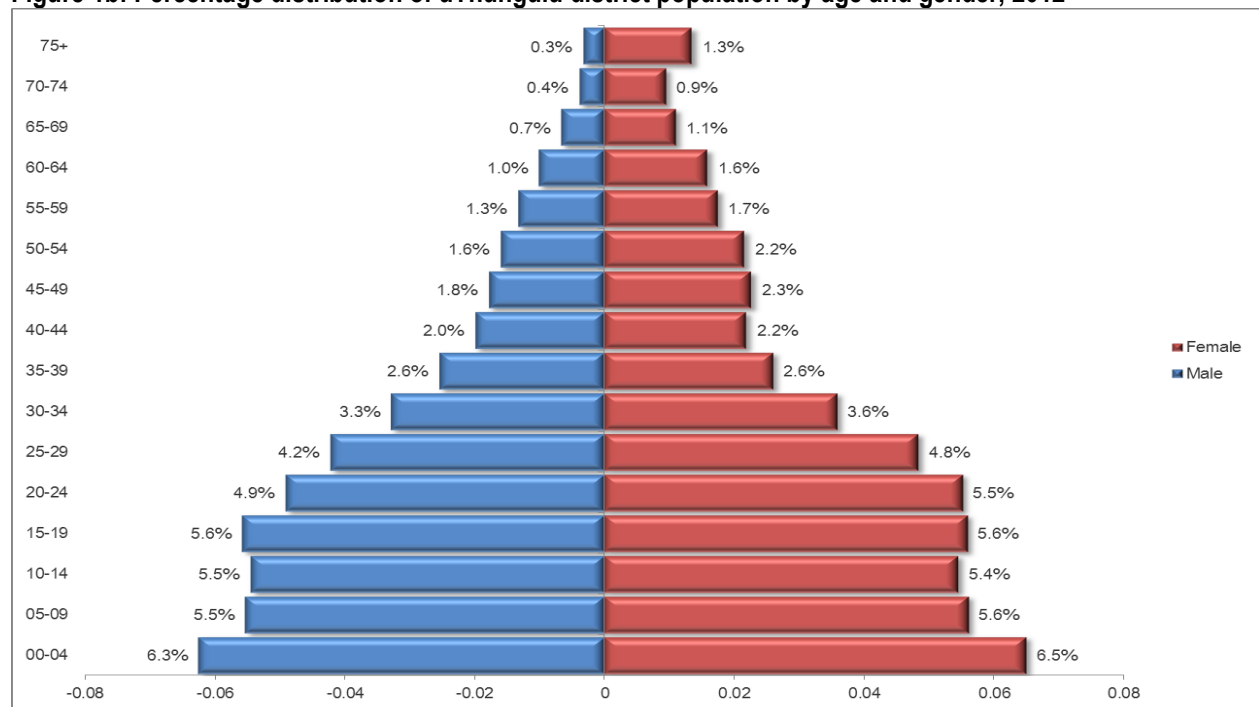
A decline in the population in 2012 begins from the early ages of 00-04 to 05-09 in both genders (figure 1b). It is clear that the largest size of approximately 549 458 (60.4 per cent) of the district population fell between the 15-64 age group, which constitutes the economically active population (EAP). This means that an estimated 360 302 (39.6 per

cent) of the district's population is distributed under the age of 15 and those who are 64 years and above. This translates to a high dependency ratio<sup>1</sup> of 65.4 per cent.

Developing countries tend to have higher dependency ratios than developed nations, and children account for a larger fraction of dependents in developing countries. Dependency ratios are key influences on economic growth. Nations with high dependency ratios spend large shares of their resources taking care of dependents, while those with lower ratios are able to devote more resources to investment in physical capital, technological progress, and education.

A higher dependency ratio is likely to reduce productivity growth. A growth in the non-productive population will diminish productive capacity and could lead to a lower long run trend rate of economic growth. If the government fails to tackle issues emanating from a higher dependency ratio, there could be increased pressures placed on government finances, leading to higher borrowing or higher taxes which impact on government fiscus. Thus, it is of great importance to use this tool with caution or maybe with other instruments.

**Figure 1b: Percentage distribution of uThungulu district population by age and gender, 2012**



Global Insight, 2014

<sup>1</sup> Dependency Ratio= (number of people under 15 years) + (number of people aged 65 and over)/ (number of people between 15 and 64) x 100 = (411 212/ 498 548) x 100= 82.5 per cent. The dependency ratio is an age population ratio of those not in the labour force.



## **2. Global and South African Economic-Outlook**

According to the International Monetary Fund (IMF, 2014), the global economic recovery remains uncertain and uneven. It gained strength in the first quarter of 2014 and is expected to improve further in 2014 and 2015. Much of the momentum gained are from advanced economies. The global gross domestic product (GDP) growth is estimated to have decelerated to 3 per cent in 2013, slightly down from 3.2 per cent recorded in 2012. The world output is however expected to increase at 3.7 per cent in 2014 before rising to 3.9 per cent in 2015 (IMF, 2014). The global economic developments since the 2009 world recession indicate that advanced economies have gained some speed in recovery, while the emerging market economies, particularly China and India, have slowed down (IMF, 2014).

The South African economy is estimated to have grown by 2 per cent in 2013. The tepid growth rate for 2013 is far less than the 2.5 per cent recorded in 2012. However, it is projected to gain momentum and reach 2.8 per cent in 2014 and 3.3 per cent in 2015 (IMF, 2014 and Stats SA, 2014). The national economic outlook is far below the estimations for other emerging market economies in 2013, particularly the BRICS<sup>2</sup> countries, with the exception of Russia at 1.5 per cent.

According to the IMF (2014) emerging market economies continue to account for the bulk of global growth. Economic growth in emerging market economies is estimated to reach 5.1 per cent and 5.4 per cent in 2014 and 2015 respectively. Growth prospects in emerging market economies are constrained by the slow implementation of structural reforms, high inflation, fiscal imbalances and tight financial conditions. The Sub-Saharan African economy is expected to accelerate to a growth rate of 6.1 per cent in 2014. The moderate growth projection is backed by continuing investment in infrastructure and productive capacity. Following the global trends, the South African (SA) economy is estimated to have grown by 1.9 per cent in 2013. This is projected to gain momentum and reach 2.8 per cent in 2014 and 3.3 per cent in 2015.

## **3. KwaZulu-Natal Provincial Economic Structure and Performance**

KZN is one of the key provinces in the South African economy in terms of GDP contribution. The estimated real GDP generated by the province amounted to approximately R323.6 billion in 2012, making it the second largest contributor to the national output (16.6 per cent) after Gauteng with 36 per cent (KZN Provincial Treasury, 2013). Figure A2 shows the provincial GDP contributions by KZN Districts for 2012.

Table 2 shows the sectors and their respective percentage contribution to the provincial GDP-R and economic growth rate in terms of seasonally adjusted and annualized quarterly basis from 2012:Q1 to 2014:Q1. The provincial economy indicated a seasonally adjusted and annualized quarterly increase of 2 per cent in the first quarter of 2014,

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<sup>2</sup>The BRICS countries are Brazil, Russia, India, China and South Africa.

compared to the adjusted 1.8 per cent recorded in the fourth quarter of 2013. It is clear that the first quarter of 2014 annual growth rate shows a marginal improvement over the fourth quarter 2013.

The annualized growth rates also indicated that all three sectors, namely the primary, secondary and tertiary sector continued to record positive growth rates at 1.9 per cent, 2.7 per cent and 1.9 per cent respectively in the first quarter of 2014. All the sub-sectors in the secondary and tertiary sectors recorded positive growth. Mining and quarrying sub sector declined from positive growth of 6.7 per cent to negative 3.7 per cent.

**Table 2: Provincial GDP-R and Economic Growth Rate-Seasonally Adjusted and Annualized Quarterly, 2012:Q1 to 2014:Q1**

Provincial Industry	2012				2013				2014
	2012q1	2012q2	2012q3	2012q4	2013q1	2013q2	2013q3	2013q4	2013q1
<b>Primary Industries</b>	<b>-3.36</b>	<b>1.51</b>	<b>4.65</b>	<b>7.08</b>	<b>5.60</b>	<b>1.63</b>	<b>2.10</b>	<b>2.72</b>	<b>1.87</b>
Agriculture, forestry and fishing	-3.36	1.16	4.51	8.10	6.40	3.34	2.47	1.64	3.41
Mining and quarrying	-3.38	2.71	5.17	3.49	2.79	-4.20	0.81	6.68	-3.72
<b>Secondary Industries</b>	<b>1.00</b>	<b>1.69</b>	<b>2.14</b>	<b>2.22</b>	<b>-0.73</b>	<b>2.00</b>	<b>0.43</b>	<b>1.85</b>	<b>2.73</b>
Manufacturing	1.18	2.17	2.56	2.60	-1.03	2.02	0.07	1.92	2.85
Electricity, gas and water	-2.26	-3.77	-3.18	-4.00	-2.79	-0.27	0.54	-0.25	0.47
Construction	1.85	1.87	2.69	3.67	2.82	3.35	3.04	2.66	3.24
<b>Tertiary industries</b>	<b>3.85</b>	<b>3.30</b>	<b>2.74</b>	<b>2.34</b>	<b>2.31</b>	<b>2.32</b>	<b>2.18</b>	<b>1.93</b>	<b>1.89</b>
Wholesale & retail trade; hotels & restaurants	4.76	4.23	3.39	2.62	2.87	2.91	2.70	2.85	2.84
Transport, storage and communication	3.00	2.58	2.42	2.25	1.76	1.54	1.84	1.73	1.62
Finance, real estate and business services	4.69	3.96	2.71	2.08	2.25	2.64	2.64	2.45	2.13
Personal services	2.22	2.17	2.30	2.34	2.27	2.12	1.93	1.65	1.61
General government services	3.16	2.50	2.61	2.54	2.39	2.08	1.32	0.42	0.84
<b>All industries at basic prices</b>	<b>2.64</b>	<b>2.76</b>	<b>2.68</b>	<b>2.57</b>	<b>1.67</b>	<b>2.20</b>	<b>1.71</b>	<b>1.96</b>	<b>2.11</b>
Taxes less subsidies on products	4.98	4.54	3.89	2.71	0.27	0.48	0.65	0.80	0.53
<b>KZN - GDP-R at constant 2005 prices</b>	<b>2.89</b>	<b>2.95</b>	<b>2.81</b>	<b>2.58</b>	<b>1.52</b>	<b>2.01</b>	<b>1.59</b>	<b>1.83</b>	<b>1.95</b>

