



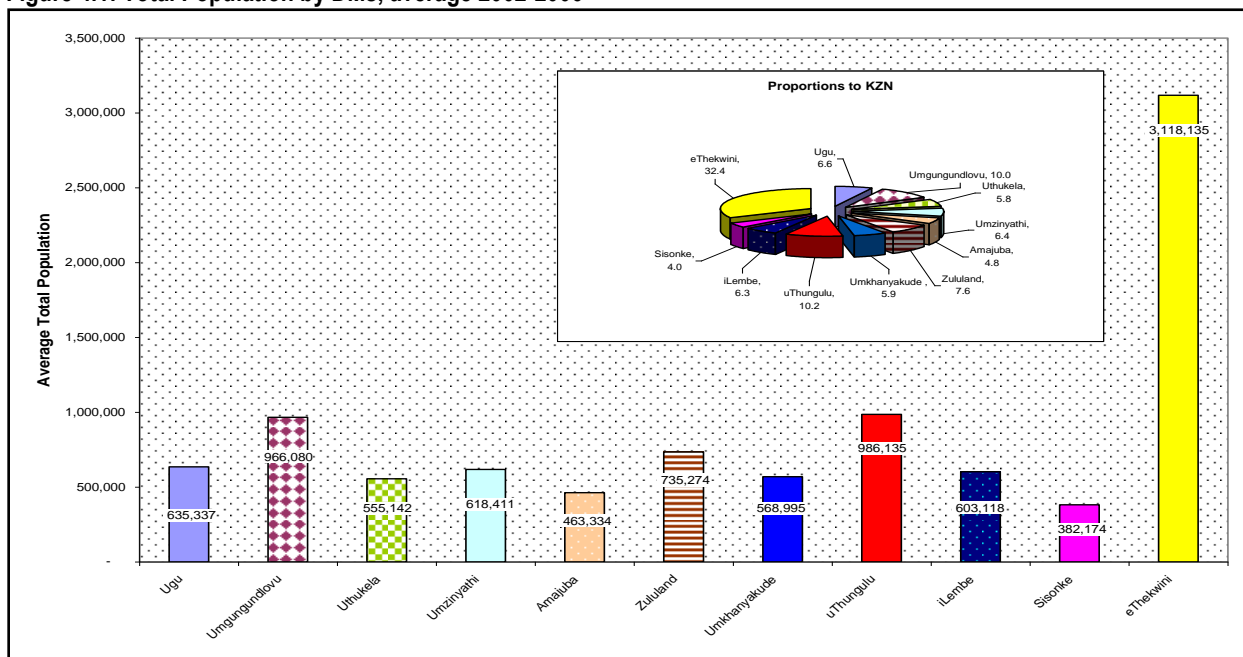
**KwaZulu-Natal Provincial Treasury**

*UMZINYATHI DISTRICT: SOCIO-ECONOMIC PROFILE*

## 4.1 Demographics

The KwaZulu-Natal Province has both growing and maturing population, presenting opportunities and challenges to the province. According to Statistics South Africa mid-year estimates (2007), the KwaZulu-Natal population was estimated at an average size of 10,0 million people. The largest number of these people lived in eThekweni Metro (32.4% of the provincial population), followed by uThungulu district (10.2%) and Umgungundlovu (10.0%). Umzinyathi was the sixth most populated district in the province, accounting for 6.4 percent of the provincial population (Figure 4.1).

