



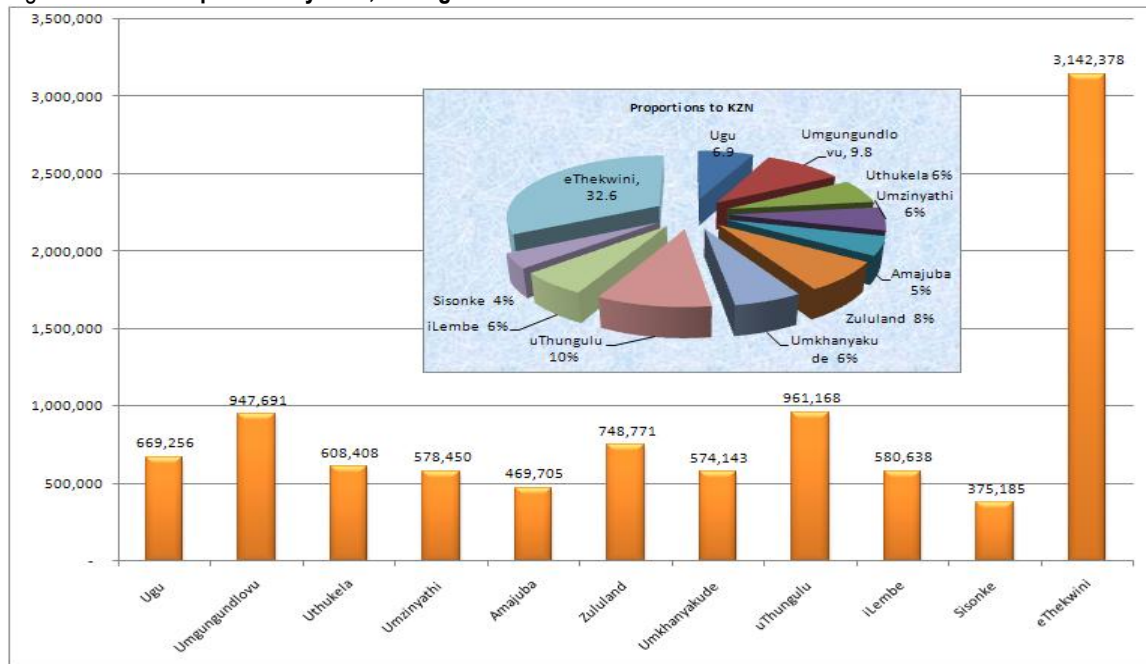
KwaZulu-Natal Provincial Treasury

UGU DISTRICT: SOCIO-ECONOMIC PROFILE

1.2 Demographics

The KwaZulu-Natal Province has both, a growing and maturing population, presenting opportunities and challenges to the province. According to Statistics South Africa mid-year estimates (2008), KwaZulu-Natal population was estimated at an average size of 10,1 million people. The largest number of these people lived in eThekweni Metro (32.6 percent of the provincial population), followed by uThungulu district (10.2%) and uMgungundlovu (10.0%). Ugu district had an estimated average population of 669,256, accounting for 6.9 percent of the provincial population between 2002 and 2008 (Figure 1.1).

Figure 1.1: Total Population by DMs, average 2002-2008

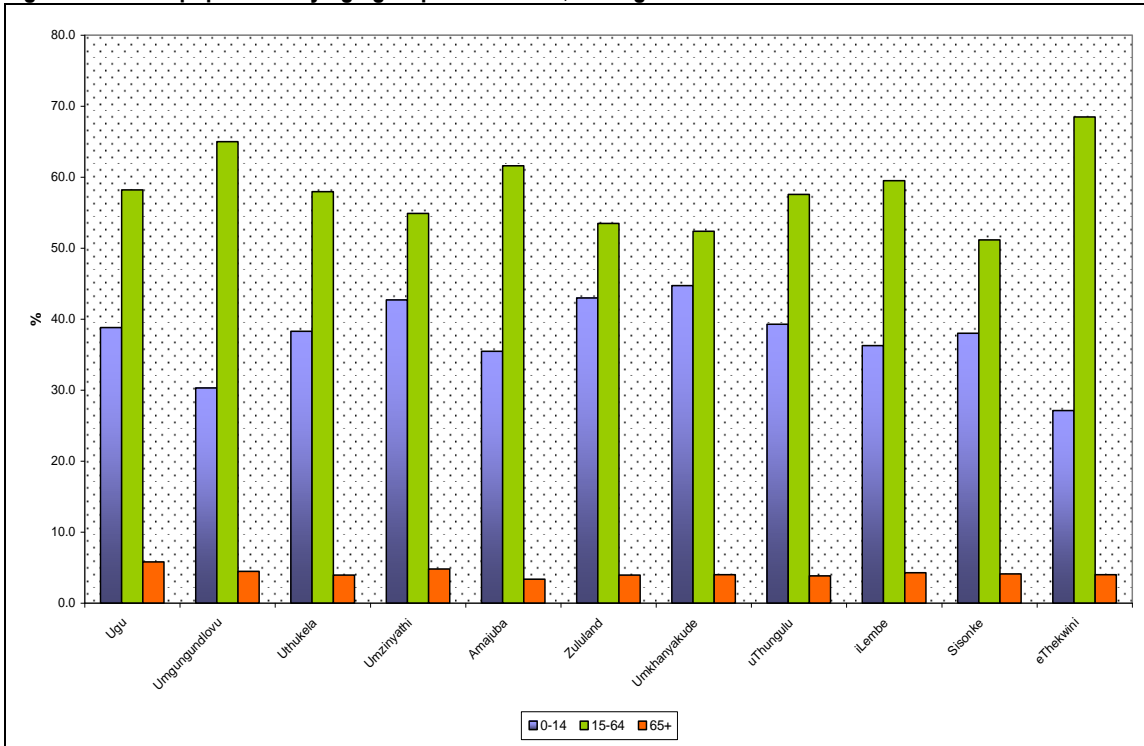


Source: Global Insight, 2008; Stats SA, 2008

Figure 1.2 shows the distribution of the population across DMs by age group. The largest proportion of the population in Ugu was the age group 15-64 years (58.8%) followed by age group 0-14 years (39.1%). The elderly population made the smallest portion of the total population.