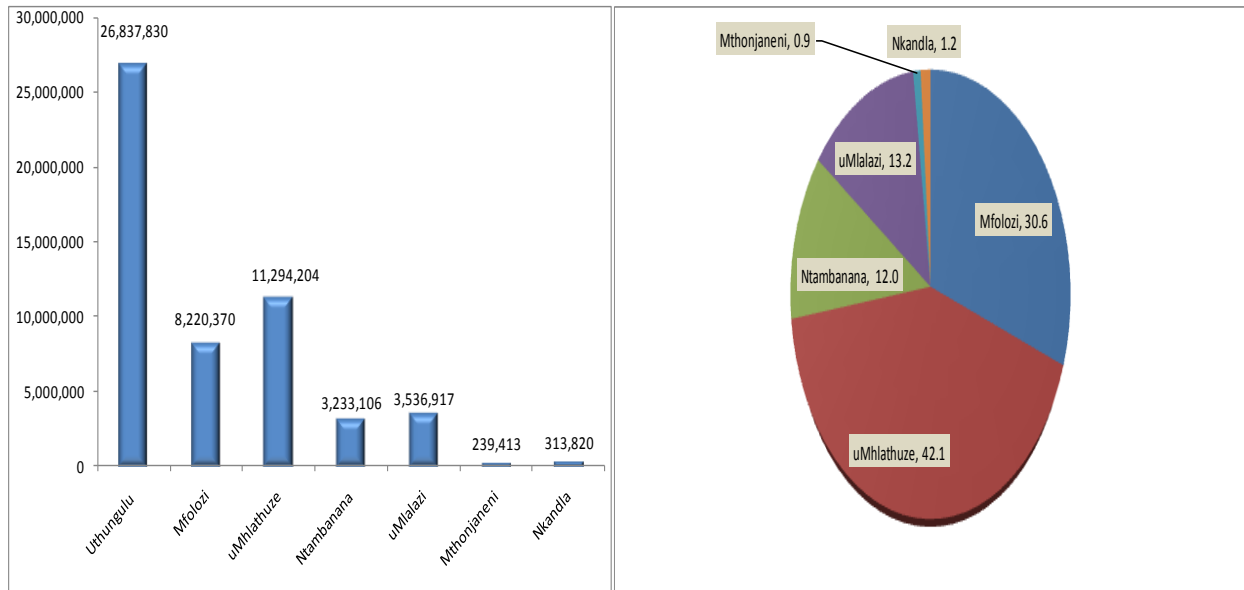
Source: KZN Treasury Economic Model, 2014

#### 4. UThungulu's Economic Performance

Appendix figure A2 shows the percentage contribution to KZN real GDP by district municipalities in 2012. Among all eleven district municipalities, eThekweni is the largest contributor to the KZN GDP at 65.7 per cent followed by uThungulu at 8.3 per cent and Umgungundlovu at 8.0 per cent.

Figure 2 represents the estimated real Gross Domestic Product for uThungulu district municipality and its local municipalities for the year 2012. Uthungulu district recorded an estimated GDP-R of R26.8 billion in 2012. Among all the six local municipalities, the largest contributor to the district's GDP-R was uMhlathuze at R11.3 billion (42.1 per cent) trailed by Mfolozi with contribution of R8.2 billion (30.6 per cent). Mthonjaneni local municipality was the lowest contributor to uThungulu's GDP at R239.4 million (0.9 per cent).

**Figure 2: GDP-R, uThungulu District and Local Municipalities, 2012**



Global Insight, 2014

Table 3 shows uThungulu's contribution to GDP by sectors in 2001, 2006 and 2012. It is indicated in the table that the tertiary sector contributed a larger portion of 47.5 per cent to uThungulu's GDP in 2012. This large contribution by the tertiary sector primarily emanate from the community service (15.6 per cent) followed by transport at 11.9 per cent and finance at 10.8 per cent. The larger contribution by the community service should be seen as a cause for concern for the policy makers.

Table 3 further shows that the secondary sector recorded a decrease from 43.2 per cent in 2001 to 40.1 per cent in 2006 and 31 per cent in 2012, thus it is not adequately adding value in the economy of the district and the economy at large. It is further worth noting that primary sector recorded marginal increase from 18.3 per cent in 2001 to 19.2 per cent in 2006 and 21.5 per cent in 2012.

**Table 3: Sector Performance Analysis of uThungulu in 2001, 2006 and 2012**

	2001	2006	2012
<b>Primary sector</b>	<b>18.3%</b>	<b>19.2%</b>	<b>21.5%</b>
Agriculture	6.2%	4.8%	5.2%
Mining	12.1%	14.4%	16.3%
<b>Secondary sector</b>	<b>43.2%</b>	<b>40.1%</b>	<b>31.0%</b>
Manufacturing	39.6%	37.0%	27.3%
Electricity	1.1%	0.9%	1.1%
Construction	2.5%	2.1%	2.6%
<b>Tertiary sector</b>	<b>38.6%</b>	<b>40.8%</b>	<b>47.5%</b>
Trade	7.4%	7.1%	9.2%
Transport	10.7%	10.9%	11.9%
Finance	9.1%	10.8%	10.8%
Community services	11.4%	12.0%	15.6%

Source: Global Insight, 2014

## 5. International trade

### 5.1 Imports and exports

Table 4 shows the contribution by uThungulu district and its local municipalities in total rand values of exports in the periods 2001 to 2012. It is evident from the table that exports in uThungulu district recorded growth of 285.4 per cent from an estimated value of R9.2 billion in 2001 to R35.4 billion in 2012<sup>3</sup>. The district's proportion of exports to provincial exports in KZN was 37.6 per cent in 2012. Among all six local municipalities, uMhlatuze contributed R35.2 billion of the districts exports in 2012, the highest compared to all other local municipalities, followed by uMlalazi at R162.4 million in the same period. Ntambanana and Nkandla both made insignificant contribution in the period under review.

**Table 4: UThungulu Exports, 2001 to 2012 (000s)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Uthungulu	9 173 131	21 955 406	14 567 094	14 663 047	14 920 058	16 478 591	20 727 752	20 896 356	20 061 389	24 136 175	30 412 934	35 354 152
Mfobozi	987	36	20	13 193	3 354	3 648	912	2 305	5 935	30 249	8 320	4 455
uMhlatuze	9 150 313	21 923 178	14 547 479	14 631 514	14 861 100	16 269 540	20 559 194	20 256 971	19 858 587	23 917 438	30 272 269	35 179 276
Ntambanana	0	0	0	0	0	0	0	0	0	0	0	0
uMlalazi	17 980	27 181	15 927	14 645	44 568	195 147	164 158	629 377	188 071	180 391	126 682	162 444
Mthonjaneni	3 851	5 011	3 668	3 694	11 036	10 255	3 488	7 703	8 796	8 097	5 664	7 977
Nkandla	0	0	0	0	0	0	0	0	0	0	0	0

Source: Global Insight, 2014

Table 5 shows the contribution by uThungulu district and its local municipalities towards the total rand value of imports in the period 2001 to 2012. In the year 2012 uThungulu district imported goods estimated to the value of R8.8 billion. uMhlatuze was the largest importer with imports estimated at R8.8 billion in 2012 trailed by Mfobozi (R36 million) and uMlalazi (R 11.6 million).

**Table 5: UThungulu Imports, 2001 to 2012 (000s)**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Uthungulu	1 030 276	4 859 179	5 147 157	4 478 312	4 481 262	6 546 410	7 780 684	9 034 856	5 861 985	6 862 923	9 356 920	8 838 871
Mfobozi	258	310	823	2 866	9 716	5 174	2 732	5 209	12 299	14 057	20 218	36 020
uMhlatuze	1 028 928	4 858 198	5 144 190	4 473 184	4 470 201	6 537 815	7 776 350	9 025 434	5 842 187	6 840 844	9 327 105	8 790 821
Ntambanana	0	0	0	0	0	0	0	0	0	0	0	0
uMlalazi	1 032	667	2 102	2 263	1 274	3 195	1 210	2 801	6 416	7 610	8 911	11 568
Mthonjaneni	57	4	43	0	71	226	391	1 412	1 083	412	687	462
Nkandla	0	0	0	0	0	0	0	0	0	0	0	0

Source: Global Insight, 2014

<sup>3</sup> Note that exports from uThungulu also come from other regions.

