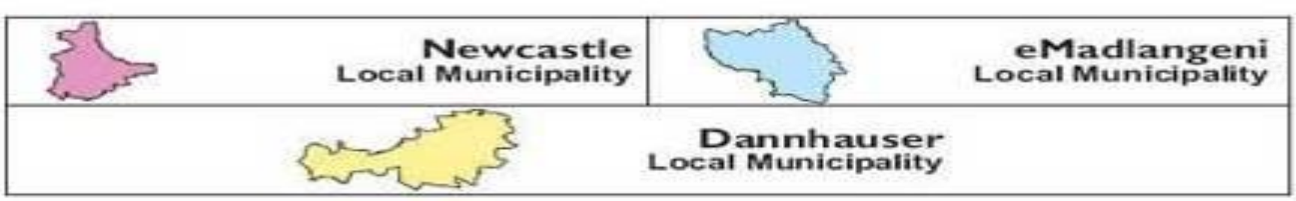
Amajuba District Municipality

Socio-Economic Profile 2014



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List of acronyms

HDI Human Development Index
GNI Gross National Income
GDP Gross Domestic Product
DM District Municipality
MM Metropolitan Municipality
LM Local Municipality
ATS Amajuba Tourism Strategy
ATP Amajuba Tourism Plan
KZN KwaZulu-Natal
NHI National Health Insurance

HIV	Human Immunodeficiency Virus
AIDS	Acquired Immunodeficiency Syndrome
IMF	International Monetary Fund
WEO	World Economic Outlook
TB	Tuberculosis
LED	Local Economic Development
SACU	South African Customs Union
SADC	South African Development Community
MRC	Medical Research Council
ASAP	African Solutions to African Problems

1. Introduction

In order to gain in-depth knowledge of the developments and an understanding of the needs of the citizens in a region of interest, it is essential that one conducts socio-economic analysis. This analysis, prepared in the form of a profile, assists in policy makers identifying developmental gaps of a community. A well-documented analysis report plays a significant role as a support aid in the acquisition and allocation of funding for initiatives which are aimed at enhancing the economic and social well-being of that region.

It is within this context that the socio-economic profile of Amajuba attempts to identify any the developments needs and challenges. The report traces problem areas and the possible causes as well as where the district municipality is performing well and how this can be achieved in other underdeveloped regions. Data used is sources from Statistics South Africa (Stats SA) and Global Insight.[1]

Amajuba is one of the eleven municipalities including eThekwini Metropolitan Municipality. The district has three local municipalities, namely Newcastle, Emadlangeni and Dannhauser. Endowed with an abundance of water, tourist attractions, highly developing transport infrastructure and quality educational, medical and community services, the district is located in the north western corner of the KwaZulu-Natal province

Newcastle is the central business hub in Amajuba, and an important region for agricultural and international trade development. It is the largest producer of chrome chemicals in Africa and has advantages in many manufacturing industries including automotive components, clothing and high quality leather goods. The town also provides a convenient transport route from KwaZulu-Natal (KZN) to other inland provinces.

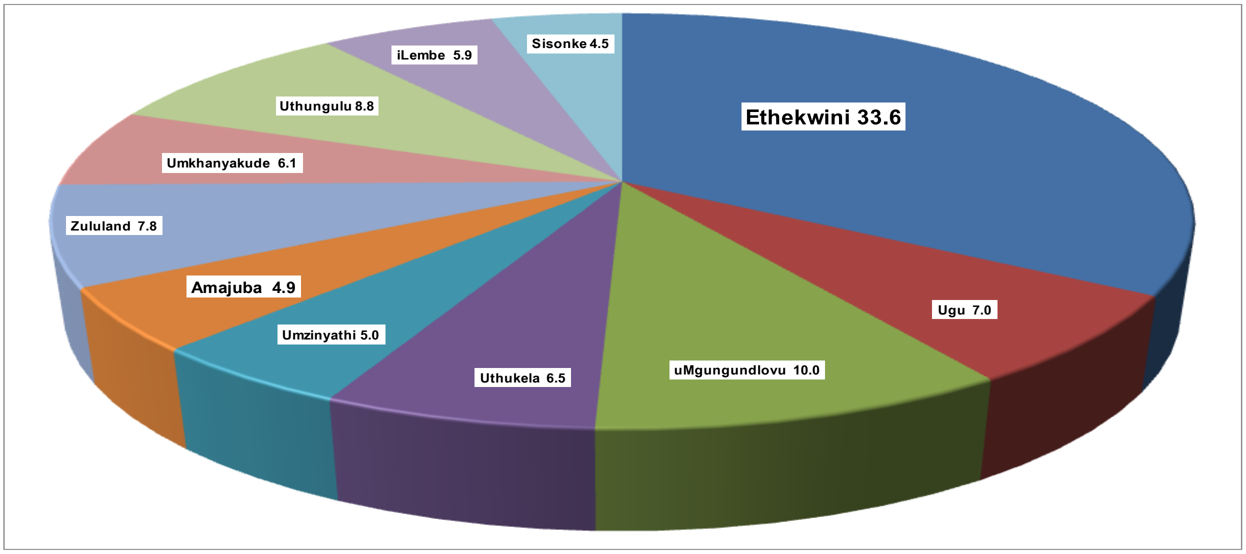
2. Demographics

2.1 Population Size

According to census (2011), the province is the second most populated in South Africa with an estimated population size of 10.3 million. Ethekwini is the most populous area in the province with a population of 3.4 million, accounting for 33.6 per cent of the total population. This is followed by uMgungundlovu, the capital of KwaZulu-Natal (KZN), with an estimated 1 million people (figure 1).

[1] Stats SA is the official data collecting, analysis and supplying agent in South Africa, while Global Insight is an independent private company which uses primary data to model National, provincial as well as local government socio-economic data. Global Insight sources data from various institutions, which include Stats SA, South African Reserve Bank (SARB), Bureau of Economic Research (BER) and others.

Figure 1: Total Population of KwaZulu-Natal by District Municipalities, 2013



Source: Global insight, 2014

Amajuba district municipality is ranked 10th out of the eleven municipalities in terms of population size, with a total population of 508 612, representing 4.9 per cent of the province's population (figure 1).

2.2 Population by Local Municipality

In terms of geographic spread, Amajuba is one smaller districts covering 6 921 square kilometers or (km^2) and thus constituting 7.4 per cent of the total provincial land area. This results to a population density of 73.5 people per square kilometer (km^2), compared to the provincial 112 persons per km^2 (table 1).