Figure 4.1: Total Population by DMs, average 2002-2006

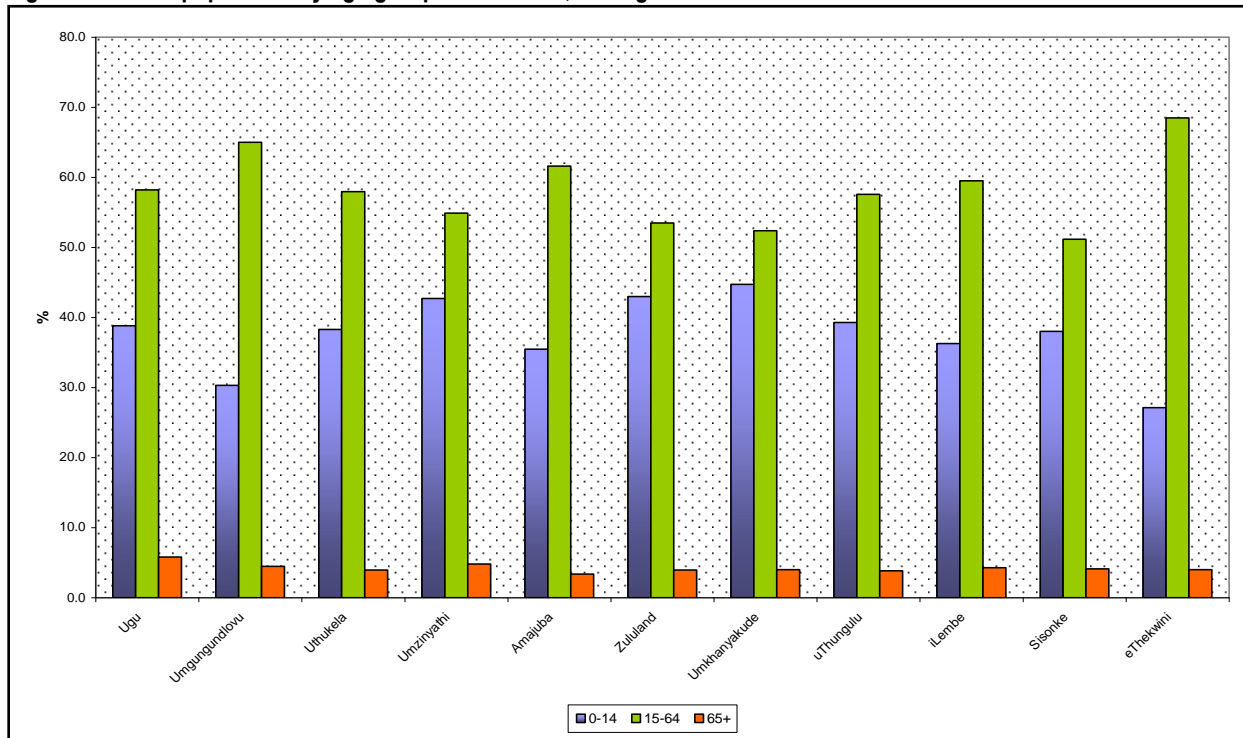


Source: Global Insight, 2007

Figure 4.2 shows the distribution of the population across DMs by age group. The largest proportion of the population in Umzinyathi was the age group 15-64 years (53.5%) followed by age group 0-14 years (42.2%). The elderly population made the smallest portion of the total population (4.3%).

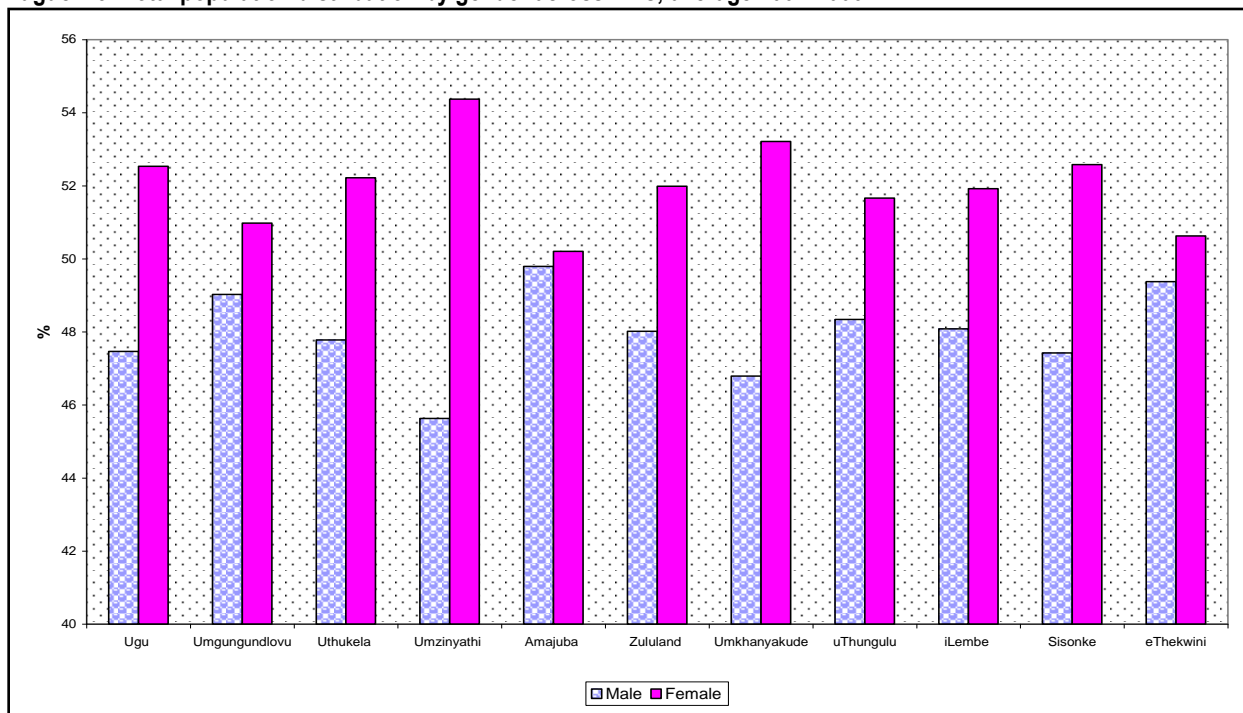
More potential work seekers translate into higher unemployment levels, particularly if individuals are not appropriately skilled for available job opportunities. Hence, the higher number of both young individuals and people in the labour force overall will require more spending in education (primary and secondary) and skills development.