Table 6 shows the trade balance and total trade for uThungulu district for the years 2001, 2007 and 2012. It can be realised from the table that the district had positive trade balance (surplus) for all the years under review. The trade balance increased from R8.1 billion in 2001 to 13 billion in 2007 and continued to increase to R26.5 billion in 2012. Total trade in the district followed the same trend by increasing from R10.2 billion to 28.5 billion and 44.2 billion in the same period. Both exports and imports experienced growth in all the years under review.

**Table 6: Total trade and trade balance in uThungulu in 2001, 2007 and 2012 (000s)**

	2001	2007	2012
Exports	9 173 131	20 727 752	35 354 152
Imports	1 030 276	7 780 684	8 838 871
<b>Trade Balance</b>	<b>8 142 855</b>	<b>12 947 068</b>	<b>26 515 281</b>
<b>Total Trade</b>	<b>10 203 407</b>	<b>28 508 436</b>	<b>44 193 022</b>

Source: Global Insight, 2014

## 6. Labour markets

South Africa's labour market had changed since 1994, with an emphasis on strategies that eliminate labour inequalities of the past and improve general working conditions for all South Africans. With an unemployment rate of around 25.2 per cent for the first quarter of 2014, South Africa's biggest challenge is still the creation of jobs (Quarterly Labour Force Survey Stats SA, 2014). The global recession of 2008 hit the local labour market hard thus resulting in more than a million jobs that were lost by 2010. However, the market is gradually recovering and this is expected to help employment figures.

### 6.1 Employment

Table 7.1 is an illustration of the number of people who are formally and informally employed in KZN and uThungulu district in 2012. It is evident from the table that the district's percentage share of the provincial formal employment in 2012 was 6.7 per cent in contrast to 6.8 per cent in the informal sector. Among the six local municipalities, uMhlathuze had the highest share of both the district formal employment at 40.3 per cent and informal employment at 40.2 per cent. Mthonjaneni local municipality had the lowest employment contribution for both formal and informal at 1.9 per cent and 2.1 per cent respectively.

**Table 7.1: Employment in KZN and uThungulu district in 2012**

	Formal Employment	Informal Employment	Total Employment	% Share of KZN's Formal Employment	% Share of KZN's Informal Employment	% Share of the District's Formal Employment	% Share of the District's Informal Employment
KwaZulu-Natal	1 511 493	550 341	2 061 834	100	100		
Uthungulu	101 946	37 199	139 144	6.7	6.8	100	100
Mfolozi	25 024	8 999	34 023	1.7	1.6	24.5	24.2
uMhlathuze	41 038	14 965	56 003	2.7	2.7	40.3	40.2
Ntambanana	10 772	3 946	14 718	0.7	0.7	10.6	10.6
uMlalazi	19 830	7 322	27 152	1.3	1.3	19.5	19.7
Mthonjaneni	1 906	792	2 697	0.1	0.1	1.9	2.1
Nkandla	3 377	1 174	4 552	0.2	0.2	3.3	3.2

Source: Global Insight, 2014

## 6.2 Employment by industry

Table 7.2 indicates employment by sector in uThungulu district municipality. It can be seen from the table that in 2012 the tertiary sector was the highest employer with an estimated 62 356 number of people employed (61.2 per cent). This was driven mainly by an increase of 27 400 in the community service industry employing 26.9 per cent trailed by finance and households both employing 9.4 per cent of people each. It is worrying that community service was the main driver in increasing employment in the district as government is supposed to create environment for the private sector to create jobs.

**Table 7.2: uThungulu employment by sector in 2001, 2006 and 2012**

	2002		2006		2012	
	Number of People Employed	% of People Employed	Number of People Employed	% of People Employed	Number of People Employed	% of People Employed
Agriculture	12 653	15.4	10 800	11.7	11 336	11.1
Mining	2 517	3.1	5 686	6.2	7 701	7.6
<b>Primary Sector</b>	<b>15 170</b>	<b>18.4</b>	<b>16 486</b>	<b>17.9</b>	<b>19 037</b>	<b>18.7</b>
Manufacturing	16 854	20.5	17 044	18.5	15 820	15.5
Electricity	581	0.7	580	0.6	625	0.6
Construction	3 130	3.8	4 923	5.3	4 107	4.0
<b>Secondary Sector</b>	<b>20 565</b>	<b>25.0</b>	<b>22 547</b>	<b>24.5</b>	<b>20 553</b>	<b>20.2</b>
Trade	7 577	9.2	9 952	10.8	9 117	8.9
Transport	6 260	7.6	6 131	6.7	6 678	6.6
Finance	6 527	7.9	8 633	9.4	9 623	9.4
Community services	18 411	22.4	20 262	22.0	27 400	26.9
Households	7 768	9.4	8 127	8.8	9 538	9.4
<b>Tertiary Sector</b>	<b>46 544</b>	<b>56.6</b>	<b>53 105</b>	<b>57.6</b>	<b>62 356</b>	<b>61.2</b>

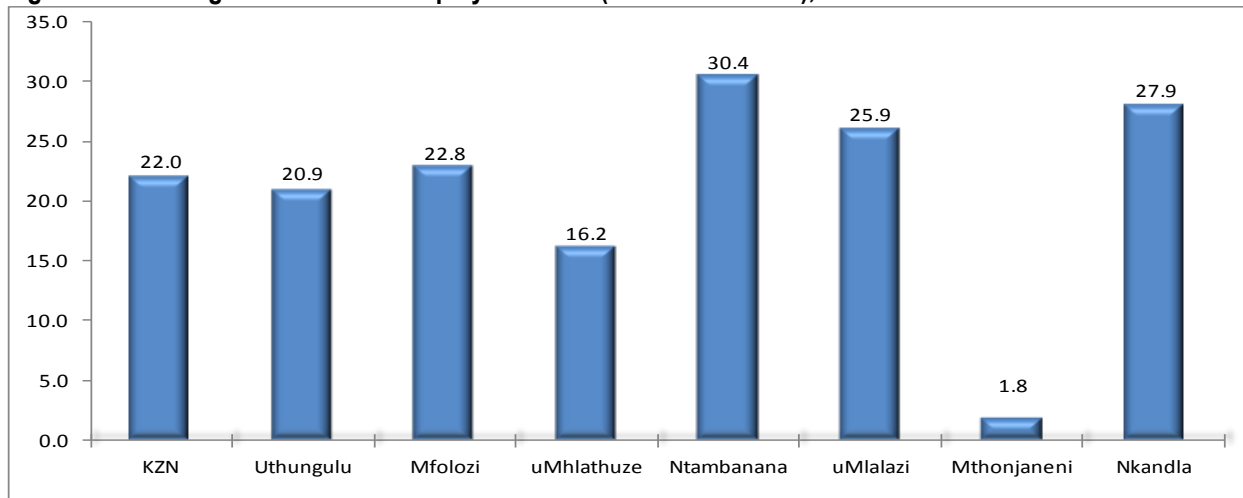
Source: Global Insight, 2014

It is further worth noting that the secondary sector experienced a decrease in employment in uThungulu, mainly in the manufacturing sector from 25 per cent to 24.5 per cent and 20.2 per cent for the periods 2002, 2008 and 2012, respectively. Among the three sectors in the district, the primary sector appeared to be the least employer at 18.7 per cent in 2012.

## 6.3 Unemployment

High levels of unemployment, poverty and income inequality are some of the major challenges hampering the economic performance of a country. Figure 3.1 is a representation of the level of unemployment in KZN and uThungulu district municipality in 2012.

**Figure 3.1: uThungulu district's unemployment rate (official definition), 2012**

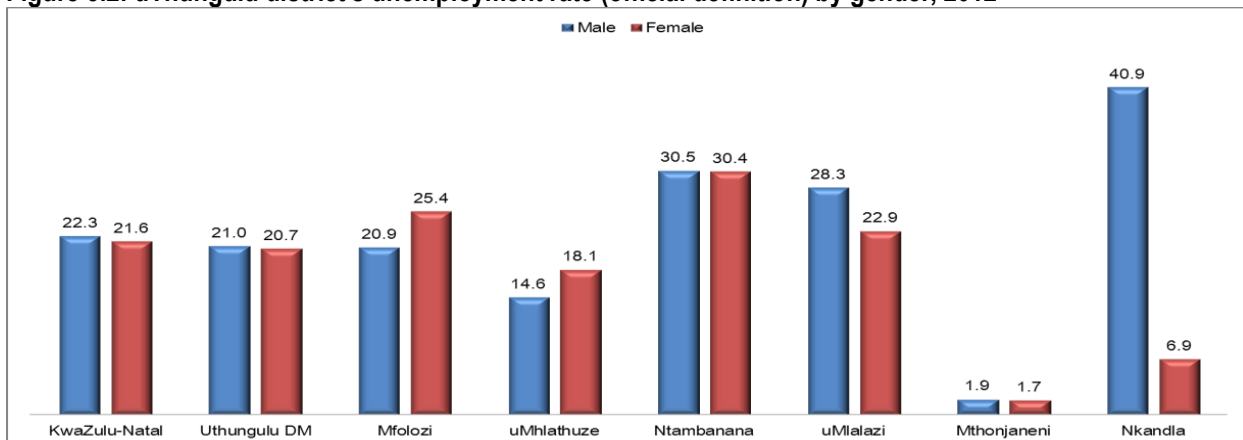


Source: Global Insight, 2014

The province of KZN experienced 22 per cent unemployment rate while Uthungulu district municipality recorded an estimated 20.9 per cent in 2012. Among all six local municipalities in the district, Ntambanana had the highest unemployment rate at 30.4 per cent followed by Nkandla with 27.9 per cent. The lowest unemployment rate was experienced by Mthonjaneni local municipality at 1.8 per cent.