Table 1: Population, Area in Square Kilometers and Population Density, 2013

Area	Population Size	% Share of KZN Population	% Share of Amajuba Population	Area in square Km	Population Density
KwaZulu-Natal	10 456 900			93 378	112.0
Amajuba DM	508 612	4.9%		6 921	73.5
Newcastle	337 284	3.2%	66.3%	1 689	199.6
Emadlangeni	68 648	0.7%	13.5%	3 714	18.5
Dannhauser	102 679	1.0%	20.2%	1 518	67.6

Source: Global insight, 2014

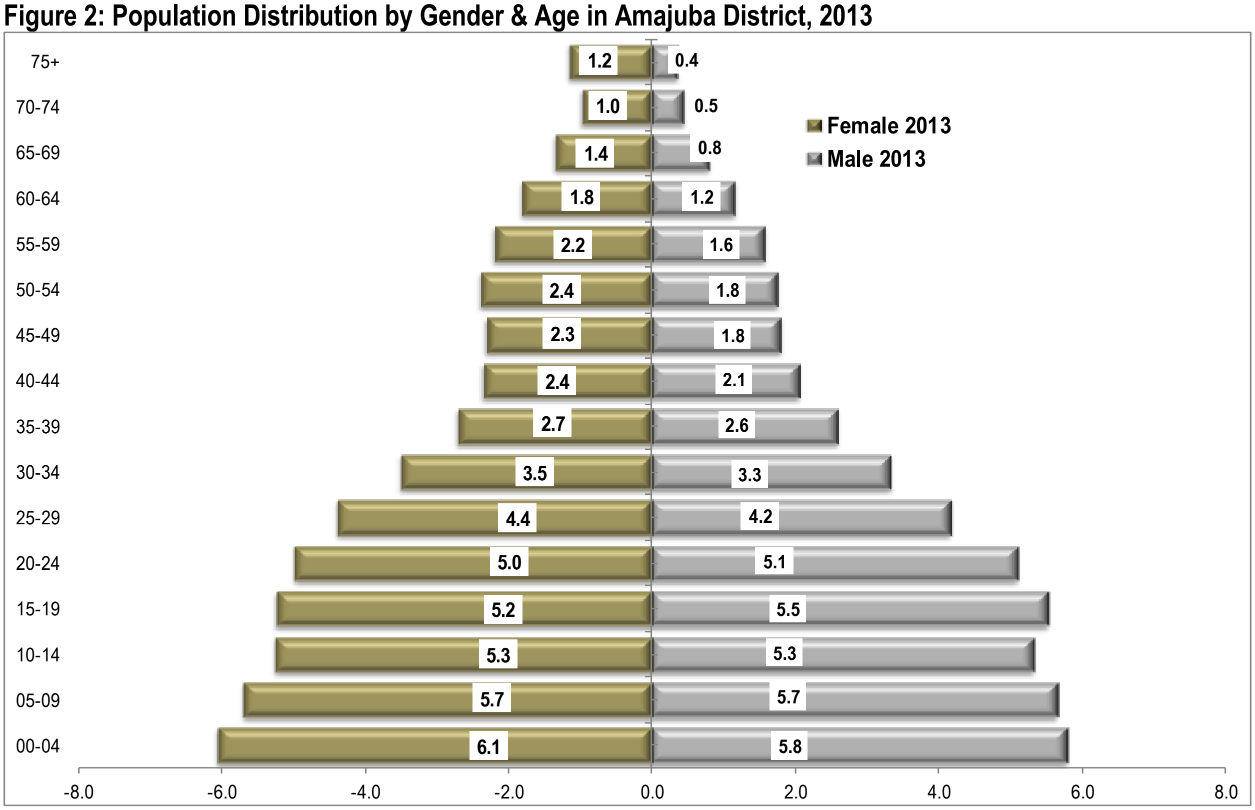
Within the district, Newcastle is the most populated municipality with an estimated 333 284 people, constituting 66.3 per cent of Amajuba and 3.2 per cent of the total provincial size. As expected, Newcastle has the largest population density of 199.6 people per square kilometer (km^2) (table 1). This can be attributed to the greater development and the economic activities taking place in this municipality. In addition, Newcastle is well known for steel production and coal-mining which attracts a number of the unskilled labour. It is therefore not a surprise that more people migrate to this economic hub of the district in search of employment opportunities and a better livelihood.

Emadlangeni is characterized of the largest size of the land area (3 714 km^2), but consists of least number of residents (68 648 persons). This leads to a marginal population density of 18.5 people per (km^2). This is due primarily to the fact that the municipality is predominantly rural and only an estimated 10 per cent of the population lives in urban areas.

2.3 Population by Gender and Age

Figure 2 shows that the population of Amajuba is predominantly youthful, with approximately 36.3 per cent of the population within the ages of 15 to 34 years. According Stats SA (2013), both the child mortality and birth rates have declined at the national level between the years 2003 to 2013 and the district is no exception. The legalization of the abortion in 1996 after the enactment of the Choice on Termination of Pregnancy Act can be regarded as the contributing factor to this, as well as increased independency of women posts democracy.

Figure 2: Population Distribution by Gender & Age in Amajuba District, 2013



Source: Global insight, 2014

The percentage share of adults older the age of 50, especially among women, increased in 2013 compared to 2003. This could be as a result of lower mortality rates among the elderly due to the advancements in the health sector in terms of the accessibility of medication for diseases such as HIV, TB and diabetes. The pyramid further indicates that women tend to outlive men in Amajuba as in most societies across the globe. Jones (2001) maintained that some of the reasons why this is the case, is that men are more likely to engage in activities which are harmful to their health such as alcohol intake and smoking. Men are also likely to par take in risky activities which make them more susceptible to life threatening injuries.

3. Economic Review and Outlook

3.1 Global and National Economic Review and Outlook

According to the International Monetary Fund (IMF, 2014), the global economic recovery is expected to strengthen, mainly pioneered by advanced economies such as the United States (US), United Kingdom (UK) and Canada which are projected to grow at 2.2 per cent, 3.2 per cent and 2.3 per cent respectively in 2014.

The fund expects emerging and developing economies ted to show modest improvement amid a number of downside risks[2]. Downside risks are however prevalent globally in the form of risks to activity from lower than expected inflation rates and low growth in advanced economies, particularly the euro area and Japan. Deficient reforms and increasing geopolitical tensions are additional downside risks which continue to dominate the global economic outlook (IMF, 2014).

Global economic growth rate was estimated at 3 per cent in 2013, 0.2 per cent lower than the growth of 2012. It is expected to grow slightly to 3.3 per cent in 2014, this projection is however revised down by 0.1 per cent from the July 2014 World Economic Outlook (WEO) (IMF, 2014).