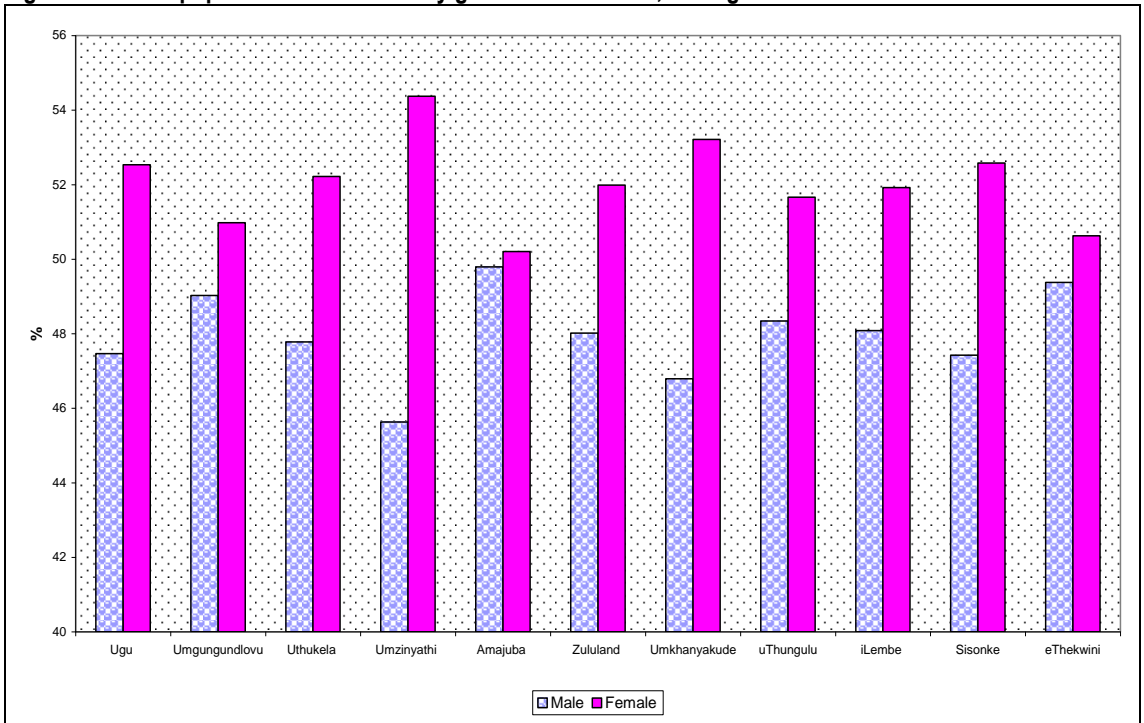
A population distribution skewed towards a working-age population tends to translate into higher unemployment levels, particularly if individuals are not appropriately skilled.

Figure 1.2: Total population by age group across DMs; average 2002-2008



Source: Global Insight, 2008; Stats SA, 2008

Figure 1.3: Total population distribution by gender across DMs; average 2002-2008



Source: Global Insight, 2008; Stats SA, 2008

Hence, the higher number of both young individuals and people in the labour force will require more spending in education (primary and secondary) and skills development.

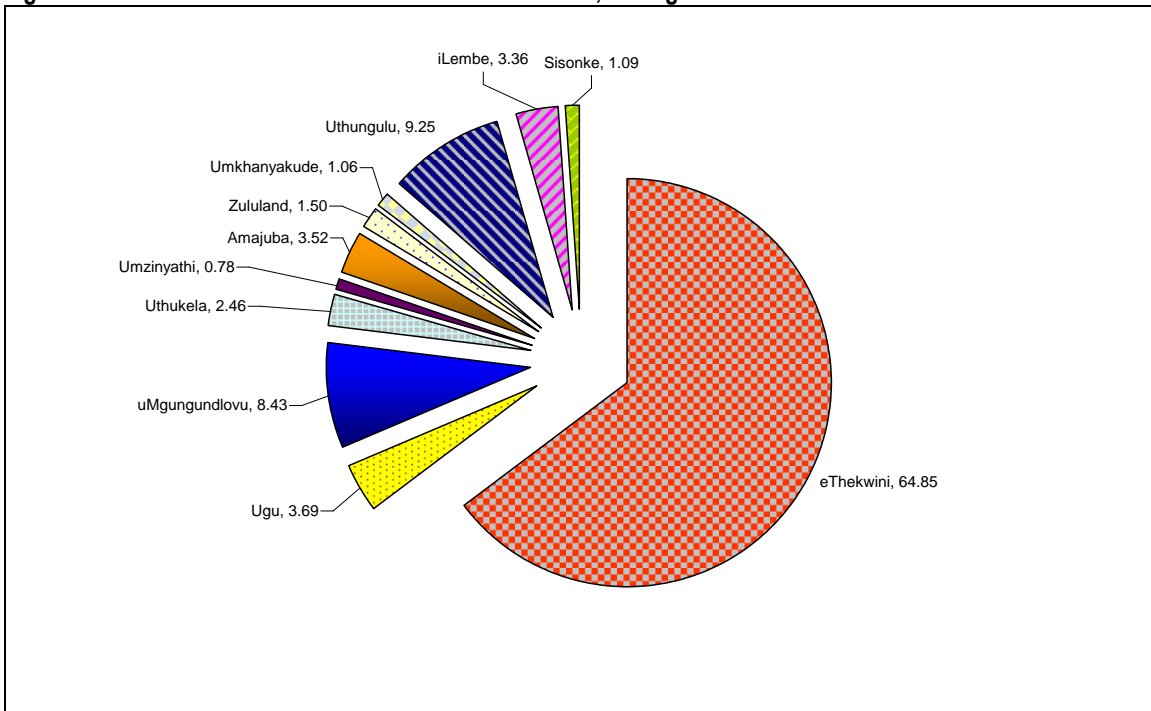
The majority of the population across all DMs was female during this period (Figure 1.3). Ugu district followed a similar pattern, with 53.0 percent of its population falling in this gender group.

1.2 Economic Outlook

1.2.1 Gross domestic product per municipality (GDP-M)

Between 2002 and 2007, the GDP for KwaZulu-Natal was estimated at an annual average of R184,8bn. There was significant growth of 29.9 percent from R162bn in 2002 to R210,4bn in 2007. Ugu was the fourth largest contributor to the provincial GDP at an annual average of 3.69 percent, after eThekweni (64.9%), uThungulu (9.3%), and uMgungundlovu (8.4%). The least contributor was Umzinyathi at 0.8 percent (Figure 1.4).