**Figure 4.2: Total population by age group across DMs; average 2002-2006**



Source: Global Insight, 2007

**Figure 4.3: Total population distribution by gender across DMs; average 2002-2006**



Source: Global Insight, 2007

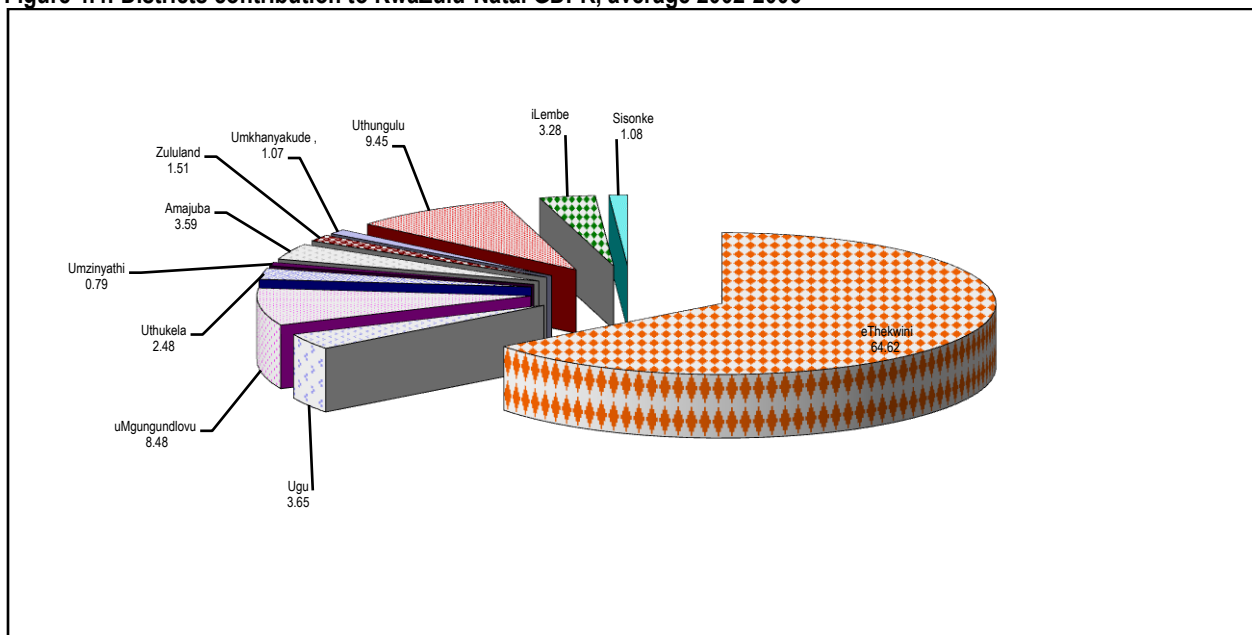
The majority of the population in Uthukela and across all DMs was female during this period (52%) (Figure 4.3).

## 4.2 Economic Outlook

### 2.1 Gross domestic product per municipality (GDP-M)

Between 2002 and 2006, uMzinyathi made the least contribution (0.8%) to the provincial GDP. The GDP-R for KwaZulu-Natal during this period was an annual average of R177,8bn. EThekweni contributed the highest proportion (64.6%) to the GDP-R, followed by uThungulu (9.5%), and uMgungundlovu (8.5%). The GDP-R for the province grew steadily from R163,9bn in 2002 to R194,7bn in 2006.

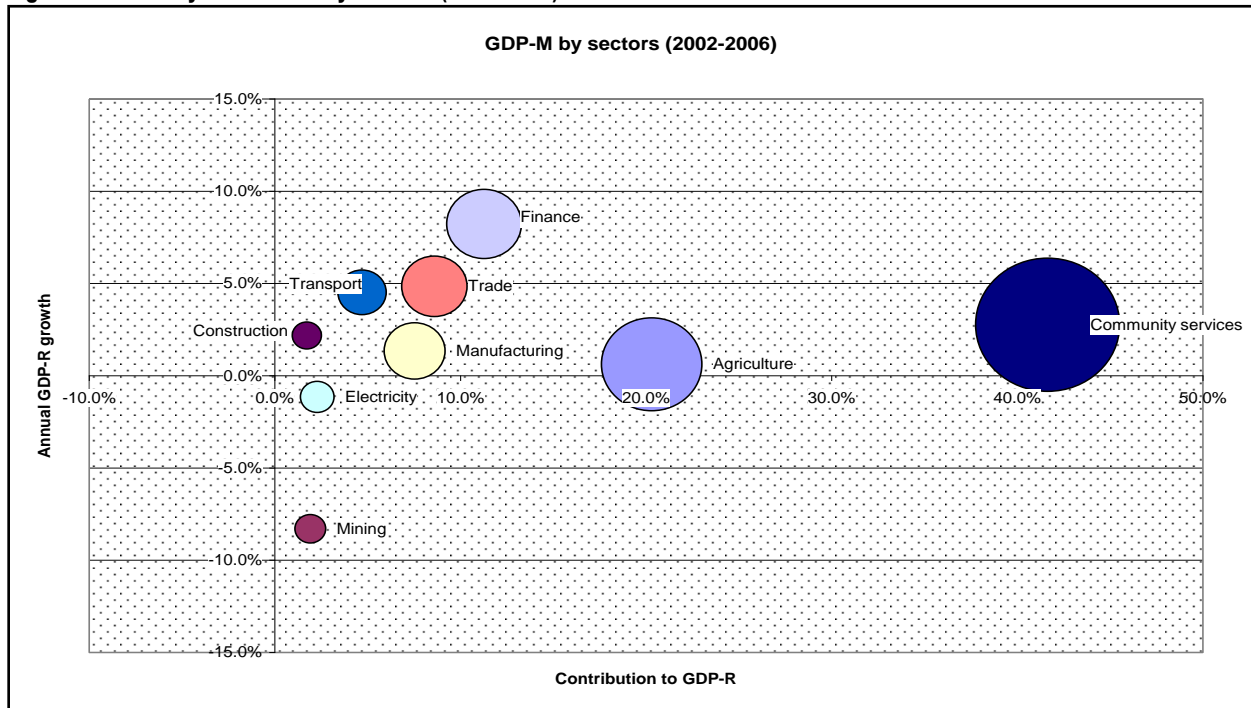
Figure 4.4: Districts contribution to KwaZulu-Natal GDP, average 2002-2006