The South African (SA) economy is plagued by a weak rand, electricity supply constraints, high interest and inflation rates, weak demand and hysterical labour disputes. Collectively, all these challenge the national economy to grow by 0.6 per cent in the second quarter of 2014. This follows a contraction of 0.6 per cent suffered in the first quarter of this year. The South African Reserve Bank (SARB, 2014) cites reduced investor confidence following the tapering of

[2] Down side risk is generally regarded as the financial risk associated with financial losses that is, the risk of difference between the actual return and the expected return. It occurs mainly when the actual return is less than the expected. It also emanates as a result of the uncertainty pertaining to the investment return (http://en.wikipedia.org/wiki/Downside_risk), accessed on the 15 July 2014.

quantitative easing by the US; the long platinum sector strike and the significant current account deficit of the balance of payments as strong contributing factors to the weakening of the economy.

Following the weak economic performance by SA during the first six months of 2014, the IMF (2014) has revised down the national outlook from 2.7 per cent to 1.4 per cent in 2014 and 2.3 per cent in 2015. The SARB [3] has also revised the forecast of the national growth rate down to 1.5 per cent, 2.8 per cent and 3.1 per cent in 2014, 2015 and 2016 respectively.

The contraction in the gross domestic product (GDP) during the first quarter of 2014, the striking decline in the purchasing managers' index (PMI)[4], stark rise in producer inflation and the worsening trade deficit are collectively cited as confirming the beginning of tough economic environment. Furthermore, the SARB's leading indicator of economic activity[5] had been buoyant during the first two quarters of 2014, reflecting restrained growth expectations.

3.2 KwaZulu-Natal Economic Review and Outlook

KZN is one of the key provinces in the national economy in terms of GDP contribution. The estimated real GDP generated by the province amounted to approximately R328.9 billion in 2013, making KZN the second largest contributor to the economy of the country at 16.5 per cent, after Gauteng with 36.1 per cent. This was however slightly above 14.8 per cent recorded in the Western Cape (KZN Provincial Treasury, 2014).

Given the economic activities that take place within eThekwini, it is therefore not surprising that the total provincial output is predominantly concentrated in the metro at 66.2 per cent. This is followed by uThungulu with 8.1 per cent and uMgungundlovu with 7.9 per cent. The least contributing districts are Umzinyathi, Harry Gwala and Umkhanyakude at the estimated rate of 0.8, 1.1 and 1.2 per cent respectively KZN Provincial Treasury, 2014).

[3] See the Monetary policy Committee (MPC) speech by the Governor of the SARB, dated 18/9/2014, accessed on the 1st of October 2014 and available from https://www.resbank.co.za/Lists/Newsper cent20andper cent20Publications/Attachments/6337/MPCper cent20Statementper cent20Julyper cent202014per cent20final.pdf,

[4]The PMI is an indicator of the economic performance of the manufacturing sector. It is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. A PMI of more than 50 represents expansion of the manufacturing sector, compared to the previous month. A reading under 50 represents a contraction, while a reading at 50 indicates no change (http://www.investopedia.com/terms/p/pmi.asp).

[5] The composite leading indicator indicates the direction of economic activity in the next 6 to 9 months (http://www.investopedia.com/terms/c/cili.asp)

Following the global and national trends, the provincial economy recorded a seasonally adjusted and annualized quarterly increase of 1.95 per cent in the first quarter of 2014, compared to the 1.83 per cent recorded during the fourth quarter of 2014.

The barometer is one of the most relied upon indicators of the KZN province's economic performance. The barometer declined in May due to slow economic growth and high economic stress. An increase of 0.5 per cent in the KZN growth index was observed, however the economic stress index rose by 2.4 per cent, indicating the rise in inflation, interests and unemployment. According to the Barometer (2014), the economy appears to be experiencing stagflation and this will result in both national and provincial growth being lower than desired this year.

3.3 Amajuba Economic Performance

Table 2 indicates that Amajuba has had a slight declining contribution to the real GDP of KZN over the period 2003 to 2013, both by district as a whole as well as by the local municipalities. This disturbing trajectory is also pertinent in the local municipalities within the district. This downward trend in could be attributed to the downfall of the manufacturing sector over the period under consideration. The slow growth in mining and community services which, historically, have been the economic drivers in the district have also contributed to this lower economic performance by the district (see table A1 in the appendix). The economic performance in Amajuba is highly concentrated in Newcastle, contributing 79 per cent to the GDP of the district. Emadlangeni trails far behind at 12.4 per cent. Dannhauser is the least contributing municipality with 8.8 per cent of the district's GDP (figure A1 in the appendix).

Table 2: Contribution by Amajuba to the GDP of KZN in 2003, 2007 and 2013

	Gross Domestic Product			Gross Domestic Product %		
Area	**2003**	**2007**	**2013**	**2003**	**2007**	**2013**
KwaZulu-Natal	231 403 066	285 621 432	328 906 701			
Amajuba	8 347 755	9 903 652	10 410 409	3.61%	3.47%	3.17%
Newcastle	6 622 083	7 995 220	8 343 328	2.86%	0.28%	2.54%
Emadlangeni	1 034 713	1 194 867	1 292 417	0.45%	0.42%	0.39%
Dannhauser	690 959	713 563	774 664	0.30%	0.25%	0.24%

Source: Global insight, 2014

3.3.1 Per Capita Income

Per capita income is the gross national income of a country divided by its' total population (Todaro & Smith, 2012). It measures the average amount of income citizens earn in a specific area in order to determine their living standards and quality of life[6]. Average income per capita in SA has grown from an estimated R27 521 in 1993 to R38 734, in real terms, in 2011 (Bishop, 2012). This constituted as growth rate of 41 per cent over the 18 year period. The growth rate in KZN per capita income is more remarkable, thereby more than doubling in just 10 years (table 3). Between 2003 and 2012, per capita income in KZN grew by over 120 per cent. This shows that people in SA, particularly in KZN are far better off than they were prior to 1994.

Table 3: Annual per Capita Income in KZN and Amajuba; 2003, 2007 and 2013

	Annual per capita income		
Area	**2003**	**2007**	**2013**
KwaZulu-Natal	14 752	21 674	35 135
Amajuba	11 271	16 432	26 243
Newcastle	12 801	18 479	29 264
Emadlangeni	11 980	16 996	25 442
Dannhauser	6 108	9 482	16 856

Source: Global insight, 2014

Unfortunately the same cannot be said for Amajuba and the respective local municipalities whose per capita income has been below par. Per capita income in Amajuba was R24 166 in 2012 from R16 432 in 2007 and R11 271 in 2003. Although there was a huge improvement in over this period, the current per capita income still lies below the national average estimated in 2011. Table furthers reveals that, in terms of the per capita income, Newcastle has better quality of life and living standard than the other less developed and more rural Emadlangeni and Dannhauser municipalities. The per capita income of Newcastle had been above the average district average over the years 2003, 2007 and 2013.