Figure 1.4: Districts contribution to KwaZulu-Natal GDP, average 2002-2007

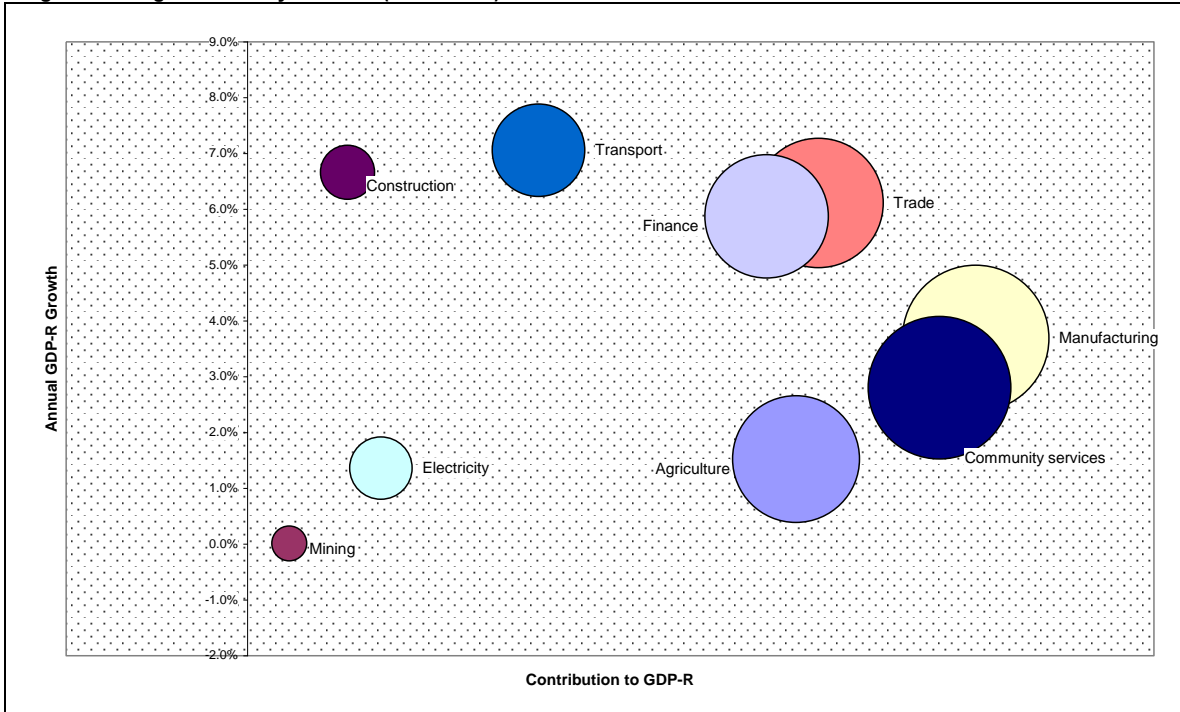


Source: Global Insight, 2008

Figure 1.5 shows Ugu's GDP-M by economic sector between 2002 and 2007. During this period the economy of the district grew by an annual average of 4.1 percent. Manufacturing, Community Services, and Trade sectors are the main economic drivers in this district. These three sectors contributed respective annual averages of 20.1 percent, 19.1 percent and 15.7 percent to the district's GDP-M between 2002 and 2007.

However, Transport was the fastest growing sector at an annual average of 7.1 percent. Mining is the only sector which did not experience any growth.

Figure 1.5: Ugu GDP-M by Sectors (2002-2007)

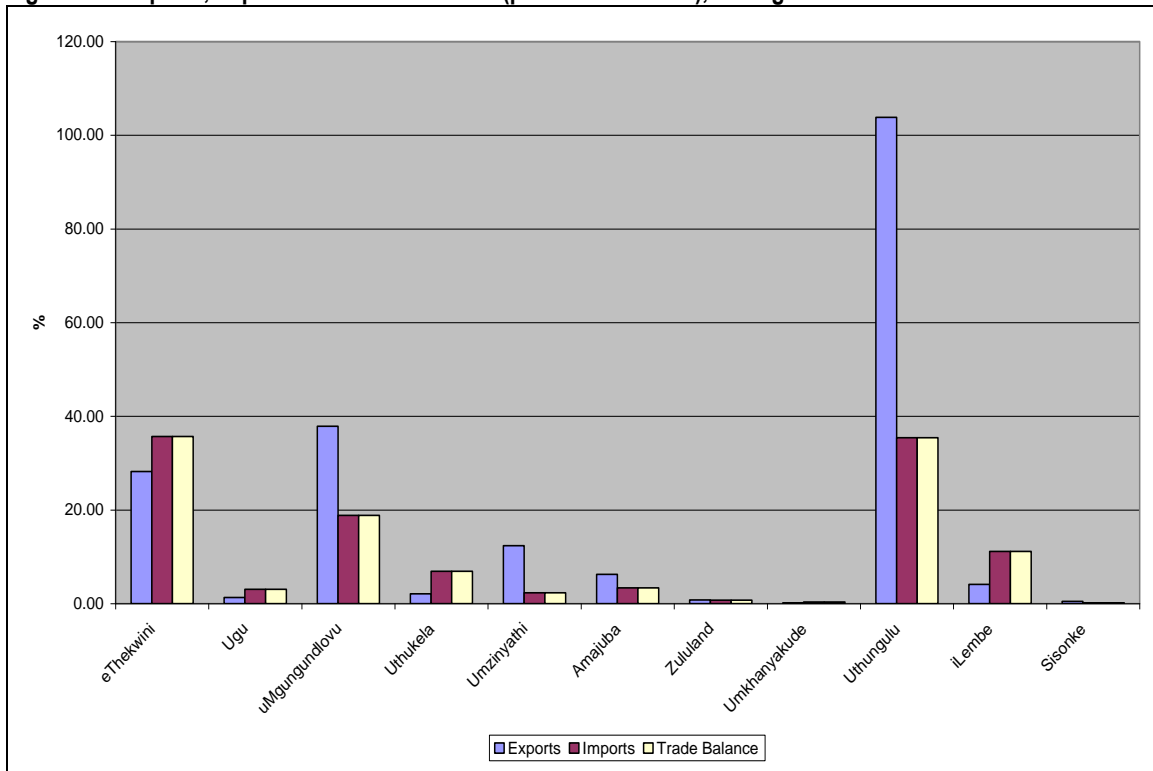


Source: Global Insight, 2008

1.2.2 International Trade

Figure 1.6 shows the percentage of exports, imports and trade balance (as a proportion of GDP-M) across all DMs. The figure reveals that international trade has minimal impact on the economy of Ugu. The district's imports made up 3.08 percent of the economy's GDP and its exports were a mere 1.30 percent on average between 2002 and 2008. This resulted in a negative trade balance of 1.8 percent of the GDP-R.

Figure 1.6: Exports, imports and Trade Balance (percent of GDP-M), average 2002-2008