Source: Global Insight, 2007

Fig 4.5 show's uMzinyathi's GDP-M by economic sector between 2002 and 2006. The district's economy grew at an average rate of 2.6 percent during this period. The Finance, Trade and Transport sectors were the fastest growing sectors at 8.2 percent, 4.8 percent, and 4.5 percent respectively. The Mining and Electricity sectors shrunk on average between 2002 and 2006 with respective negative growth rates of -8.3 percent and -1.2 percent. The main economic drivers in the district were Community Services (41.6%), Agriculture (20.3%), and Finance (11.3%).

Figure 4.5: Umzinyathi GDP-M by sectors (2002-2006)

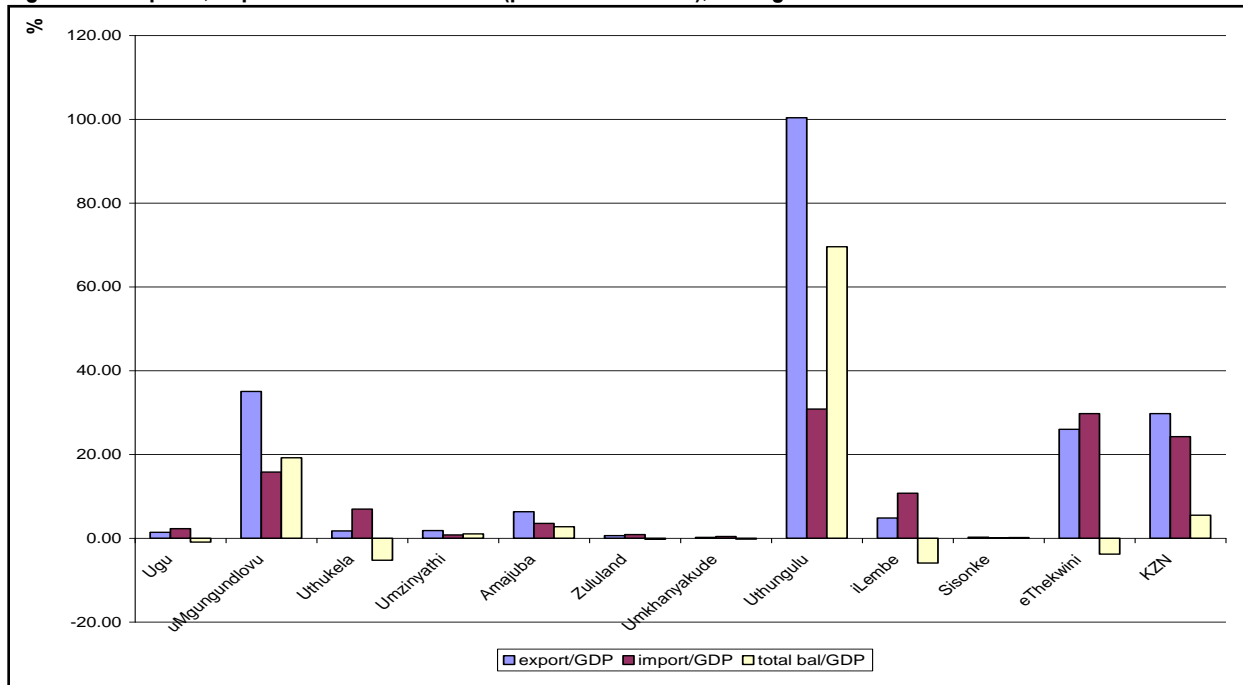


Source: Global Insight, 2007

#### 4.2.2 International Trade

Figure 4.6 shows the percentage of export, import, and trade balance (as a proportion of GDP-M) across the districts. On average over the 5 year period between 2002 and 2006 Umzinyathi's imports make up 0.8 percent of the province's GDP, while its exports are 1.8 percent of the GDP-R, resulting in a positive trade balance of 1.0 percent. This district is one of the few in the province which achieved a positive average trade balance over the period under review. This could be a result of well-developed tourism infrastructure in this district, with great variety of accommodation facilities such as bed-and-breakfast (B&Bs), small hotels, and guest houses.