3.3.3 Sector Performance Analysis

Table 4: Amajuba DM Sector Performance Analysis, 2003, 2007 and 2013

Sector	**2003**	**2007**	**2013**
Primary	**8.3%**	**6.7%**	**9.2%**
Agriculture	5.0%	4.6%	4.1%
Mining	3.3%	2.0%	5.1%
Secondary	**37.7%**	**37.2%**	**26.2%**
Manufacturing	33.4%	32.8%	21.1%
Electricity	2.6%	2.2%	2.6%
Construction	1.7%	2.3%	2.5%
Tertiary	**54.0%**	**56.1%**	**64.6%**
Trade	9.7%	9.4%	12.0%
Transport	8.7%	8.5%	9.1%
Finance	13.0%	14.6%	13.8%
Community services	22.5%	23.6%	29.7%

Source: Global insight, 2014

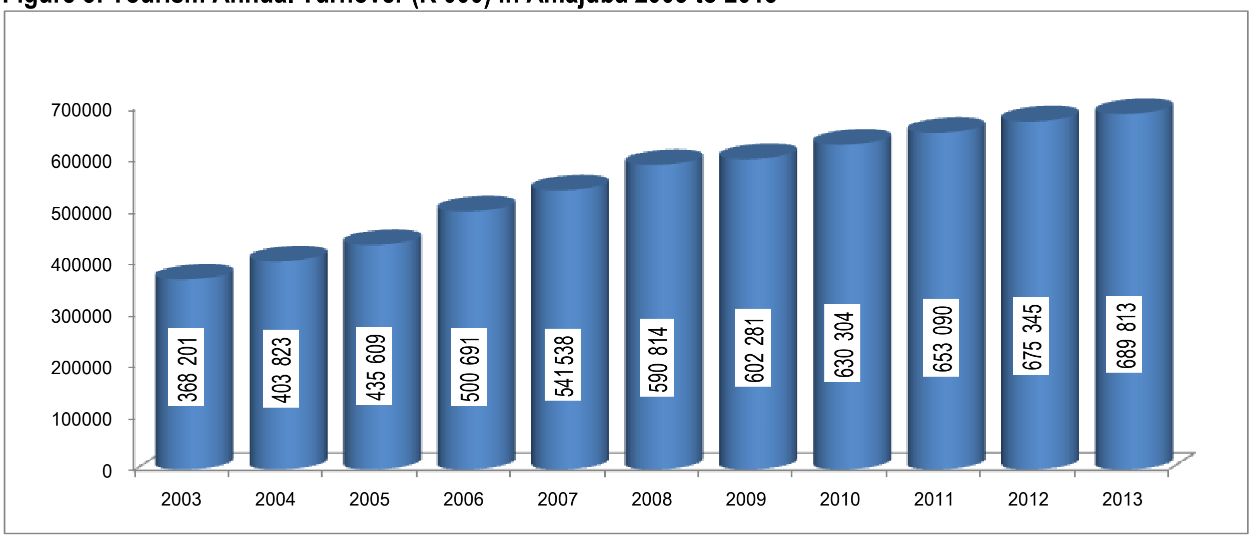
[6] See Investopedia (2014), available at http //:www.investopedia.com/terms/i/**income-per-capita**, access on the 29th of August 2014.

The tertiary sector has been the most dominant contributor to the economy of Amajuba in the period of 2003 to 2013. In the 10 year period, the sector's contribution grew by approximately 10.6 per cent, rising from 54 per cent in 2003 to 64.6 per cent in 2013. Community Services had been the key driver of this robust contribution in the sector, with an increase in contribution of 7.2 percentage points reaching 64.6 per cent in 2013. Over the same period, the percentage share of the secondary sector shrunk from moderately from 37.7 per cent to 26.2 per cent. The primary sector's contribution however, improved slightly by 0.9 percentage point to 9.2 per cent in 2013.

4. Tourism

Figure 3 evinces that, tourism in Amajuba generated an estimated annual turnover of R 689.8 million in 2013 and attracts numerous visitors to the district. The industry's contribution to the economy of the district has almost doubled its turnover in the period 2003 to 2013 which suggests that great potential lies in Tourism.

Figure 3: Tourism Annual Turnover (R'000) in Amajuba 2003 to 2013



Source: Global insight, 2014

Tourism has since become one of the main focus areas of growth and development in Amajuba and SA as a whole. The industry has been identified and documented in the Amajuba local economic development (LED) plan as key to the advancement of the district. As part of the district's Integrated Development Plan (IDP), tourism plan for the district was developed in 2004 as a sector plan. This was later followed by the Amajuba Tourism Strategy (ATS) in 2012 which aimed at revitalizing and reviewing the progress of the tourism industry in the district as well as identify further opportunities and challenges in the region regarding this industry. The ATS aims to unleash the tourism potential of Amajuba to benefit its citizens through employment creation, employment opportunities and the development of the district.

Amajuba is commonly known for the following tourist attraction activities:

- Eco-tourism, including the Amajuba Birding meander as well as other birding, hiking, canoeing and nature based activities.
- Cultural and Historical, including the Mangosuthu Arts and Craft centre and the battlefields where the Boer, British and Zulu battles took place.
- Events, such as the Newcastle Winter festival and sporting competitions.
- Adventure – 4x4 trails, white water rafting and kayaking, abseiling, gliding and micro-lighting, quad bikes and equestrian.
- Hunting and fishing.

5. International Trade

5.1 Overview of South African Trade

Participation in the international trade has advanced immensely since the admittance of SA into the World Trade Organization (WTO) in 1995. The country has membership in various regional trade agreements and trade blocs such as the South African Customs Union (SACU) and South African Development Community (SADC). These blocs allow for a more efficient flow of goods between partner countries and countries which are part of trade blocs will generally benefit from more favourable trade terms, better market access, economies of scale and job creation. [7]

Due to deterioration in the prices of commodities, exports and high imports of fuel and high value added goods, SA has been mainly experiencing trade deficits. The country is mineral rich and is the largest exporter worldwide of chromium and platinum which constitute 8 per cent of total national exports. Additional important exports in the economy include gold (8 per cent), coal (6 per cent), iron ores (7 per cent) and motor vehicles and car parts (5 per cent). The main imports include goods such as fuel (24 per cent of total imports), motor vehicles (10 per cent), electronics (3 per cent) and pharmaceuticals (2 per cent). South Africa's major trading partners are Japan (10 per cent of exports and 6 per cent of imports) and Germany (7 per cent of exports and 11 per cent imports). Others include: US, China and UK (DTI, 2013).