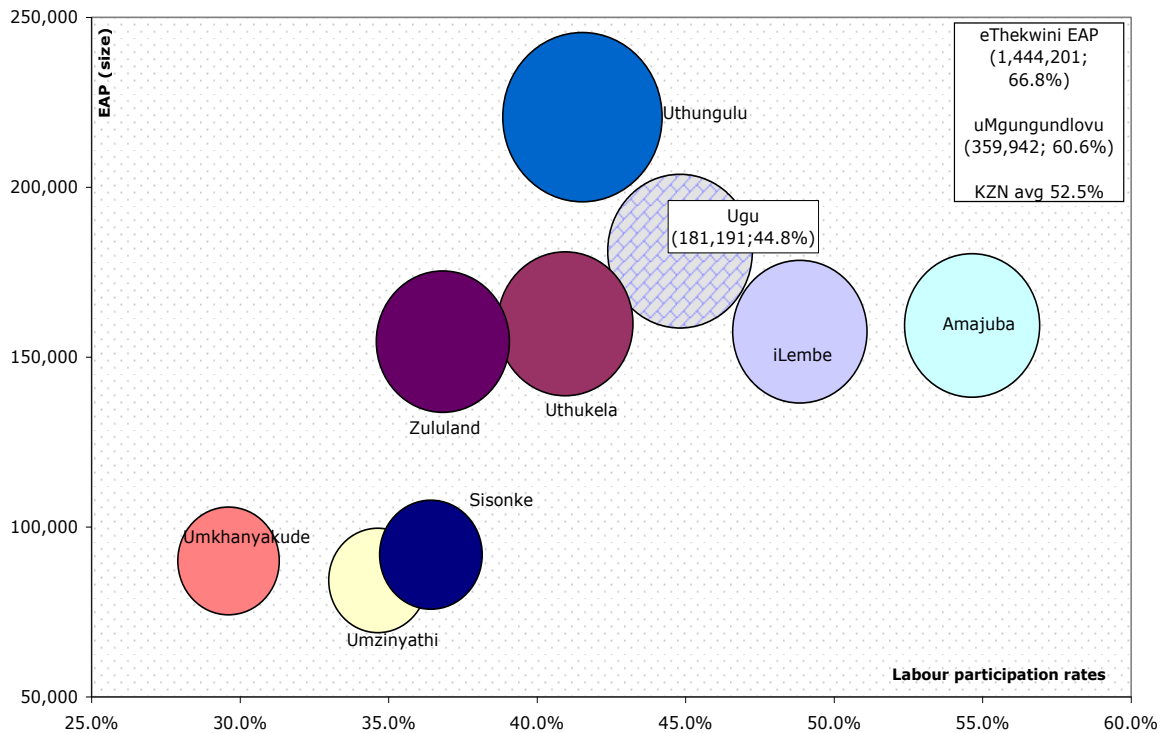
Source: Global Insight, 2008

1.3 The labour market

1.3.1 The labour force and the economically active population

Between 2002 and 2007, the provincial labour force¹ approximated at 6,0 million people per annum (approximately 60.0% of total provincial population). Of this total, the economically active population (EAP)² was approximately 3,1 million. More than 1,4 million of these people were in eThekwini, followed by uMgungundlovu (360,000) and uThungulu (221,000). Ugu held the fourth position with about 182,000 people falling in this category (Figure 1.7).

Figure 1.7: The economically active population by municipal district, average 2002-2007



Source: Global Insight, 2008; Mahlatsi, 2007

¹ Labour force is population aged 15-64 years.

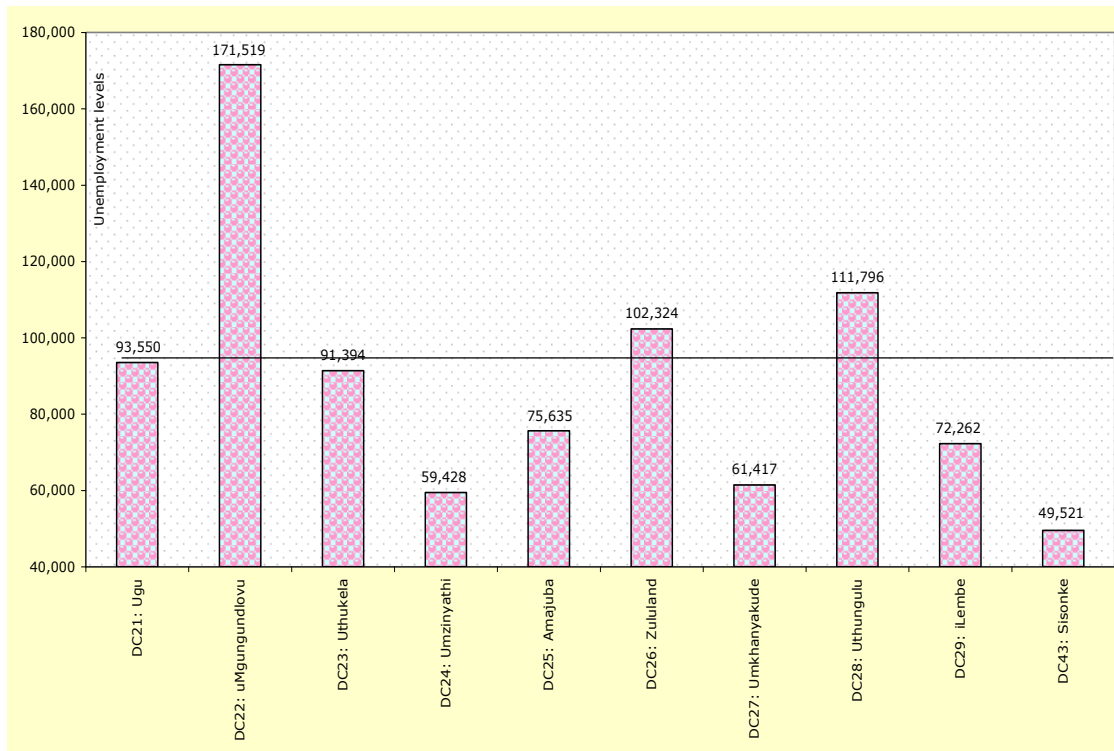
² The category EAP is made up of people who are either employed or unemployed. The employed consists of employers and employees, while unemployment are those not having a job but are actively seeking one (official definition), or they do not have a job, are actively seeking one or have given up searching yet still available for work at anytime (expanded definition).

As a proportion of the district labour force³, Ugu's EAP was about 45.0 percent. At this rate, the district was the fifth highly economically active after the Metro (67.0%), uMgungundlovu (61.0%), Amajuba (55.0%) and iLembe (49.0%).

1.3.2 Unemployment

During the review period (2002-2007), there were about 94,000 unemployed people in the district. This was the fifth highest level of unemployment after the Metro (562,000), uMgungundlovu (172,000), uThungulu (112,000) and Zululand (102,000) (Figure 1.8).