Figure 4.6: Exports, imports and Trade Balance (percent of GDP-M), average 2002-2006



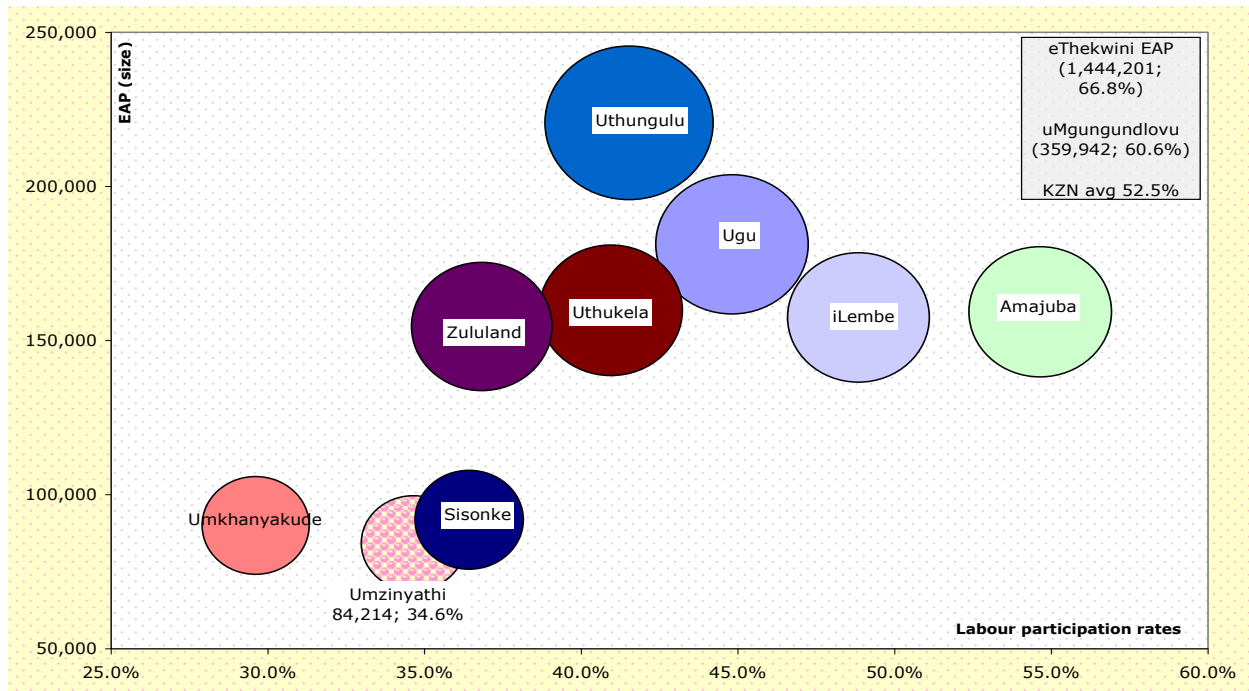
Source: Global Insight, 2007

## 4.3 The labour market

### 4.3.1 The labour force and the economically active population

Between 2002 and 2006, when the provincial labour force<sup>1</sup> approximated 6,0 million people per annum (approximately 60.0 percent of total provincial population), the economically active population (EAP)<sup>2</sup> was approximately 3,1 million. More than 1,4 million of the province's EAP was found in eThekwini, followed by uMgungundlovu (360,000) and uThungulu (221,000). Umzinyathi's EAP size was estimated at 84,000; this was the lowest in the province, and slightly less than that in uMkhanyakude and Sisonke (Figure 4.7).

Figure 4.7: The economically active population by municipal district, average 2002-06



Source: Global Insight, 2007; Mahlatsi, 2007

<sup>1</sup> Labour force is population aged 15-64 years.