[7] Economics online (2014): Trade Blocs. *Economy,* accessed on the 19 August 2014f and available from http://www.economicsonline.co.uk/Global_economics/Trading_blocs.html

5.2 Exports

A country will export[8] if it is able to sell goods at a profit after costs such as transport, tariffs and other trade barriers. The estimated total value of exports has more than doubled in KZN, between 2003 and 2013. In Amajuba as a whole, exports have grown by 31.76 per cent over the period under review. As expected, Newcastle has the greatest export of exports at R628.4 million in 2013, representing 86.9 per cent of total exports in Amajuba.

Dannhauser had the greatest export growth in the value of export between the period 2003 and 2013. This value increased significantly by over 300 per cent. This can be attributed to Sesikhona Kliprand colliery, a subsidiary of Miranda Minerals, acquiring rights to mine coal in Dannhauser in 2009. Sesikhona holds mining rights issued by the Department of Minerals and Energy over four bordering farms located in the magisterial district of Dannhauser. The mine has an estimated resource capacity of about 22 million tons of high-grade anthracite (Mining Weekly, 2009). Emadlangeni is currently the second largest exporter in the district (table 5).

Table 5: Total Value of Exports in KZN and Amajuba; 2003, 2007 and 2013

	Total Trade		
	2003	2007	2013
KwaZulu-Natal	50 909 164	68 699 014	105 066 753
Amajuba DM	493 453	498 891	723 247
Newcastle	438 650	448 302	628 431
Emadlangeni	49 056	44 803	71 452
Dannhauser	5 746	5 786	23 364

Source: Global insight, 2014

5.3 Imports

Table 6: Total value of Imports in KZN and Amajuba; 2003, 2007 and 2013

	Total trade		
	2003	2007	2013
KwaZulu-Natal	33 553 144	73 113 992	15 030 4472
Amajuba DM	204 877	217 002	411 113
Newcastle	182 708	190 772	303 682
Emadlangeni	21 372	25 047	105 437
Dannhauser	797	1 182	1 994

Source: Global insight, 2014

Imports are goods and services which are purchased from international markets either because there is a shortage in the domestic country or because they can be imported more cheaply than produced locally. It is ideal for a nation to

[8] Exports are goods and services which a country sells to foreign countries because there is demand for them and possibly because, in addition to that, the domestic country has a competitive advantage in them.

have as little imports as possible as this means the country is less dependent on other countries. In 2013, KZN had import worth over R150 billion. This is more than quadruple the value of imports in 2003 and more than double that of 2007. Amajuba had exports valued at R411.1 million in 2013. More than 73 per cent of these imports were by Newcastle. The remaining balance of about 27 per cent was shared between Emadlangeni and Dannhauser. The value of imports by Dannhauser had very minimal; it however grew by 150 per cent between 2003 and 2013.

5.4 Balance of Trade

A balance of trade, also known as net exports, is defined as the difference between exports and imports. A positive balance of trade is ideal as this means more foreign income injected than going of a country. KZN has been experiencing trade deficits, which is similar to what has been happening nationally. Following the national trend, the provincial trade deficit has grown substantially over the past five years. Amajuba, wholly, has had a healthy trade balance which has grown steadily in the analysis period. The growth in Dannhausser's trade balance echoes the rapid growth in exports in the municipality.

Table 7: Balance of trade in KZN, Amajuba DM and LMs in 2003, 2007 and 2013

	Balance of trade		
	2003	**2007**	**2013**
KwaZulu-Natal	17 354 857	(4 423 091.69)	(45 237 718.58)
Amajuba	288 453	281 593.98	312 133.15
Newcastle	255 832	257 270.70	324 748.43
Emadlangeni	27 672	19 722.12	(33 984.69)
Dannhauser	4 949	4 601.16	21 369.41

Source: Global insight, 2014

6. Labour Markets

Labour market changes have an influence in the economic performance and growth of the country. Inherently, there is a positive relationship between employment and higher economic growth, and the opposite is expected between lower economic growth and unemployment rate. It is expected that as the economy gains strength, employment is likely to increase and if the economy decrease employment is likely to decrease. However, SA Africa is faced with high levels of unskilled labour which is unemployable. Therefore the government has created various strategies such as learnership programmes, FET colleges, SETA and many other strategies for skills development. The Skills creation programme is also aiming at addressing the unequal distribution of wealth in the country (KZN Treasury, 2013/14).

6.1 Employment

According to Stats SA (2014), the total number of people employed continues to increase despite the changes in the labour market. Employment increased by 39 000 between quarters one and two of 2014, while unemployment increased by 87 000 resulting in an increase of 126 000 persons in the labour force. Consequently, official unemployment rate increased by 0.3 of the percentage point to 25.5 per cent in the second quarter of 2014. The expanded unemployment rate reached 35.6 per cent in second quarter of this year.

6.2 Employment trends in KZN

According Stats SA (2014), the total number of people employed, declined by 47 000 or 1.8 per cent, quarter-to-quarter in KZN during the second quarter of 2014. Stats SA (2014) further indicates that year-on-year employment, however increased by 1.7 per cent between the second quater of 2013 and quarter two of 2014. Table 8 shows that the total number of people employed in the province increased from the approximated 2 million in 2003 to 2.4 million in 2013. This represented a robust annual average growth rate of 2.9 per cent between 2003 and 2006, which unfortunately dropped to 1.5 between 2006 and 2013

.

In Amajuba the total number of people employed increased slightly by an average annual growth rate of 1 per cent between 2003 and 2006. This however contracted by an average 0.4 per cent between 2006 and 2013. This trend is pertinent in both Newcastle and Emadlangeni, while Dannhauser maintained slight average annual growth rates over the periods (table 8).

Table 8: Employment trend, 2003 to 2013

	2003	2006	2013	Average Annual Growth Rate (%)	
				2003 to 2006	2006 to 20013
KwaZulu-Natal	1 976 293	2 150 256	2 392 337	2.9	1.5
Amajuba	88 352	90 952	88 195	1.0	-0.4
Newcastle	63 817	65 447	63 149	0.8	-0.5
Emadlangeni	14 025	14 830	13 806	1.9	-1.0
Dannhauser	10 510	10 675	11 240	0.5	0.7

Source: Global Insight, 2014

6.3 Employment by Sector

Stats SA (2014) indicates that, the 403 000 increase in the number of people employed nationally during the second quarter of 2014 was largely due to increases observed in the *community & social service*, *trade* and *private household* which rose by 265 000, 92 000 and 75 000 respectively. In KZN, tertiary sector plays a vital role in job creation, thereby contributing an estimated 72.3 per cent of the total employment in the province in 2013. The largest proportion, constituting of about a third of all these jobs was from government. This was followed by trade at 13.6 per cent, mainly due to *wholesale, retail trade & hotels & restaurants*. Finance (10.5 per cent) and private households (12.3 per cent) are also critical contributors to employment in the province (table 9).