Figure 1.8: Unemployment by district, average 2002-2007



Source: Global Insight, 2007

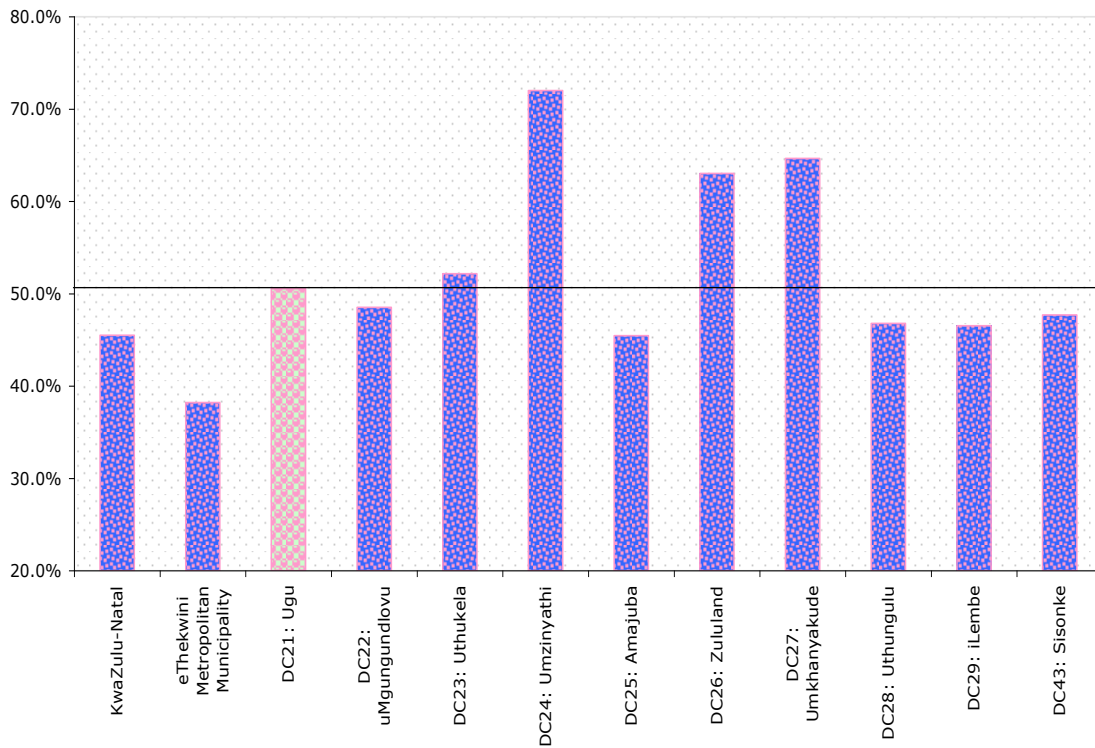
During the same period, the district's unemployment rate⁴⁵ was moderately high at about 51.0 percent. This means that slightly more than half the number of people falling within the EAP could not find employment (Figure 1.9).

³ EAP/LF = Labour participation rate or ratio.

⁴ Unemployment rate is the ratio of the unemployed to the EAP

⁵ Global Insight makes use of the expanded definition of unemployment, this includes those unemployed but not actively seeking a job

Figure 1.9: Unemployment rate by district, average 2002-2007



Source: Global Insight, 2007

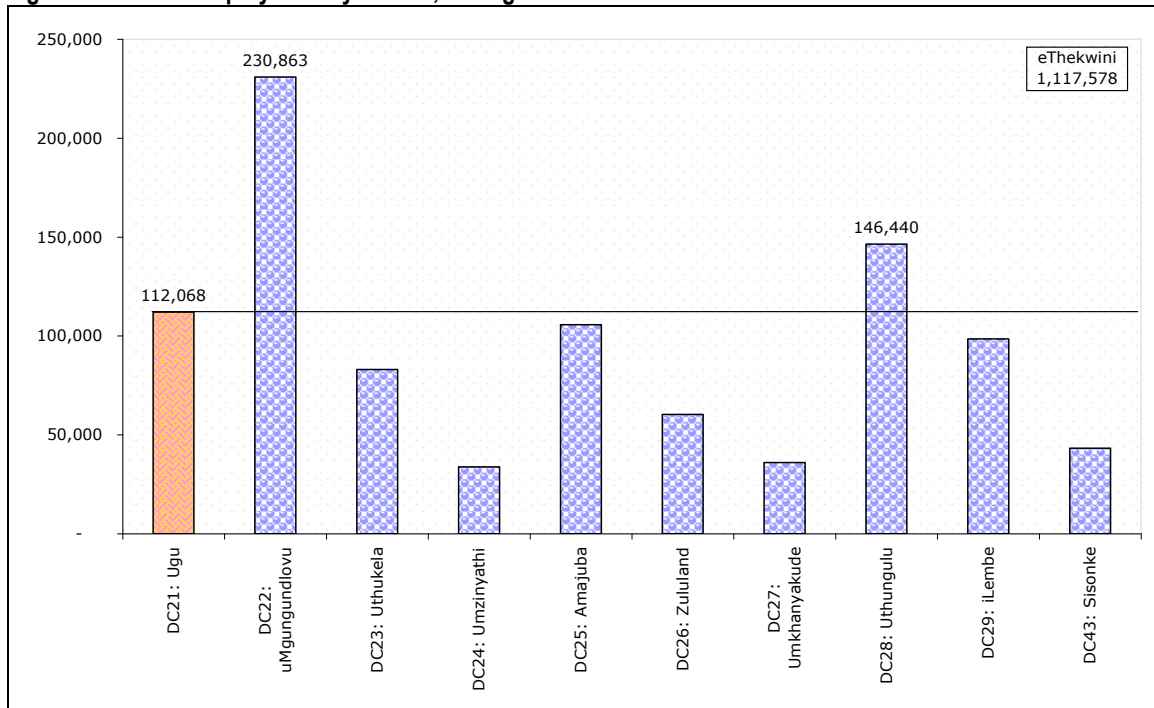
As with the other districts, Ugu’s unemployment rate was skewed towards the Blacks (54.8%). The respective rates for Coloureds, Indians and Whites were 29.3, 18.6 and 11.5 percent, and these were slightly higher than the pattern observed in the previously discussed districts.

1.3.3 Employment

1.3.3.1 Total employment

During the period under review, KwaZulu-Natal employment totaled an annual average of 2,1 million workers. Ugu’s employment was the fourth highest after that of the Metro, uMgungundlovu and uThungulu (Figure 1.10).