Figure 3.2 shows the comparison of the level of unemployment rate by gender in 2012. KZN recorded 22.3 per cent unemployment rate for males and 21.6 per cent of female counterparts. In the same period, uThungulu district recorded unemployment rate of 21 per cent and 20.7 per cent for male and female population respectively in the same period. Among the six local municipalities, Nkandla had the highest unemployment rate for males at 40.9 per cent trailed by Ntambanana at 30.5 per cent. Ntambanana had the highest unemployment rate for females at 30.4 per cent followed by Mfolozi (25.4 per cent).

**Figure 3.2: uThungulu district's unemployment rate (official definition) by gender, 2012**



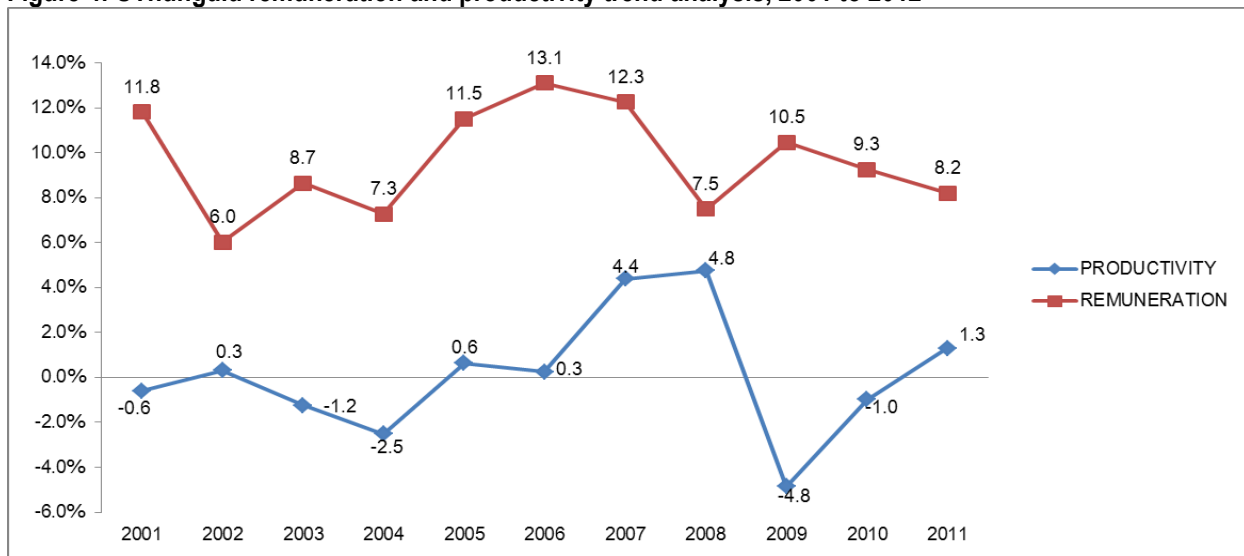
Source: Global Insight, 2014

#### 6.4 Labour remuneration and productivity

There is currently an important general debate in South Africa among employer organisations, labour unions and politicians on the size and fairness of perceived employee remuneration gaps among the different employment levels in the organisations (Van Zyl, 2010). Labour unions, in particular, are of the opinion that these remuneration gaps are expanding and that the situation constitutes a major threat to job creation and the fair distribution of income in the workplace and the economy as a whole. Employer organisations, argue that employee remuneration gaps are the result of the shortages of high skilled employees in the workplace and differences in labour productivity levels between the different employee segments.

Labour productivity<sup>4</sup> is defined as rate of output per unit of labour. According to Pilat (1996), labour productivity is the most important determinant of a country's income level. Slow productivity growth limits the rate at which real incomes can improve and also increases the probability of conflicting demands concerning the distribution of income. Van Zyl (2010) argues for the existence of a positive link between employee remuneration gaps and labour productivity, in that the greater the employee remuneration gap, the higher the level of labour productivity.

**Figure 4: UThungulu remuneration and productivity trend analysis, 2001 to 2012**



Source: Global Insight, 2014

Figure 4 shows the gap between uThungulu's labour productivity and labour remuneration for the period 2001 to 2012. It can be seen from the figure that labour remuneration had been above labour productivity, while, in some years productivity of labour was below zero. The negative productivity levels indicate a decrease in output. When remuneration is above the productivity levels, this indicate that labour is being compensated more than what they produced.

<sup>4</sup> <http://www.businessdictionary.com>



The highest gap was experienced in 2006 with labour remuneration at 13.1 per cent while labour productivity was at 0.3 per cent. A positive relationship for these two variables should have been indicated as an ideal situation since the high level of labour productivity should be remunerated accordingly. The years 2001, 2003, 2004, 2009 and 2010 show negative productivity levels with remuneration rising faster than productivity which is a major challenge in the district and South Africa as a whole.

Given these huge discrepancy between labour productivity and remuneration there is therefore a need for policy makers and other stakeholders like business, labour and government to arrive at a solution for this phenomenon.

## 7. Poverty

Poverty<sup>5</sup> is a condition where people's basic needs for food, clothing, and shelter are not being met. It is a key development challenge in social, economic and political terms; not only in South Africa but throughout the developing world. In post-apartheid South Africa, fighting the legacy of poverty and under-development has always been a central theme of government. This was covered in the Reconstruction and Development Plan (RDP) of 1994 and repeated in the National Development Plan (NDP) published in 2012. Table 8 is an illustration of people living in poverty in KZN and uThungulu district for the periods 2001, 2006 and 2012.

**Table 8: Poverty level across uThungulu district in 2001, 2006 and 2012**

	2001		2006		2012	
	Number of people living in poverty	% Share of people living in poverty	Number of people living in poverty	% Share of people living in poverty	Number of people living in poverty	% Share of people living in poverty
KwaZulu-Natal	5 245 662	55.0	4 928 804	49.8	4 393 563	42.5
Uthungulu	525 576	60.0	483 765	53.4	414 160	45.5
Mfolozi	67 303	63.9	65 780	59.3	65 227	52.4
uMhlathuze	119 230	41.3	134 425	40.3	117 602	34.7
Ntambanana	61 565	73.9	53 770	65.5	42 577	58.2
uMlalazi	143 946	66.2	120 860	59.0	106 733	50.1
Mthonjaneni	32 318	65.2	30 678	57.9	23 226	48.9
Nkandla	101 215	77.4	78 252	64.3	58 795	52.2

Source: Global Insight, 2014

It is evident from table 8 that in KZN, approximately 5.2 million people were living in poverty in 2001 as compared to 4.3 million people in 2012. This indicates a percentage decrease from 55 per cent in 2001 to 42.5 per cent in 2012. As for uThungulu district 525 576 people were living in poverty in 2001 as compared to 414 160 people in 2012. UThungulu district had a high poverty rate in 2001 (60 per cent) but decreased to 45.5 per cent in 2012 which is higher than that of the province. A downward trend is shown by all the local municipalities with regards to people living in poverty in 2001, 2006 and 2012. This could have been the results of many state social intervention programs to reduce the impact of poverty.

<sup>5</sup> <http://www.businessdictionary.com>

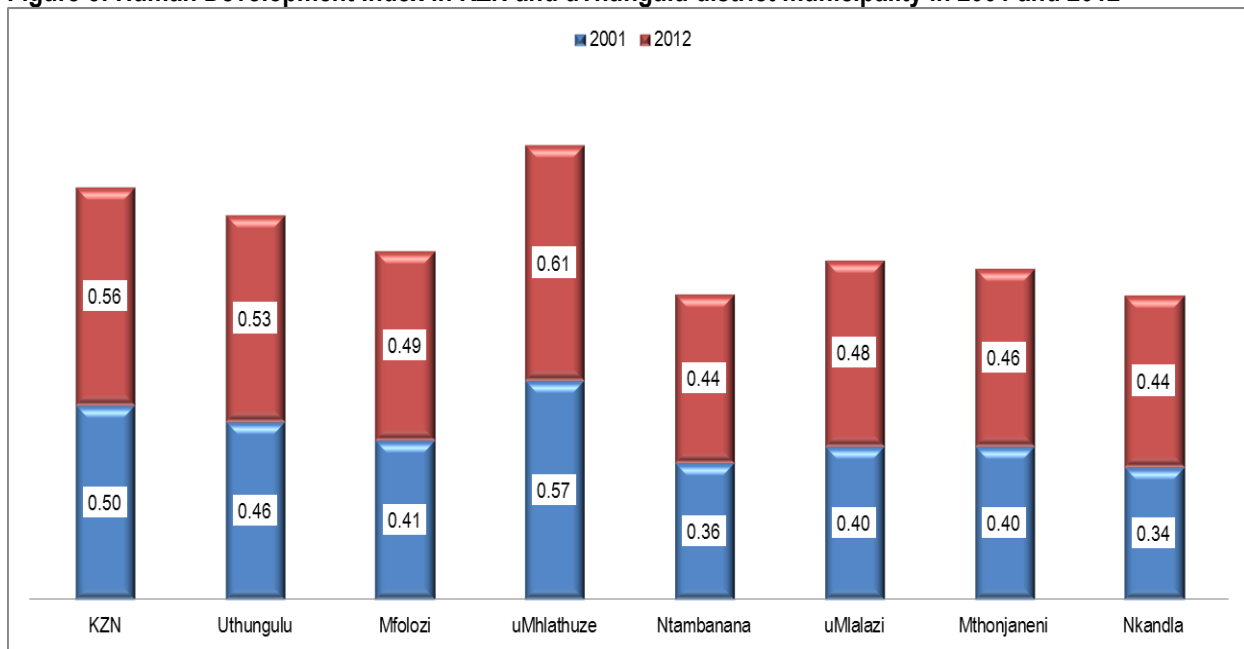
## 8. Development indicators

The four main development indicators which KZN and uThungulu district municipality uses to track progress are highlighted. These indicators illustrate where improvements have been made and which areas still need attention. The four main development indicators are Gini coefficient, the Human Development Index (HDI), and functional literacy rates.