The secondary and primary sectors contributed 19.1 per cent and 8.6 per cent respectively. Manufacturing is the key driver of employment in the secondary sector at 9.9 per cent, followed closely by construction at 8.3 per cent in 2013. Within manufacturing *automobiles and textiles* are the main *sub industries* contributing significantly in employment (table 9).

Table 9: Employment by industries, 2013

	KwaZulu-Natal	Amajuba	Newcastle	Emadlangeni	Dannhauser
Primary Sector	**5.3**	**5.3**	**6.2**	**5.1**	**8.6**
Agriculture	4.2	4.2	3.7	2.6	6.2
Mining	1.1	1.1	2.5	2.5	2.4
Secondary Sector	**22.2**	**22.2**	**18.4**	**18.6**	**19.1**
Manufacturing	15.4	15.4	12.3	12.9	9.9
Electricity	0.4	0.4	0.7	0.7	1.0
Construction	6.4	6.4	5.4	5.1	8.3
Tertiary Sector	**72.4**	**72.4**	**75.4**	**76.3**	**72.3**
Trade	16.2	16.2	16.8	17.8	13.6
Transport	5.9	5.9	3.8	3.5	6.3
Finance	15.3	15.3	10.6	10.8	10.5
Community services	24.0	24.0	35.2	36.8	29.6
Households	11.1	11.1	9.1	7.4	12.3

Source: Global insight, 2014

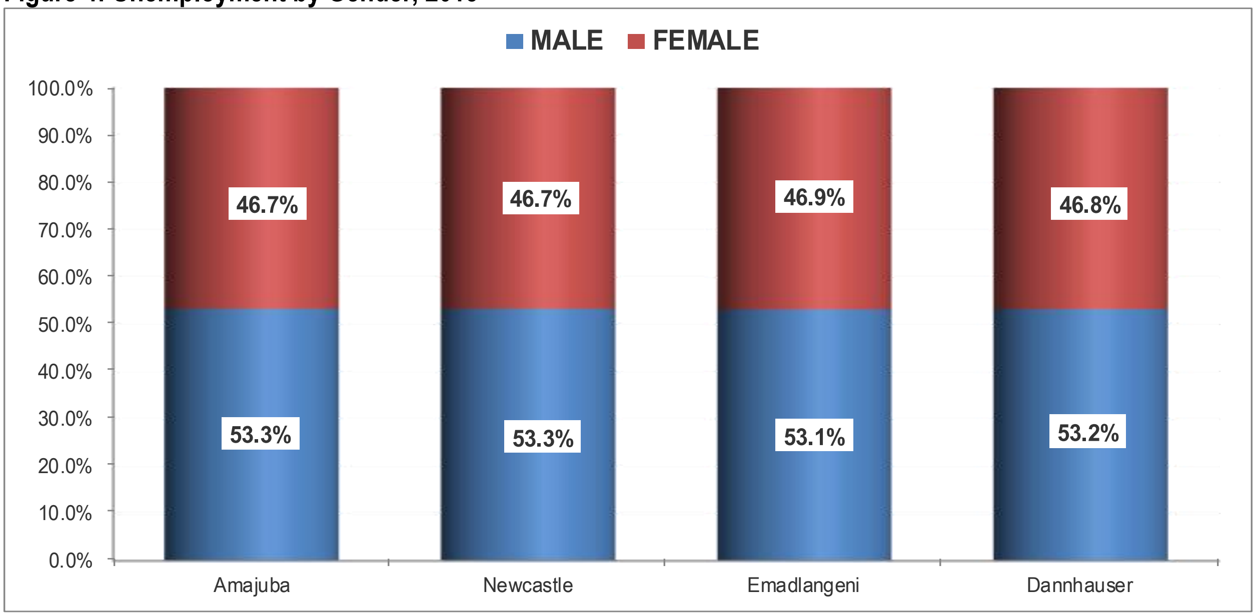
Table 9 further indicates that most employment in Amajuba is created by comes by government at 24 per cent, followed by trade, manufacturing and finance with 16.2 per cent, 15.4 per cent and 15.3 per cent respectively. Newcastle and Emadlangeni both have the comparative advantage in trade. Government is the predominant employer across municipalities in the Amajuba.

6.4 Unemployment

Unemployment is a major problem in South Africa. It not only affects an individual's living standards but it cripples the economic growth of the country. It contributes to the quick loss of skills and knowledge through disuse; it is also a contributing factor in inequality of income distribution (Barker, 1998). According to Stats SA (2014), Employment declined by 39 000 in the agricultural industry and by 24 000 in the formal sector, thereby making the number of unemployed persons to increase by 87 000.

It is through macroeconomic problems such as unemployment that government has developed strategies including among others New Growth Path, Industrial Development Strategy, Industrial Policy Action Plan and Special Economic Zone. All these strategies aim at among others, curbing of unemployment rate (KZN Treasury, 2014). The objective of New Growth Path is to place jobs and decent work at the centre of economic policy, to target at most 5 million jobs by 2030.

Figure 4: Unemployment by Gender, 2013



Source: Global Insight, 2014

Figure 4 compares unemployment rate by gender in Amajuba and its local municipalities in 2013. The level of unemployment rate was relatively the same in the local municipalities across the district, with a minimal difference, for both males and females. Within the district, unemployed for females was much lower compared to their male counterparts in 2013. This is partly due to the encouragement of females to enter the labour market, than in the olden days where females were supposed to be house wives and men to be the only people who are active economically.

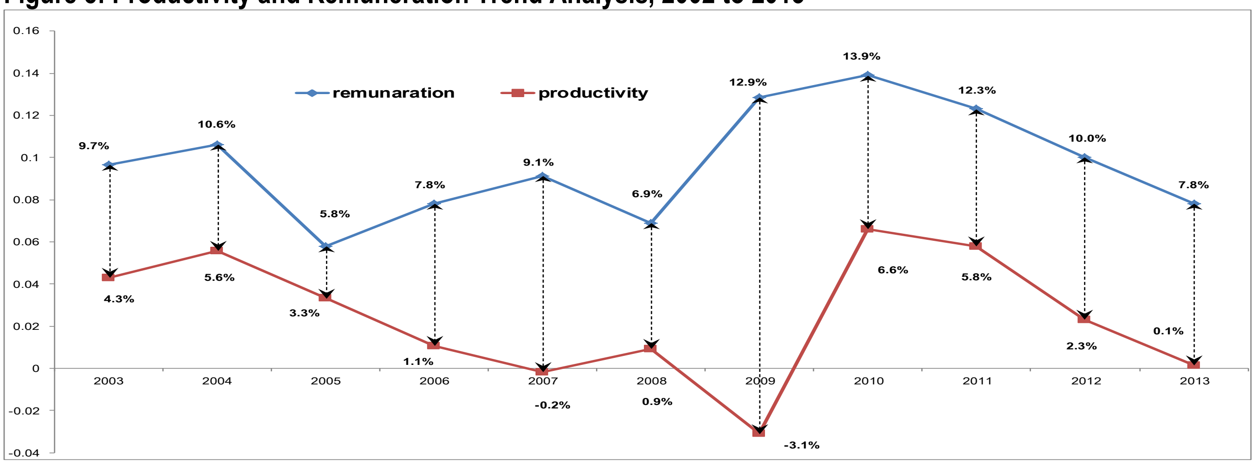
6.5 Labour Productivity

Productivity is the relationship between real output and quantity of input used to produce that output. According to Barker (1998), productivity of human resources determines their wages and does not only supports their higher levels of income, but also allows the creation of the national income that is taxed to pay for public service which in turn boost the standards of living. Improved skills and better working conditions leads to improved productivity.