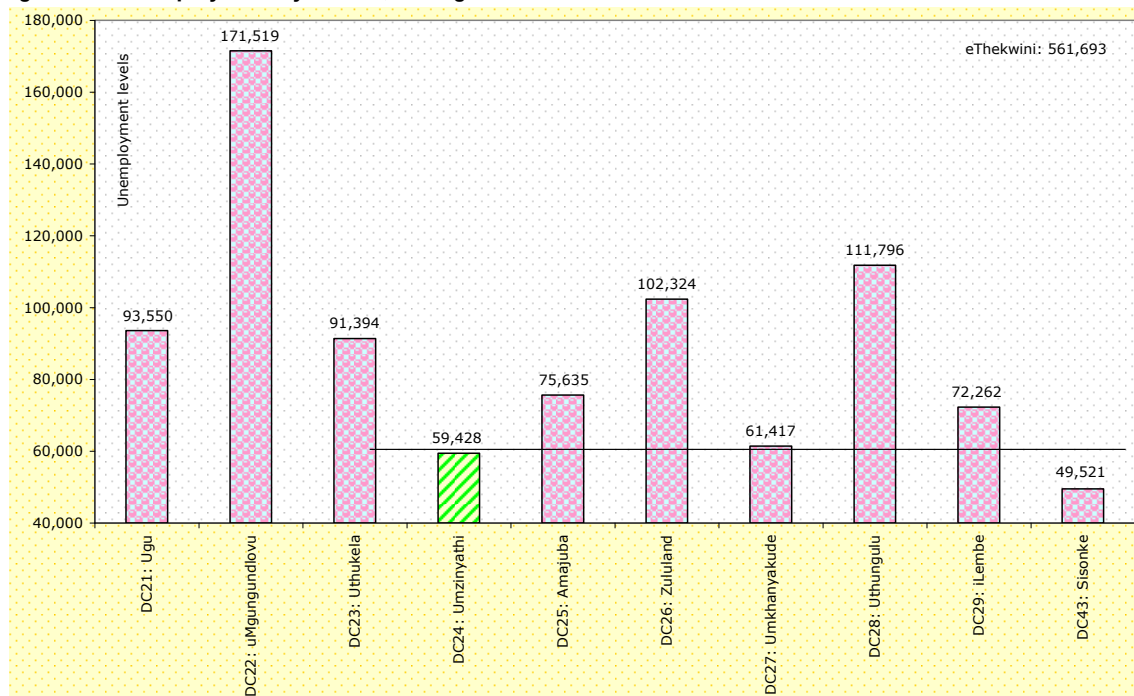
<sup>2</sup> The category EAP is made up of people who are either employed or unemployed. The employed consists of employers and employees, while unemployment are those not having a job but are actively seeking one (official definition), or they do not have a job, are actively seeking one or have given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

As a proportion of the district labour force<sup>3</sup>, however, the district's EAP was estimated at 34.6 percent. At this rate, the district was the second most economically inactive after uMkhanyakude.

### 4.3.2 Unemployment

During this period, there were about 59,000 unemployed people in the district; this was again the second lowest level of unemployment in the province.

Figure 4.8: Unemployment by district, average 2002-2006



Source: Global Insight, 2007

The district's unemployment rate<sup>45</sup> was, however, strikingly the highest in the province, at 72.1 percent; a disquieting 26.5 percentage points above the provincial average (Figure 4.9).

As with the other districts, Umzinyathi's unemployment rate was skewed towards the Blacks (75.1%). The respective rates for Coloureds, Indians and Whites were 43.7, 32.9 and 10.4

<sup>3</sup> EAP/LF = Labour participation rate or ratio.

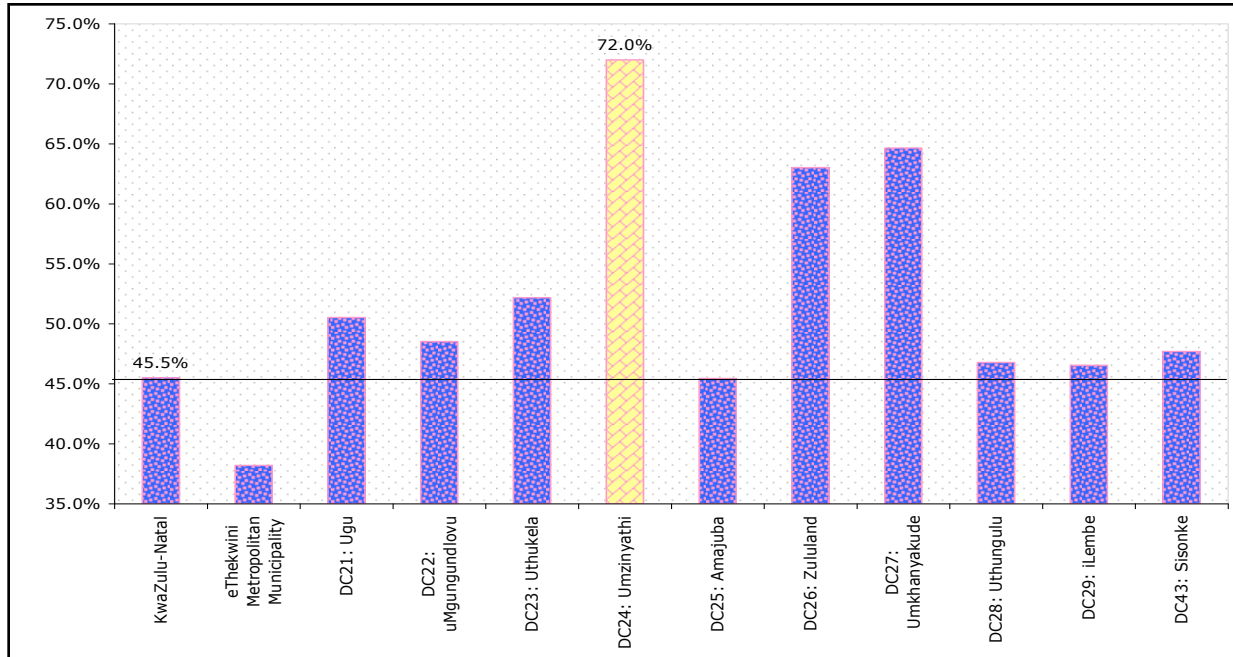
<sup>4</sup> Unemployment rate is the ratio of the unemployed to the EAP