Figure 1.10: Total employment by district, average 2002-2007



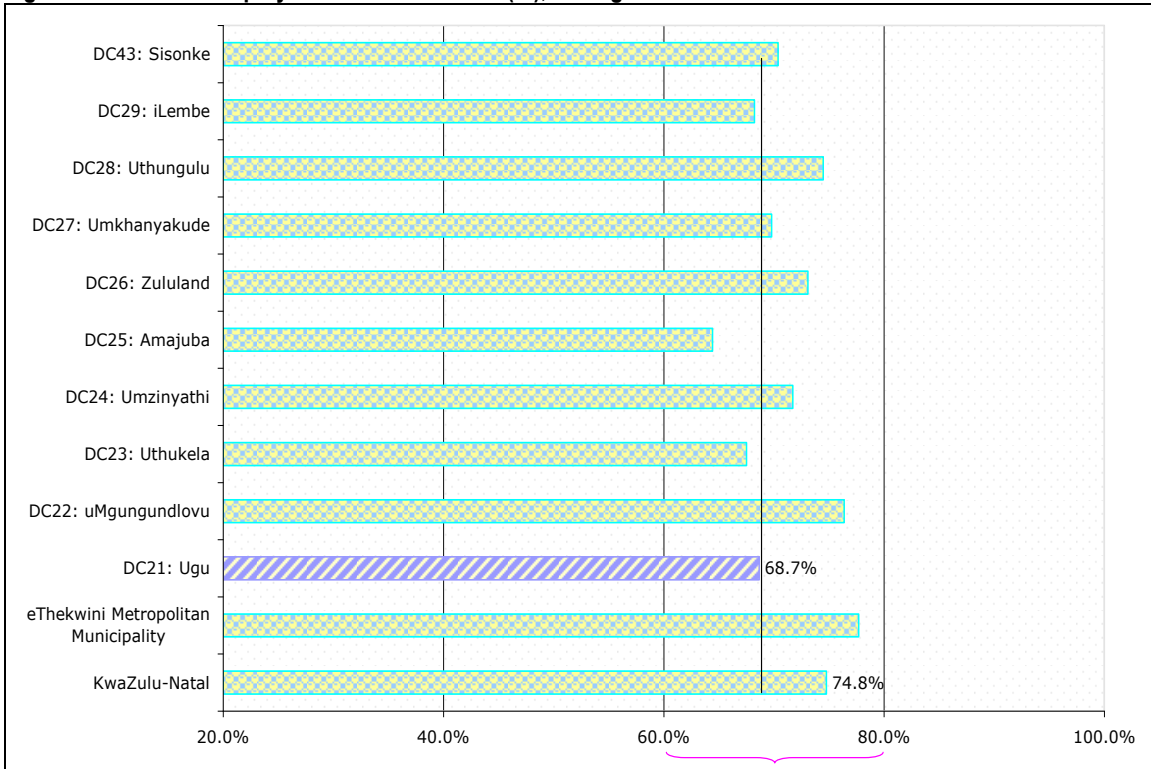
Source: Global Insight, 2007

1.3.3.2 Formal employment

The district's formal employment was among the relatively lower levels at 68.7 of total employment (Figure 1.11). Agriculture, Community Services, Household Services, Manufacturing and Trade sectors played a significant role in the district's formal employment, together accounting for about 84.0 percent of the formal employment (Figure 1.12).

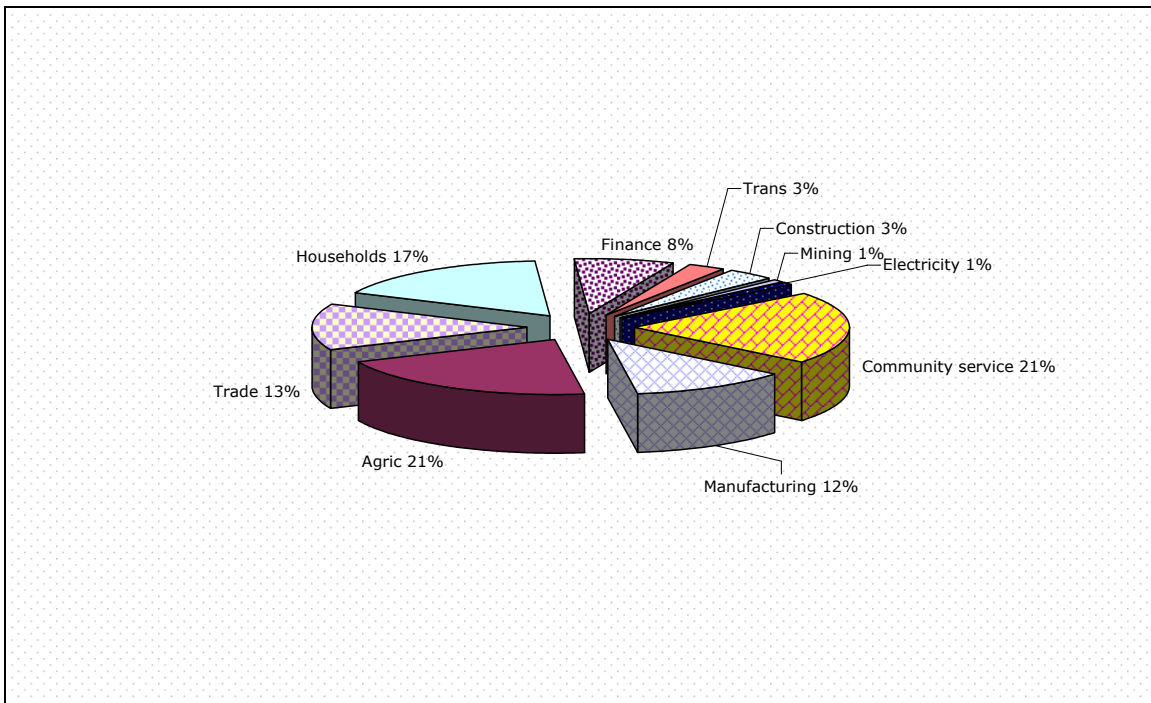
As with the other districts, employment in Agriculture, the co-major employer with Community Services, has seen declines since 2000. A larger part of this sector's employment was recorded in Agriculture and Hunting industry (or sub-sector) than in Forestry and Logging (Figure 1.13). An average of only 14 people worked in the Fishing industry.

Figure 1.11: Formal employment within districts (%), average 2002-2007



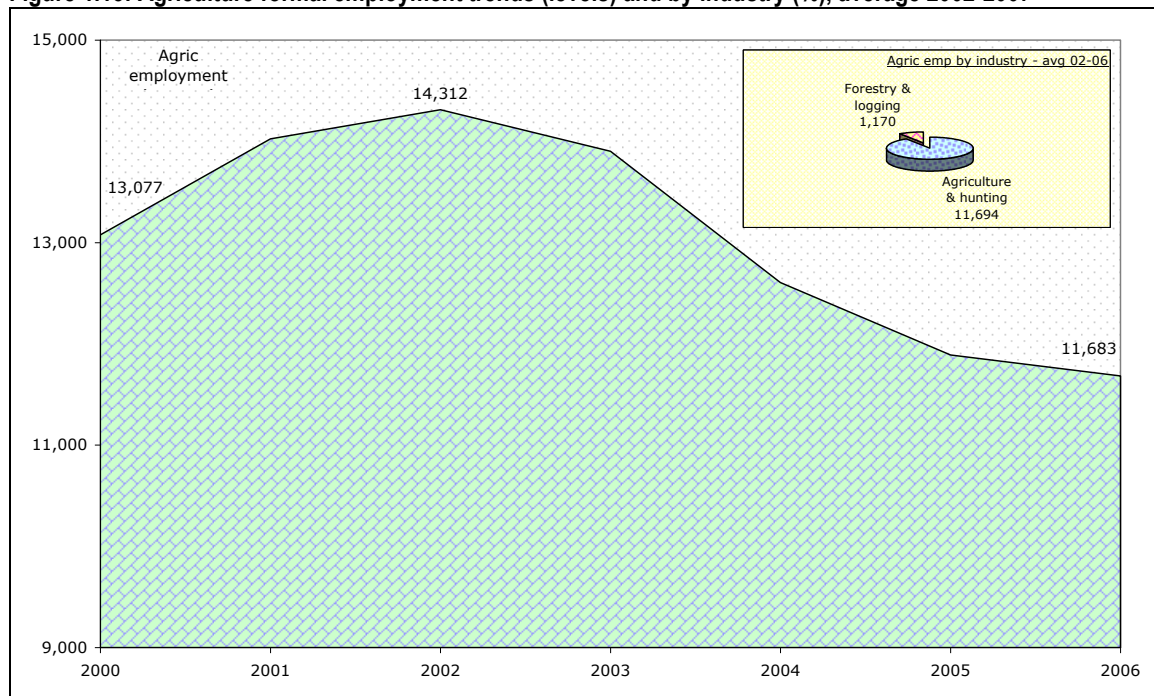
Source: Global Insight, 2007

Figure 1.12: Ugu formal employment by economic sector (%), average 2002-2007



Source: Global Insight, 2007

Figure 1.13: Agriculture formal employment trends (levels) and by industry (%), average 2002-2007