Labour cost and productivity can be said to have a homogeneous relationship, increase in productivity is normally rewarded with an increase in remuneration. The more human capital is compensated the more they will be productive there by productivity levels are increased. Productivity and remuneration can be also said to have a heterogeneous relationship, whereby if the employees are paid less than what they deem to be fair, labour productivity will decrease (KZN Treasury, 2013/14).

As correctly pointed out by the Department of Labour (2014), investors are chased away due to unproductive labour. This sentiment is also expressed by the Business Times (2014), arguing that if wages go up and there is no link to efficiency, labour cost goes up, productivity goes down, the economy becomes less and less competitive internationally and locally. It is therefore evident in figure 5 below that the labour productivity in Amajuba is also a challenge. This may be due to many factors such as lack of skills, literacy rate, experience and many more.

Figure 5: Productivity and Remuneration Trend Analysis, 2002 to 2013



Source: Global Insight, 2014

Figure 5 shows the productivity and remuneration of labour trends in Amajuba during the period 2002 to 2013. From 2002 to 2013, remuneration has been exceeding productivity in Amajuba district. Remuneration that outpaces labour productivity plays a role in suppressing employment creation and hampers the district's, provincial and national competitiveness, thus crippling the economic growth of the country.

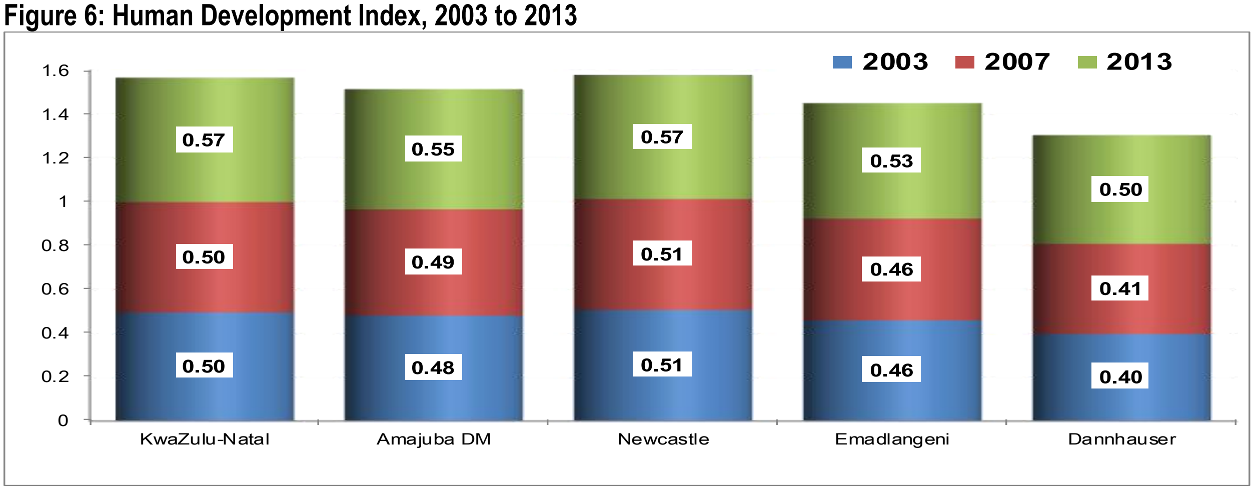
In 2009 there was a huge gap between remuneration and productivity, such that productivity went down to -3.1per cent and remuneration was at 12.9per cent, which showed a serious inefficiency in the labour force of Amajuba district. It picked up in 2010 but still the inefficiency was there. From 2009 to 2013 the remuneration percentage kept on decreasing.

7. Human Development Index

The Human Development Index (HDI) is an abstract measure of average achievement in key dimensions of human development such as a long and healthy life, being knowledgeable and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. It serves as a tool to place emphasis on people's well-being and their capabilities as a critical criterion for measuring a country's development, as opposed to solely analysing country economic growth. The HDI can also aid in critiquing national policy decisions, in an instance whereby countries with similar levels of Gross National Income (GNI) per capita turn out to have varying human development results. These disparities can spark debate about government policy priorities and hopefully result in positive amendments of policy (Brownson, 2009).

HDI ranges from zero to one, with zero being no human development and one being complete human development. HDI in KZN appears to have been stagnant between 2003 and 2007, remaining at 0.50 in both years. It however rose to 0.57 in 2013 representing an improvement in the level of human development. Amajuba as a whole was less developed than KZN; only Newcastle amongst had an HDI greater than that of the province in 2003 and 2007. In 2013, the HDIs for Newcastle and KZN were the same, with the other both Emadlangeni and Dannhauser gaining momentum thereby improving their HDI levels to 0.53 and 0.5 in 2013 for respectively.

Figure 6: Human Development Index, 2003 to 2013



Source: Global Insight, 2014

8. Education

A number of milestones have been reached in a short space of time with regards to educational infrastructure in KZN. Since 2009, the province has invested R13 billion towards the construction of 3500 modern educational facilities, replacing a total of 54 mud schools in the process. These establishments are an indication of a new era in the province of KwaZulu-Natal; better quality schools make for an environment more conducive to learning as learning becomes the chief priority (State of the province address, 2014).

The South Africa Schools Act, 1996 ensures non-discriminatory, quality education for all learners. Between 2002 and 2013, enrollment rates have nearly double from 1.8 to 2.8 million in KZN. It has become compulsory for children between the ages of 7 and 15 to be in school; this has helped in achieving universal access to education. The KZN province has robustly improved its matric results by 15.3 percentage points, from 57.8 per cent in 2008 to 77.4 per cent in 2013 (table 10). Annual National Assessments (ANA) was introduced in 2011 to monitor progress in literacy and numeracy skills of learners in the lower grades. These assessments examine learners in grades 1 to grades 6 and 9. Over this period there has been an improvement in literacy and numeracy skills.