### 8.1 Human Development Index (HDI)

Human Development Index<sup>6</sup> (HDI) is a comparative measure of life expectancy, literacy, education, and standards of living for countries worldwide. It is a standard means of measuring well-being. It is used to distinguish whether the country is a developed, developing, or underdeveloped, and also to measure the impact of economic policies on people's quality of life. The HDI is made up of three indexes: life expectancy at birth, standard of living (looks at the income for basic living in accordance with purchasing power parity of income) and literacy levels (which look at adults' literacy as well as enrolment). The HDI<sup>7</sup> ranges between 0 and 1, with 0 indicating no human development and 1 indicating a high level of human development.

Figure 5: Human Development Index in KZN and uThungulu district municipality in 2001 and 2012



Source: Global Insight, 2014

<sup>6</sup> [http://en.wikipedia.org/wiki/List\\_of\\_African\\_countries\\_by\\_Human\\_Development\\_Index](http://en.wikipedia.org/wiki/List_of_African_countries_by_Human_Development_Index)

<sup>7</sup> A region with an HDI value of 0.80 or more is classified as having high human development status; between 0.50 to 0.80 is classified as having medium human capital development and between 0.5 and 0.0 is classified as having low levels of development.

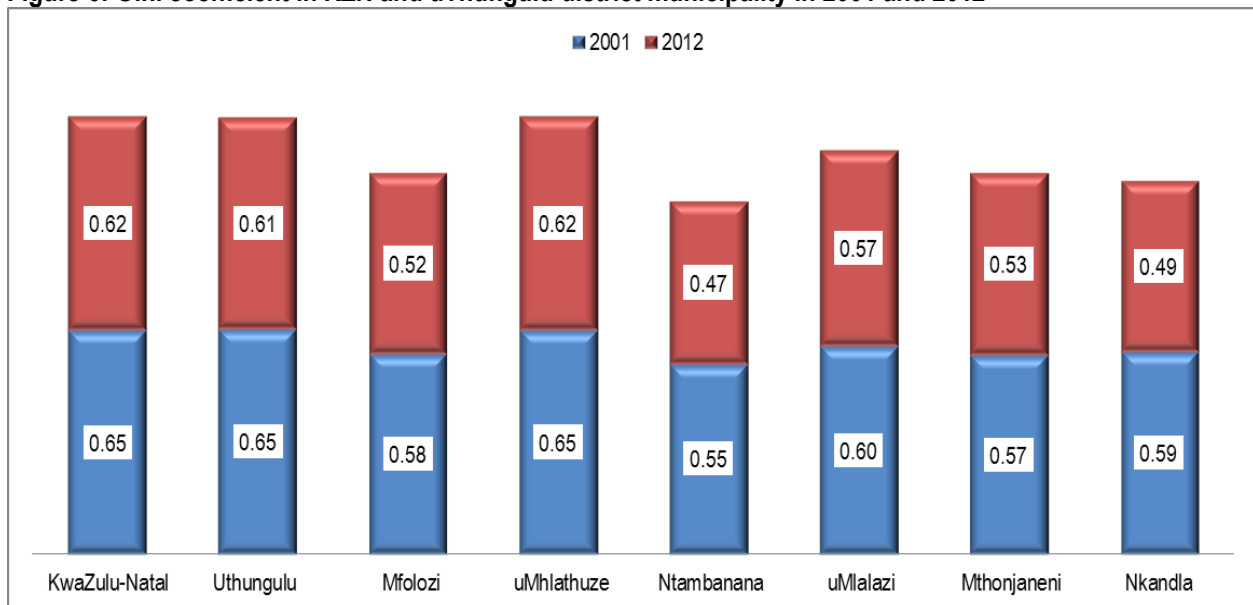
Figure 5 represents the average HDI for KZN and uThungulu district in 2001 and 2012. It is depicted that KZN in 2012 had HDI of 0.56, which is higher than the HDI of 0.50 experienced in 2001. This implies that the province needs to do more in improving the level of education, health care and general standard of living in order to improve the level of development within the province.

The HDI for uThungulu district increased from a low 0.46 in 2001 to 0.53 in 2012 which is still below that of the province and the district is classified as having medium human development. Among the six local municipalities, uMhlathuze had the highest HDI at 0.61 which is also above that of the province and that of the district in 2012. UMhlathuze, Ntambanana, uMlalazi, Mthonjaneni and Nkandla had HDI's less than 0.50, thus demonstrating an overall low human development for the district in 2012 (Figure 5).

### 8.2 Income inequality

Despite the end of apartheid in 1994, South Africa's income inequality remains one of the highest in the world. This is one of the biggest challenges facing the country and has a negative impact on the country's economic development and business environment. This is a reflection of the unequal distribution of resources and opportunities, thereby leading to a higher rate of poverty. Excessive income inequality<sup>8</sup> negatively affects household's quality of life (World Bank, 2012). Pro poor policies are therefore essential which are aimed at bridging the gap between the rich and the poor.

**Figure 6: Gini coefficient in KZN and uThungulu district municipality in 2001 and 2012**



Source: Global Insight, 2014

<sup>8</sup> Income inequality is often presented as the percentage of income to a percentage of population.

Figure 6 shows the Gini Coefficient<sup>9</sup> for KZN and uThungulu district in 2001 and 2012. It is indicated that KZN's Gini coefficient slightly decreased from 0.65 in 2001 to 0.62 in 2012 which indicate that almost one person receives all the income in the economy. This elaborates how high the level of income inequality in the province of KZN is. UThungulu district had a similar Gini coefficient as the province at 0.65 in 2001. In 2012 the districts recorded a Gini coefficient of 0.61 which was high as well but marginally lower than that of the province. Among the six local municipalities, uMhlathuze had the highest Gini coefficient in 2012 at 0.62, while Ntambanana had the lowest of them all at 0.47.

These results show that uThungulu had population with unequal income, which is expected given the level of poverty in the district. Reducing inequality substantially is currently unlikely without a massive improvement in human capital. Thus, the need for implementation of incentives to boost economic participation for all households in the province and the district is essential.

## **9. Education**

All South Africans have the right to basic education, including adult basic education and further education. According to South Africa's Bill of Rights, the state has an obligation, through reasonable measures, to progressively make education available and accessible. South Africa has one of the highest rates of public investment in education in the world. The province of KZN allocated R39.4 billion in 2014 for the Department of Education which constitutes 40.8 per cent of the total KZN budget (KZN Provincial Treasury, 2014). Although challenges still remain in the education department but government is prepared to prioritise education in its allocation.

### **9.1 School and educator: Learner ratio 2008 and 2012**

The learner to educator ratio<sup>10</sup> (LER) is the average number of learners per educator at a specific level of education in a given school year. The learner to school ratio (LSR) is the average number of learners per school at a specific level of education in a given school year.

Table 9 is the representation of the number of learners, educators and schools in the ordinary sector across the KwaZulu-Natal districts for the year 2008 and 2012. It is evident that the province recorded an increase in the number of learners, educators and schools from 2008 to 2012. It is also indicated that the learner-educator ratio decreased from 31.9 in 2008 to 30.3 in 2012. This is the indication that each educator is able to give personal attention to learners and help them along in the learning process. This is in accordance with the ideal LER which is 30 per class.

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<sup>9</sup> The Gini Coefficient is the standard economic measure of income inequality varying between 0 (perfect equality) and 1 (perfect inequality). Available on: <http://blog.euromonitor.com/2012/06/south-africa-the-most-unequal-income-distribution-in-the-world.html>

<sup>10</sup> <http://www.childrencount.ci.org.za>

It is further worth noting that the learner to school ratio also recorded marginal decrease from 467 in 2008 to 466 in 2012. This indicates that the learning environment and the resources are available to aid the learning process in each school and are being used by fewer learners and they are more available to each learner in the school. These changes to the ratios are so minor that significant changes based on the ratios may not be clear.