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



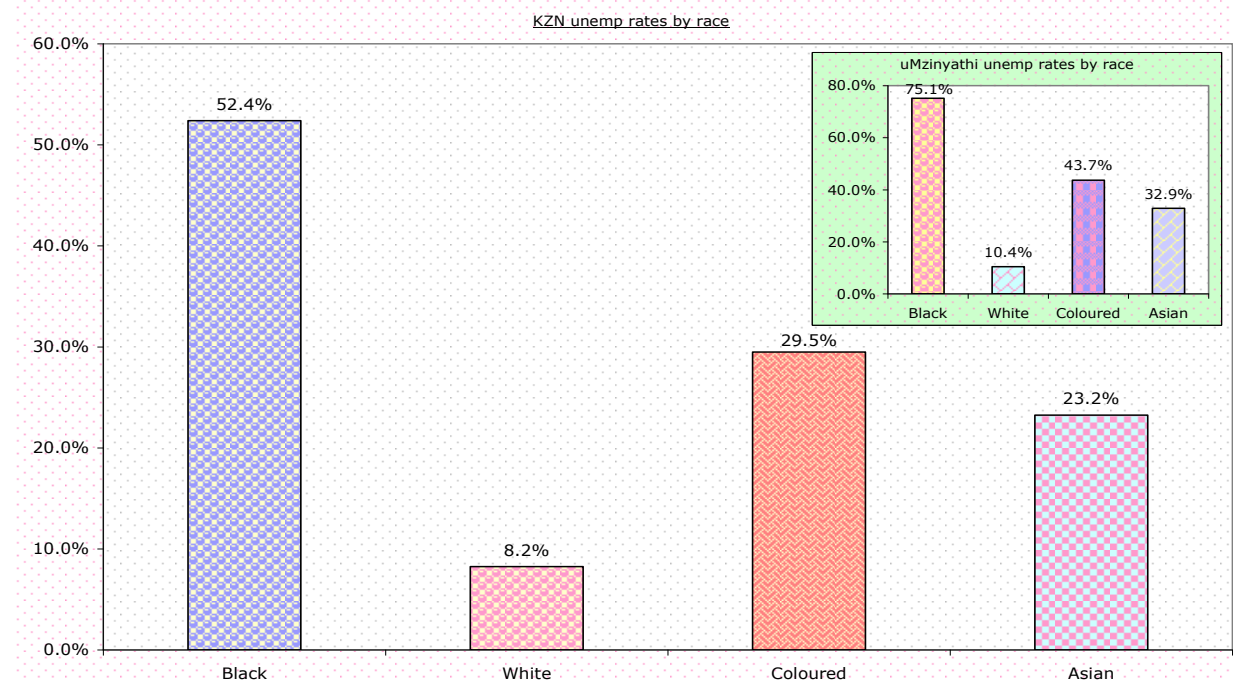
percent; all above provincial average (Figure 4.10), and above those in a majority of other districts.