In addition, there has been also a significant improvement in the proportion of people achieving educational milestones such as matric, as well as tertiary qualifications both in KZN and in Amajuba. The proportion of people with matric in KZN increased robustly from 21.1 per cent of KZN in 2003 to 29.4 per cent in 2013. Amajuba shares similar trajectory with this proportion increasing from 21.8 per cent to 28.8 per cent over the same period.

Table10: Education levels in KZN and Amajuba, 2003 to 2013

	KwaZulu-Natal			Amajuba DM		
	2003	2007	2013	2003	2007	2013
No schooling	**16.9%**	**12.4%**	**9.0%**	**12.4%**	**8.9%**	**6.7%**
Grade 0-2	2.4%	2.8%	2.7%	2.8%	3.2%	3.2%
Grade 3-6	15.1%	12.9%	10.9%	16.0%	13.6%	11.5%
Grade 7-9	19.2%	18.0%	16.2%	20.4%	19.0%	16.8%
Grade 10-11	17.3%	19.6%	22.3%	19.0%	20.8%	23.4%
Certificate / diploma without matric	1.0%	0.7%	0.5%	1.0%	0.8%	0.4%
Matric only	**21.1%**	**25.2%**	**29.4%**	**21.8%**	**25.3%**	**28.8%**
Matric & certificate / diploma	4.3%	4.9%	4.9%	4.8%	5.7%	6.2%
Matric & Bachelors degree	1.9%	2.4%	3.0%	1.4%	1.8%	2.2%
Matric & Postgrad degree	**0.8%**	**1.0%**	**1.1%**	**0.4%**	**0.7%**	**0.8%**

Source: Global insight, 2014

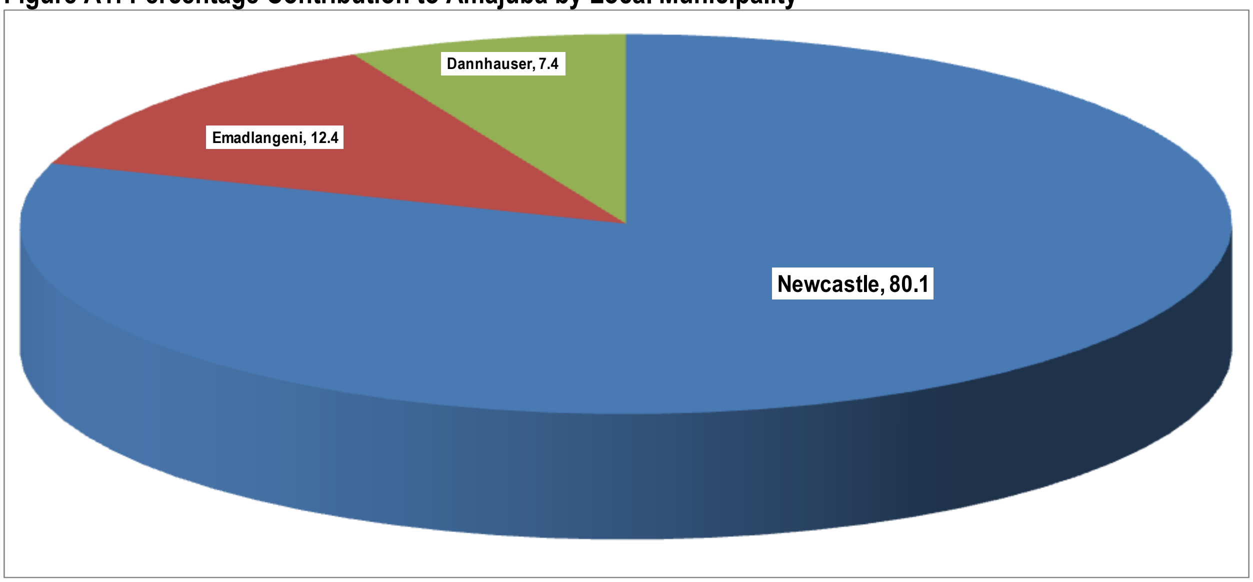
Appendix

Table A1: Sector Growth Rates in KZN and Amajuba in 1997, 2007 and 20014

	1997				2007				2014			
Industries	**Amajuba**	**Newcastle**	**Emadlangeni**	**Dannhauser**	**Amajuba**	**Newcastle**	**Emadlangeni**	**Dannhauser**	**Amajuba**	**Newcastle**	**Emadlangeni**	**Dannhauser**
Primary Sector	**16.9%**	**5.2%**	**35.0%**	**55.9%**	**6.5%**	**2.9%**	**18.6%**	**26.7%**	**7.4%**	**2.4%**	**17.9%**	**36.0%**
1 Agriculture	5.7%	3.2%	17.4%	6.6%	4.5%	2.3%	15.3%	10.8%	3.3%	1.7%	11.0%	6.3%
2 Mining	11.2%	1.9%	17.6%	49.3%	2.0%	0.5%	3.3%	15.9%	4.1%	0.7%	6.9%	29.7%
Secondary Sector	**35.7%**	**41.9%**	**24.1%**	**17.0%**	**36.4%**	**39.3%**	**26.5%**	**21.1%**	**24.9%**	**27.6%**	**18.0%**	**11.7%**
3 Manufacturing	30.1%	35.7%	19.4%	13.6%	32.1%	34.7%	23.0%	18.3%	20.1%	22.3%	14.2%	9.2%
4 Electricity	3.4%	3.7%	3.0%	2.1%	2.1%	2.3%	1.6%	1.0%	2.5%	2.8%	1.9%	1.0%
5 Construction	2.2%	2.5%	1.7%	1.4%	2.2%	2.3%	1.8%	1.8%	2.3%	2.5%	1.9%	1.5%
Tertiary Sector	**47.4%**	**53.0%**	**40.9%**	**27.1%**	**57.1%**	**57.8%**	**54.9%**	**52.2%**	**67.6%**	**70.0%**	**64.0%**	**52.3%**
6 Trade	7.4%	8.4%	5.2%	4.7%	9.2%	9.7%	7.2%	7.6%	11.9%	12.8%	9.0%	7.8%
7 Transport	7.0%	8.0%	5.0%	4.3%	8.3%	8.8%	6.5%	6.5%	8.7%	9.4%	6.7%	5.6%
8 Finance	11.4%	13.5%	9.4%	3.6%	16.4%	17.4%	15.4%	7.7%	16.1%	17.5%	14.8%	6.2%
9 Community services	21.6%	23.1%	21.3%	14.4%	23.1%	22.0%	25.8%	30.5%	30.9%	30.3%	33.5%	32.6%

Source: Global insight, 2014

Figure A1: Percentage Contribution to Amajuba by Local Municipality



Source: Global insight, 2014

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