**Table 9: Learner-Educator Ratio (LER) and Learner-School Ratio (LSR) by districts in 2008 and 2012**

	2008					2012				
	No. of learners	No. of educators	No. of schools	LER	LSR	No. of learners	No. of educators	No. of schools	LER	LSR
eThekweni	672 100	4 866	1 015	29.4	662.2	703 386	24 767	1 055	28.4	666.7
Ugu	215 485	4 913	471	31.9	457.5	219 293	7 257	508	30.2	431.7
uMgungundlovu	233 677	8 855	528	29.8	442.6	244 219	8 674	549	28.2	444.8
uThukela	206 167	6 302	455	32.6	453.1	209 117	6 718	458	31.1	456.6
uMzinyathi	183 822	8 621	489	34.1	375.9	188 725	5 849	486	32.3	388.3
Amajuba	140 550	4 272	263	32.9	534.4	137 659	4 407	250	31.2	550.6
Zululand	288 320	5 391	730	33.4	395	303 392	9 578	768	31.7	395.0
uMkhanyakude	219 160	6 327	485	34.8	445.7	240 848	7 309	543	33.0	443.6
uThungulu	290 880	7 834	637	32.8	456.6	302 057	9 628	676	31.4	446.8
iLembe	159 668	6 734	403	32.5	396.2	175 006	5 564	431	31.5	406.0
Sisonke	161 591	22 868	461	33.2	350.5	154 267	5 181	452	29.8	341.3
KZN	2 771 420	86 983	5 938	31.9	467	2 877 969	94 932	6 176	30.3	466.0

Source: Department of Basic Education, 2013

UThungulu district followed the same positive trends as the KZN province with regards to the number of learners from 290 880 in 2008 to 302 057 in 2012 (an increase of 3.8 per cent). In the year 2008, there were 637 schools within the district, since then the number of schools had increased to 676 in 2012. These results impacted positively to the LER ratio (decreased from 32.8 to 31.4) and the increase in the number of learners, educators and schools is good for the district.

## 9.2 Literacy rate

Literacy rate<sup>11</sup> is the percentage of the population age 15 and above who can, with understanding, read and writes a short, simple statement on their everyday life. Generally, 'literacy rate' also includes 'numeracy rate', which is the ability to make simple arithmetic calculations. Low levels of literacy and education in general, can hinder the

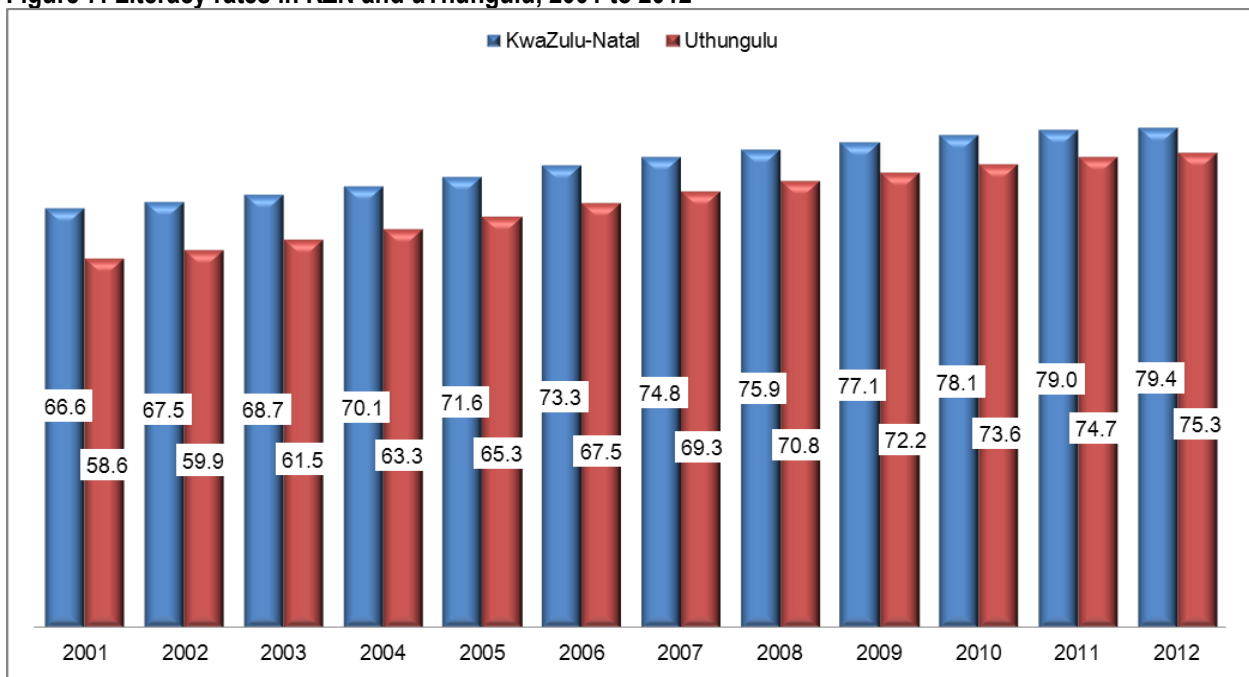
<sup>11</sup> Literacy rate is calculated by dividing the number of literates aged 15 years and over by the corresponding age group population and multiplying the result by 100.

Available on: <http://www.indexmundi.com/facts/indicators/SE.ADT.LITR.ZS/compare?country=za>

economic development of a country in the current rapidly changing and technology driven world. High levels of literacy in the economy are essential as it makes it easier for literate individuals to be trained and can add more value to the human capital and be more productive.

Figure 7 represents how KZN and uThungulu district's literacy rate varied in 2001 to 2012. KZN realised an increase during this period from 66.6 per cent in 2001 to 79.4 per cent in 2012. The district of uThungulu also showed increasing literacy rate in the same period from 58.6 per cent in 2001 to 75.3 per cent in 2012. However, it is evident that progress in KZN and uThungulu district had been positive over the years but much need to be done to reach out to even more people.

**Figure 7: Literacy rates in KZN and uThungulu, 2001 to 2012**



Source: Global Insight, 2014

## 10. Health

### 10.1 HIV and AIDS

Sub-Saharan Africa is the region worst affected by HIV and AIDS. HIV and AIDS in South Africa is a major health concern. According to AIDS Foundation South Africa Annual Review (AFSA) (2013); South Africa has the highest prevalence of HIV/AIDS compared to any other country in the world.

**Table 10: HIV Positive and Aids Deaths estimates in 2001 and 2012**

	Total Population		HIV Positive % Estimates		Aids Deaths % Estimates	
	2001	2012	2001	2012	2001	2012
KwaZulu-Natal	9 529 450	10 347 260	11.6	15.0	0.4	1.0
Uthungulu	875 257	909 760	11.9	15.4	0.4	1.0
Mfolozi	105 405	124 475	12.1	16.1	0.4	1.1
uMhlatuze	288 993	338 848	12.8	16.5	0.4	1.1
Ntambanana	83 321	73 168	11.7	14.6	0.4	0.9
uMlalazi	217 290	213 129	11.5	14.5	0.4	1.0
Mthonjaneni	49 540	47 515	12.4	15.2	0.4	1.0
Nkandla	130 709	112 625	10.5	13.8	0.4	0.9

Source: Global Insight, 2014

Table 10 depicts KZN and uThungulu HIV positive estimates and AIDS deaths estimates for the years 2001 and 2012. The percentage of HIV positive estimates in KZN increased from 11.6 per cent in 2001 to 15 per cent in 2012. The proportion of AIDS deaths was estimated at a low 1 per cent in KZN in the year 2012. UThungulu district followed almost similar trend (from 11.9 per cent in 2001 to 15.4 per cent in 2012).

South Africa has made important steps in its response to HIV and AIDS over the past decade. Interventions by government and civil society, supported by donors and the private sector, have succeeded in stabilising and reducing HIV incidence, cutting AIDS related mortality and reducing the burden on those most affected by the epidemic (AFSA Annual Review, 2013).

## 11. Access to basic services

### 11.1 Access to sanitation

The lack of basic services such as water supply and sanitation is a key symptom of poverty and underdevelopment. South Africa with its mix of developed and developing districts, 9.7 million (20 per cent) of the people did not have access to adequate water supply and 16 million (33 per cent) lacked proper sanitation services which led to health risks in the society (Kahinda, Taigbenu & Boroto, 2007). The South African government has committed itself to provide financial assistance to poor households for the capital cost of rendering sanitation services and related to providing free basic services in rural areas (Department of Water Affairs and Forestry, 1994).

**Table 11: Households access to sanitation by toilet facility in 2001 and 2012**

	2001					2012				
	Flush toilet	(VIP)	Pit toilet	Bucket system	No Toilet	Flush	(VIP)	Pit toilet	Bucket system	No Toilet
KwaZulu-Natal	45.1	7.6	28.4	0.4	18.5	51.8	20.8	20.6	0.7	6.0
Uthungulu	32.4	8.6	24.5	0.5	34.0	40.1	22.2	25.4	0.7	11.6
Mfolozi	20.0	7.2	23.5	0.8	48.4	19.0	31.6	36.3	0.7	12.4
uMhlatuze	55.5	9.3	23.6	0.4	11.3	61.1	18.8	15.9	0.6	3.6
Ntambanana	14.6	11.5	14.0	0.5	59.4	5.8	51.9	20.7	0.7	20.8
uMlalazi	18.0	7.8	22.6	0.6	51.0	28.0	15.6	31.8	0.9	23.8
Mthonjaneni	25.4	6.7	36.0	0.2	31.6	38.0	17.9	32.5	0.2	11.3
Nkandla	9.6	8.4	31.5	0.3	50.3	26.2	23.4	37.3	0.6	12.6

Source: Global Insight, 2013

Table 11 represent the province of KZN and UThungulu's access to sanitation by toilet facilities. In the table above, it can be seen that in KZN the estimated percentage of households with no toilets dropped from an estimate of 18.5 per cent in 2001 to 6 per cent in 2012. UThungulu district also recorded a decrease in the percentage of households with no toilets from 34 per cent in 2001 to 11.6 per cent in 2012 which is above that of the province. Umlalazi local municipality had the highest estimated percentage of households with no toilets at 23.8 per cent in 2012 followed by Ntambanana with 20.8 per cent while uMhlathuze had the lowest estimates at 3.6 per cent.