Source: Global Insight, 2007

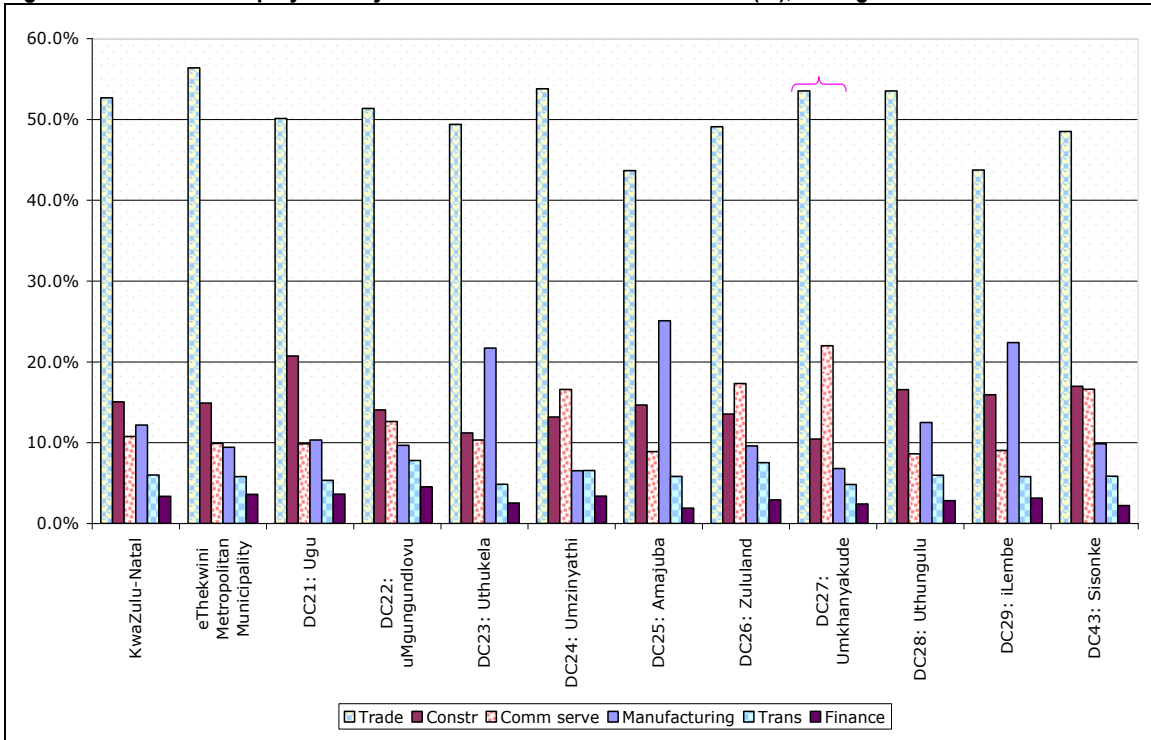
1.3.3.3 Informal employment

KwaZulu-Natal's informal sector employment, recorded mainly in Trade, Construction, Community Services, Manufacturing, Transport and Finance⁶ sectors, was generally skewed towards the Trade sector. This was true in all but four districts, each having at least half the employment in this sector involved in trade of some kind; Ugu had a similar experience. The district also had a uniquely high employment in Construction as slightly more than 20.0 percent (Figure 1.14).

Figure 1.15 shows the distribution of formal employment in the Trade sector, the major contributor to informal employment. Similar to uThungulu, uMgungundlovu and iLembe, Ugu's formal employment in trade was almost uniformly distributed among the four main industries, with 'Retail Trade and Repairs of Goods' leading at 33.4 percent. The informal employment sector could also have followed a similar structure.

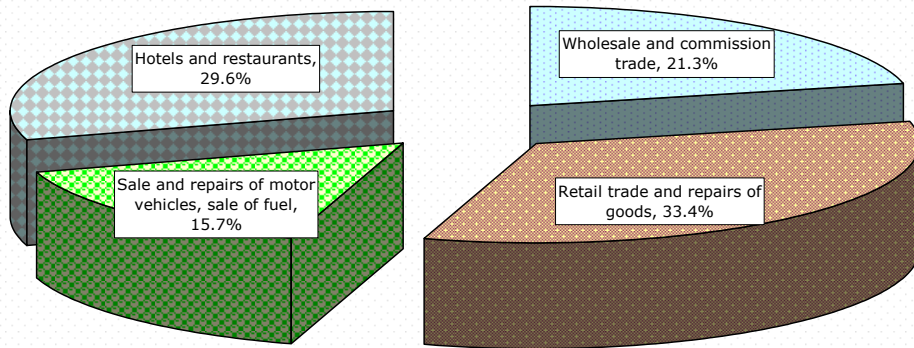
⁶ These are the sectors recorded by Global Insight; they are easier to monitor and collect data thereon than the remaining others.

Figure 1.14: Informal employment by district and main economic sector (%), average 2002-2006