The objective of the bucket system being phased out seems achievable since the highest estimate of a local municipality using bucket system was 0.7 per cent in 2012 in both Mfolozi and Ntambanana. The percentage of households using flush toilet system in uThungulu increased from 32.4 per cent in 2001 to 40.1 per cent in 2012. Among all local municipalities uMhlathuze had the highest percentage of people with access to flush toilet system both in 2001 and 2012 at 55.5 per cent and 61.1 per cent respectively. This was even higher than the provincial average in 2012.

The rest of the local municipalities in this district showed positive trend except that of Mfolozi and Ntambanana at 19 per cent and 5.8 per cent respectively in 2012. Despite the progress made with regard to improving access to basic sanitation, but there are still communities that are living without proper sanitation.

## **11.2 Access to water**

South Africa is not well endowed with abundant fresh water resources. In fact, it is regarded as the 30<sup>th</sup> most water scarce country in the world<sup>12</sup>. Due to the fast growing economy, population growth and other social development needs, the demand for water is expected to increase. According to the UNICEF<sup>13</sup> (2013) an estimated 36 per cent of the world's population (2.5 billion people) lack improved sanitation facilities, and 768 million people still use unsafe drinking water sources. An amount of 25 litres per day is considered as the minimum required for the consumption, the preparation of food and hygiene (Department of Water Affairs and Forestry, 1994).

Table 12 shows household's percentage access to water in the province of KZN and uThungulu district municipality in 2001 and 2012. It can be seen that KZN shows an improvement in access to piped water, because of the decrease in the percentage of households with no formal piped water from 23 per cent in 2001 to 20.8 per cent in 2012. Uthungulu district also recorded a decrease in the percentage of households with no formal piped water from 39.4 per cent in 2001 to 24.3 per cent in 2012. All the local municipalities in the district recorded a decrease in the proportion of households with no formal piped water from 2001 to 2012. It is indicated that Mthonjaneni is the only local municipality with a decrease in the percentage of households with on site piped water from 47.3 per cent in 2001 to 46.9 per cent in 2012.

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<sup>12</sup> [www.unicef.org](http://www.unicef.org)

<sup>13</sup> <http://www.unicef.org/wash/>



**Table 12: Access to piped water in KZN and uThungulu in 2001 and 2012**

	% No Formal Piped Water		% On-Site		% Off-Site	
	2001	2012	2001	2012	2001	2012
KwaZulu-Natal	23.0	20.8	54.2	61.4	22.8	17.8
Uthungulu	39.4	24.3	45.4	62.0	15.3	13.7
Mfolozi	63.5	24.5	22.6	55.3	13.8	20.2
uMhlathuze	9.4	5.8	73.1	90.0	17.5	4.2
Ntambanana	65.8	50.9	16.8	19.0	17.4	30.0
uMlalazi	55.8	38.7	30.3	37.1	13.9	24.2
Mthonjaneni	45.6	31.1	47.3	46.9	7.1	21.9
Nkandla	66.1	50.0	18.7	40.5	15.2	9.4

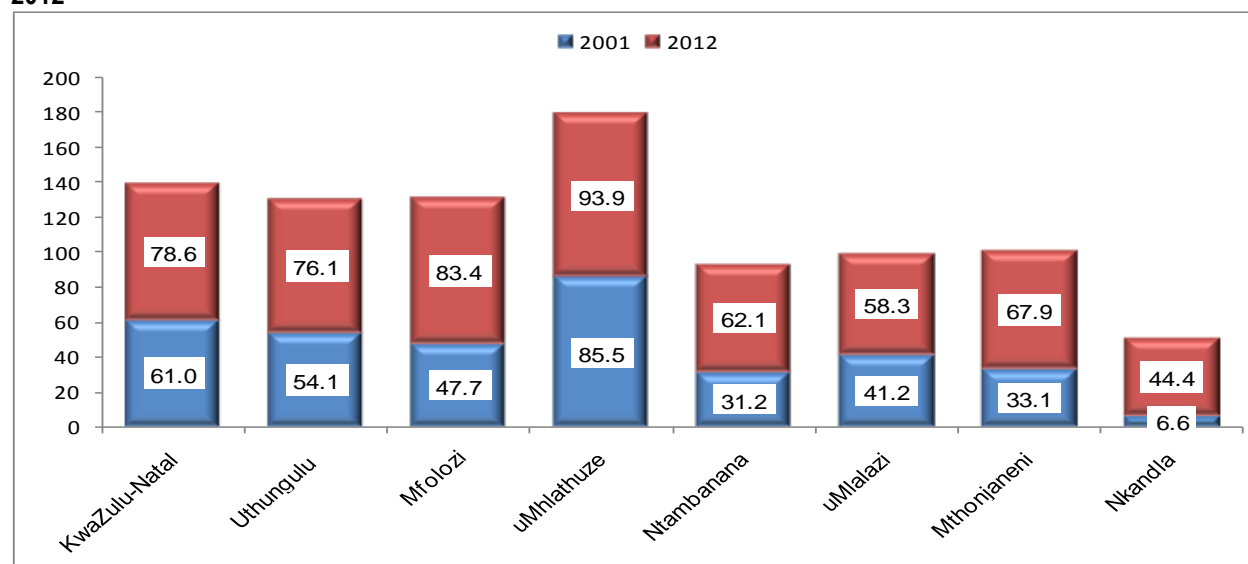
Source: Global Insight, 2013

UMhlathuze (from 17.5 per cent in 2001 to 4.2 per cent in 2012) and Nkandla (from 15.2 per cent in 2001 to 9.4 per cent in 2012), are the only local municipalities who experienced a decrease in percentages of households with off-site piped water. Conversely, Mfolozi, Ntambanana, uMlalazi and Mthonjaneni recorded increasing proportions in households with off-site piped water. It is clear that uThungulu district is on par with KZN province in terms of improvements in water availability to the households in the district (table 12).

### 11.3 Access to electricity

Electricity access is increasingly at the forefront of government's worry, especially in the poorest countries (World Energy Outlook, 2011). Figure 8 represents the percentages of population with access to electricity in KZN and in uThungulu district as well as the local municipalities within the district in 2001 and 2012. In 1996, household access to electricity connections was at a lower level of percentage. The increase in electricity connections is now the second biggest infrastructure achievement in the uThungulu district municipality since 1999.

**Figure 8: Percentage share of households in KZN and uThungulu with electricity connection in 2001 and 2012**



Source: Global Insight, 2014

Access to electricity connections has; however, increased in KZN from 61 per cent in 2001 to 78.6 per cent in 2012. Uthungulu's electricity connection increased significantly from 54.1 per cent in 2001 to 76.1 per cent in 2012. Regardless of the positive trend shown in figure 8, approximately 8.8 per cent of the population residing in uThungulu district are still without electricity (figure 8).

## 12. Tourism

Table 13 shows tourism spending in KwaZulu-Natal and uThungulu district in 2001 and 2012 as well as the municipalities within the uThungulu district. In South Africa tourism is regarded as a growth catalyst and a contributor towards the economic upliftment of poorer regions (Saayman, Saayman & Wim Naude, 2000). It is also one of the most rapidly expanding industries with tourist arrivals growing by +5.0 per cent worldwide in 2014 (World Trade Organisation, 2014). According to Department of Travel and Tourism (2013), tourism contribution to the global GDP was at 9.3 per cent in 2012 and was estimated to have risen by 3.2 per cent in 2013.

In KZN tourism spending increased more than doubled between 2001 and 2012. It is also clear that an enormous increase in tourism spending from about R597 million in 2001 to an estimated R1 946 million in 2012 was realized in uThungulu district.

**Table 13: Tourism spending in KZN and uThungulu in 2001 and 2012**

	Tourism Spending		Tourism Spending as % of KZN Tourism Spending		Tourism Spending as % of uThungulu Tourism Spending	
	2001	2012	2001	2012	2001	2012
KwaZulu-Natal	9 183 290	28 161 435	100	100		
Uthungulu	597 991	1 946 112	6.5	6.9	100	100
Mfolozi	29 538	132 885	0.3	0.5	4.9	6.8
uMhlatuze	325 473	1 334 986	3.5	4.7	54.4	68.6
Ntambanana	35 456	59 345	0.4	0.2	5.9	3.0
uMlalazi	158 259	276 185	1.7	1.0	26.5	14.2
Mthonjaneni	20 145	64 372	0.2	0.2	3.4	3.3
Nkandla	29 120	78 339	0.3	0.3	4.9	4.0

Source: Global Insight, 2014

It can also be realised from the table that tourism spending in KZN grew by an estimate of 206.7 per cent from 2002 to 2012 whereas in uThungulu it grew by 225.4 per cent in the same period. Among the six local municipalities, uMhlatuze is the urban hub of the district because of the port of Richards Bay. Hence, it is the most contributor to uThungulu tourism spending with an estimated R1 334 million which accounts for 68.6 per cent of the district's tourism spending trailed by uMlalazi at 14.2 per cent. The least contributor is Ntambanana at an estimated R59 million which was 3 per cent of the district's tourism spending. According to uThungulu District Municipality Annual Report (2004), the district municipality wishes to link Ntambanana with Hluhluwe-Umfolozi Game Reserve so as to increase its tourism potential.

**Table 14: Tourism spending as a percentage of GDP in 2001, 2006 and 2012**

	<b>2001</b>	<b>2006</b>	<b>2012</b>
KwaZulu-Natal	5.4	7.1	5.7
Uthungulu	3.6	5.2	4.6
Mfolozi	57.8	97.7	1.0
uMhlathuze	4.8	7.6	7.7
Ntambanana	1.7	2.0	1.1
uMlalazi	7.4	7.7	5.1
Mthonjaneni	14.5	25.2	17.1
Nkandla	18.4	28.9	15.0

Source: Global Insight, 2014

Table 14 represents tourism spending as the percentage of GDP in KZN and uThungulu district. In 2001 to 2012 the province of KwaZulu-Natal realised an increase in tourism spending as a percentage of GDP from 5.4 per cent to 5.7 per cent. Tourism spending as a proportion of GDP in uThungulu district rose from 3.6 per cent in 2001 to 5.2 per cent in 2006 before decreasing marginally to 4.6 percent in 2012. Mthonjaneni contributed the highest percentage with regard to tourism spending to GDP at an estimated 17.1 per cent in 2012 trailed by Nkandla (15.0 per cent). The Phobane Lake nearby Mthonjaneni attracts many tourists for its popular water sport and fishing fans (Ncube, 2008). Although it was the highest but it had decreased from 25.2 per cent in 2006 to 17.1 per cent in 2012.

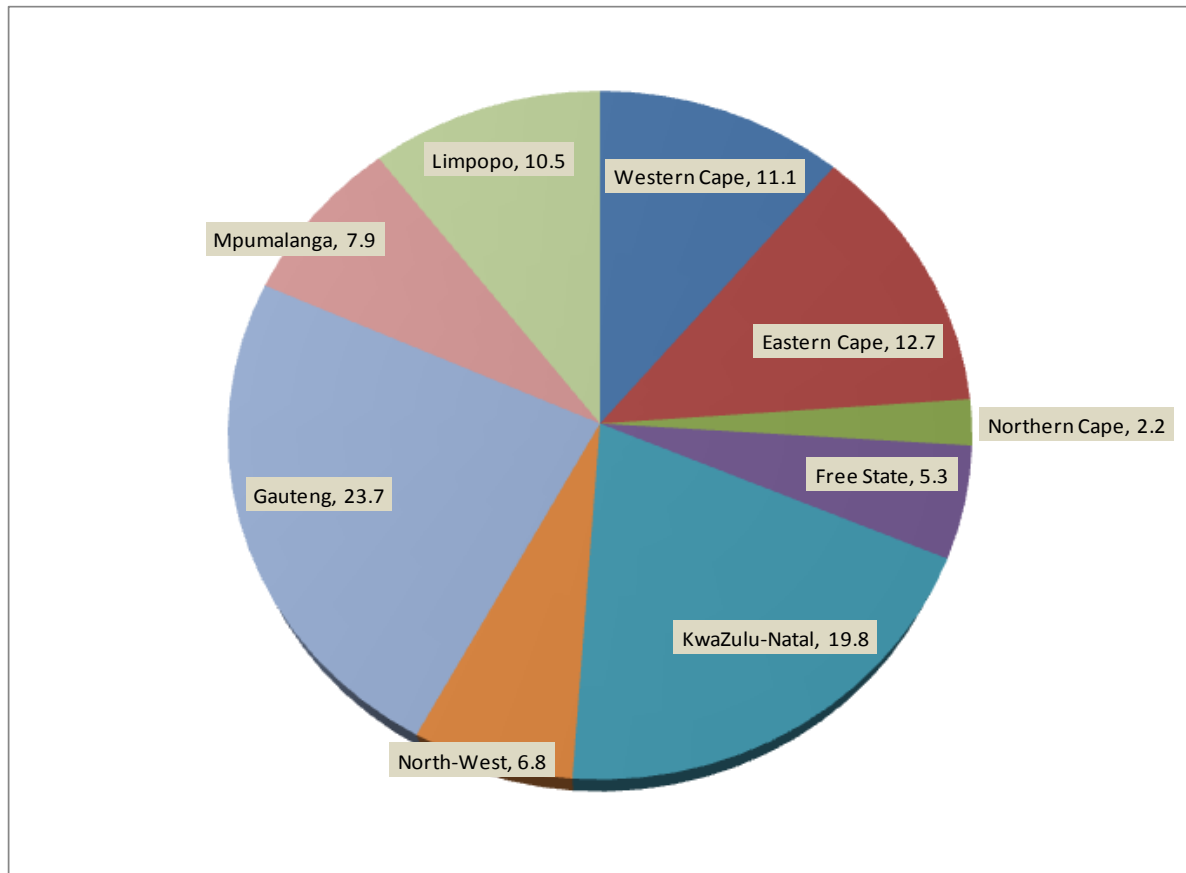
### 13. APPENDIX

**Table A1: National population size, size of the area and population density by province, 2012**

	Population size	% share of national population	Area in square km	% share of National area	Population Density
Western Cape	5,821,973	11.14	129,475	10.6	45.0
Eastern Cape	6,645,998	12.72	169,063	13.8	39.3
Northern Cape	1,125,434	2.15	373,351	30.6	3.0
Free State	2,780,723	5.32	130,007	10.6	21.4
KwaZulu-Natal	10,347,260	19.80	93,378	7.6	110.8
North-West	3,554,571	6.80	105,076	8.6	33.8
Gauteng	12,394,668	23.72	18,213	1.5	680.6
Mpumalanga	4,115,826	7.88	76,642	6.3	53.7
Limpopo	5,461,739	10.45	126,042	10.3	43.3
National Total	52,248,192	100.00	1,221,246	100	42.8

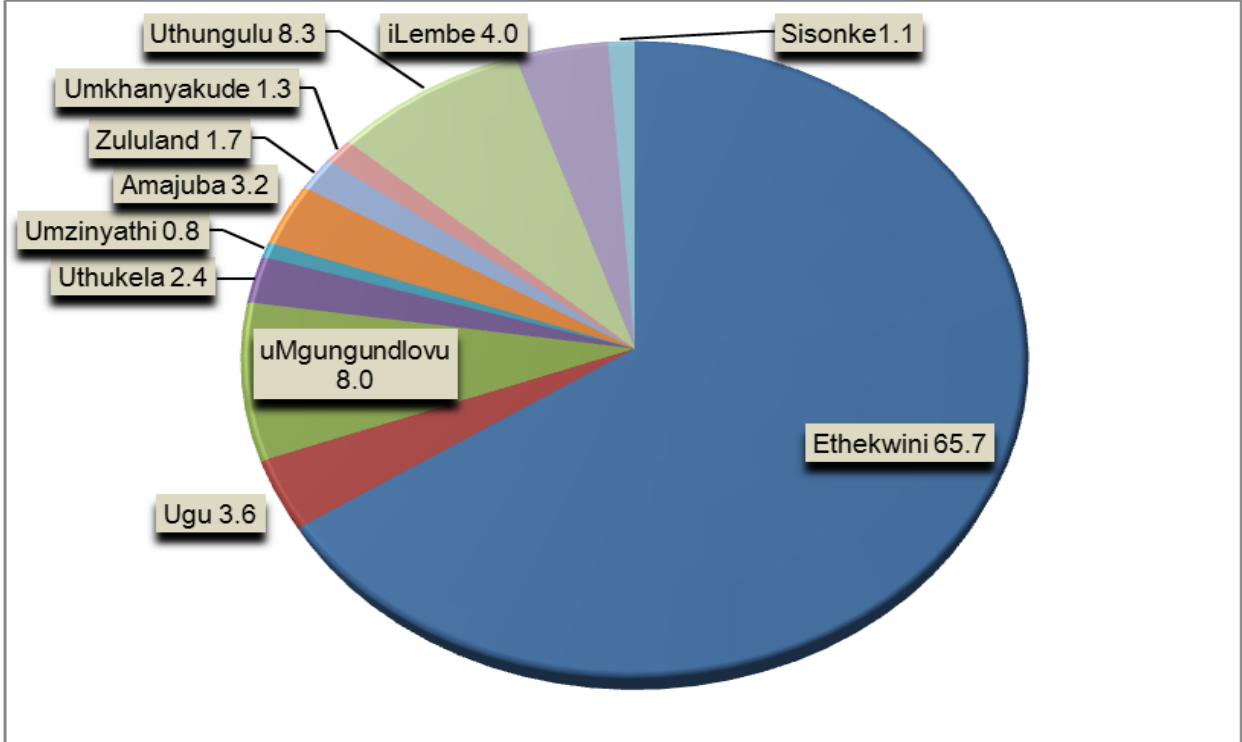
Source: Global Insight, 2014

**Figure A1: Percentage Share of Population Size by Province, 2012**



Source: Global Insight, 2014

Figure A2: Percentage contribution to KZN Real GDP by district municipalities, 2012



Source: Global Insight, 2014

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