Source: Global Insight, 2007

Figure 1.15: UGU formal employment in Trade (%), average 2002-2006



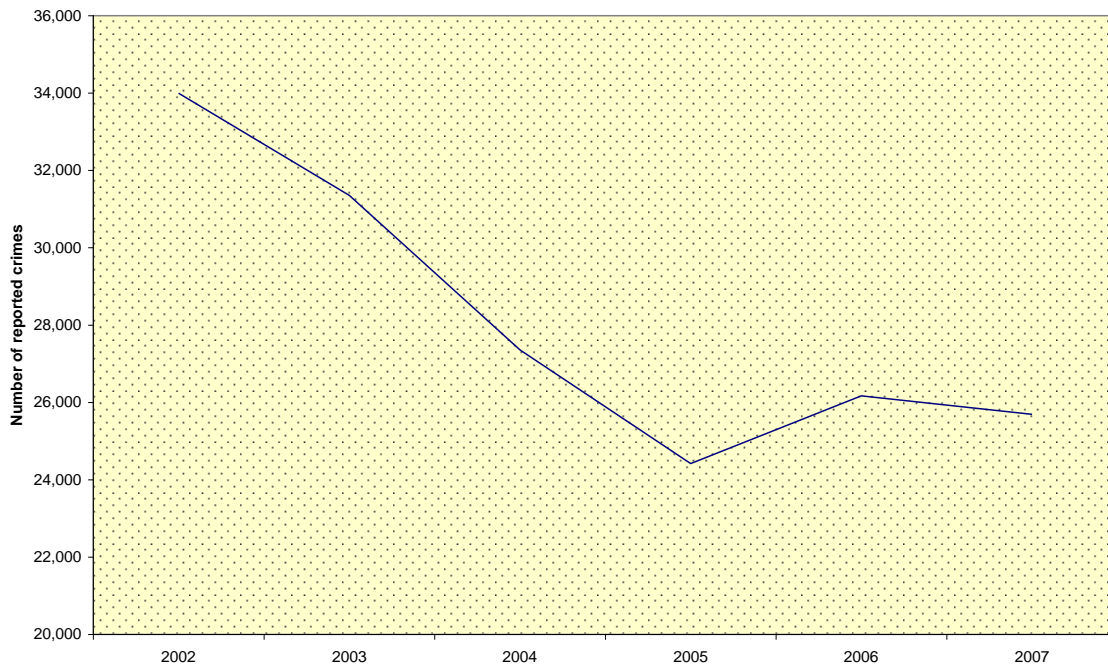
Source: Global Insight, 2007

1.4 Crime

Between 2002 and 2007, there was a consistent decline in reported incidences of crime in the province (2.4 percent annual average); uMkhanyakude was the only district resistant to declining crime rates. However, 2003 forward saw a comprehensive decline, though with differing magnitudes; the provincial collapse rate in crime was 5.1 percent, while Amajuba, Sisonke, uThukela and Zululand enjoyed the highest decline of at least 8.0 percent each.

From 2002, Ugu boasted a decline in the number of reported crimes of 24.4 percent on average.

Figure 1.16: Number of reported crime incidents in Ugu, averages 2002-2007



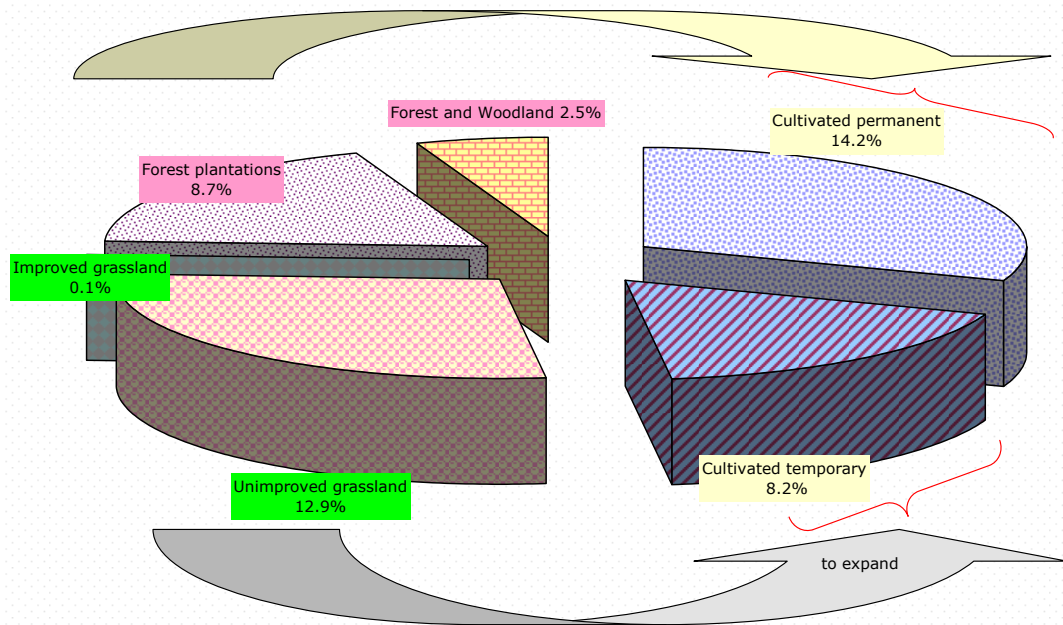
Source: Global Insight, 2007

During the same period 2002 to 2007, the most common crimes in this district were theft, assault and burglary.

1.5 Land cover and use

In 2006, Ugu's share of the KwaZulu-Natal soil was a miniature 5.4 percent, larger only than iLembe (3.5%) and eThekweni (2.4%). However, the districts maximized the use of the land as an impressive 14.2 percent was used for permanent cultivation, and an additional 8.2 percent was cultivated temporarily. This could still be expanded as an enormous 13.0 percent is covered by unimproved grasslands (Figure 1.17).

Figure 1.17: Ugu land use, 2007

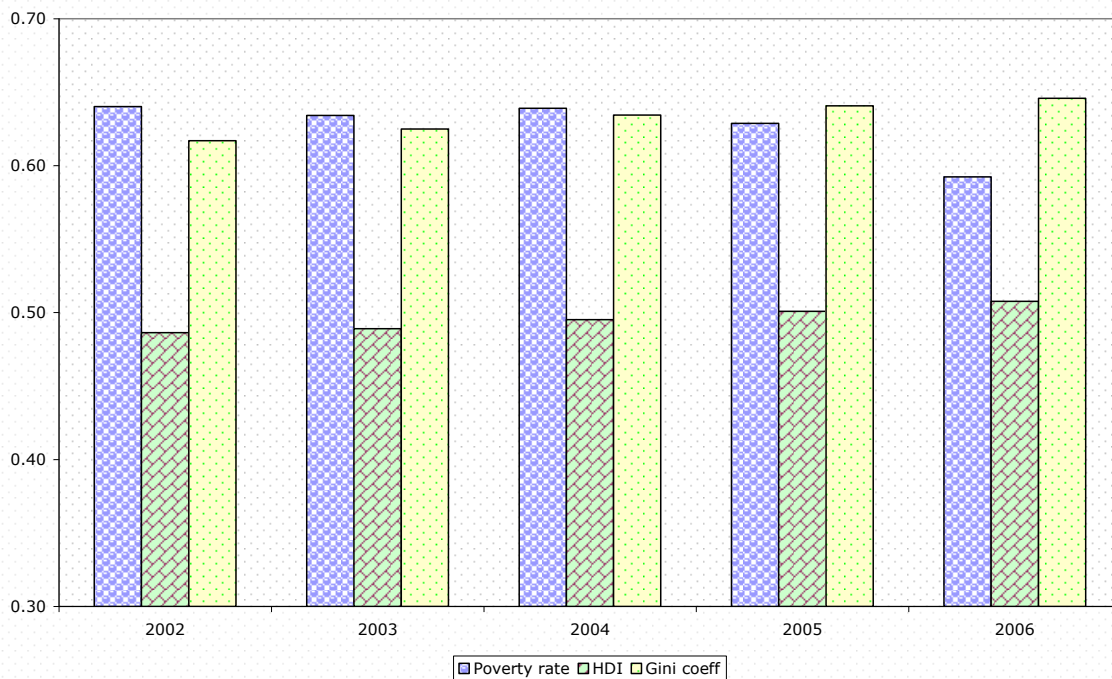


Source: Global Insight, 2007

1.6 Social Development

Figure 1.18 shows poverty rate, Human Development Index (HDI) and Gini coefficient for the district of interest. It is clear from this graph that the proportion of people living in poverty in Ugu has been decreasing, contributing to improved HDI in the district. However, similar to other areas, the Gini coefficient, which measures the income gap between households, has been on the rise.

Figure 1.18: Poverty rate, HDI and Gini coefficient in Ugu, 2002-2008



Source: Global Insight, 2007