**Figure 4.9: Unemployment rate by district, average 2002-2006**



Source: Global Insight, 2007

**Figure 4.10: KwaZulu-Natal and uMzinyathi unemployment rate by race, average 2002-2006**



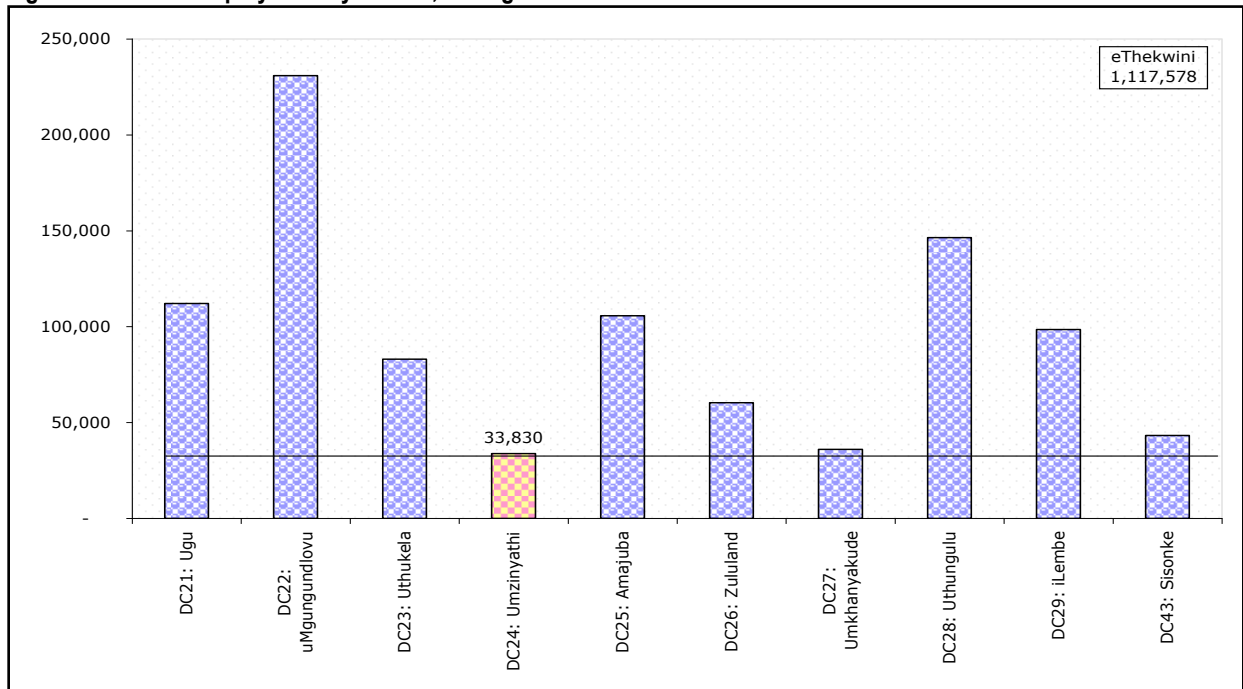
Source: Global Insight, 2007

### 4.3.3 Employment

#### 4.3.3.1 Total employment

During the period under review, KwaZulu-Natal employment totaled an annual average of 2,1 million workers, and Umzinyathi's employment level was the lowest in the province (Figure 4.11).

Figure 4.11: Total employment by district, average 2002-2006



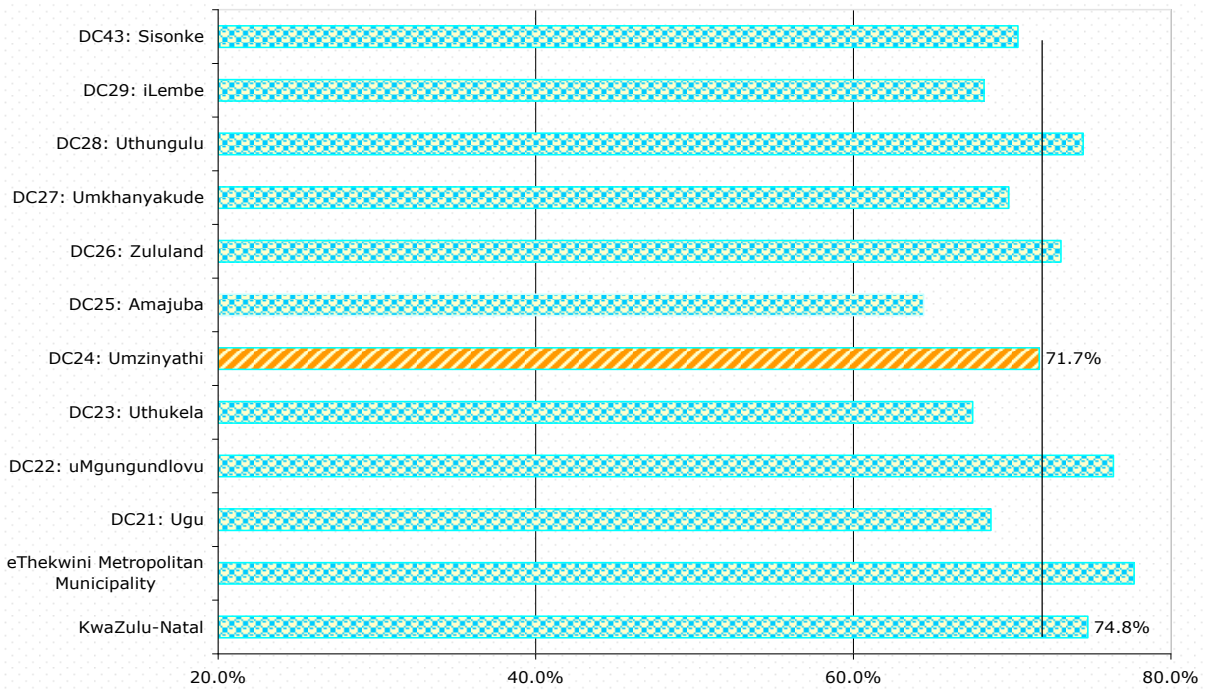
Source: Global Insight, 2007

#### 3.3.2 Formal employment

The district's formal employment was among the relatively higher levels at 71.7 percent of the total district employment (Figure 4.12).

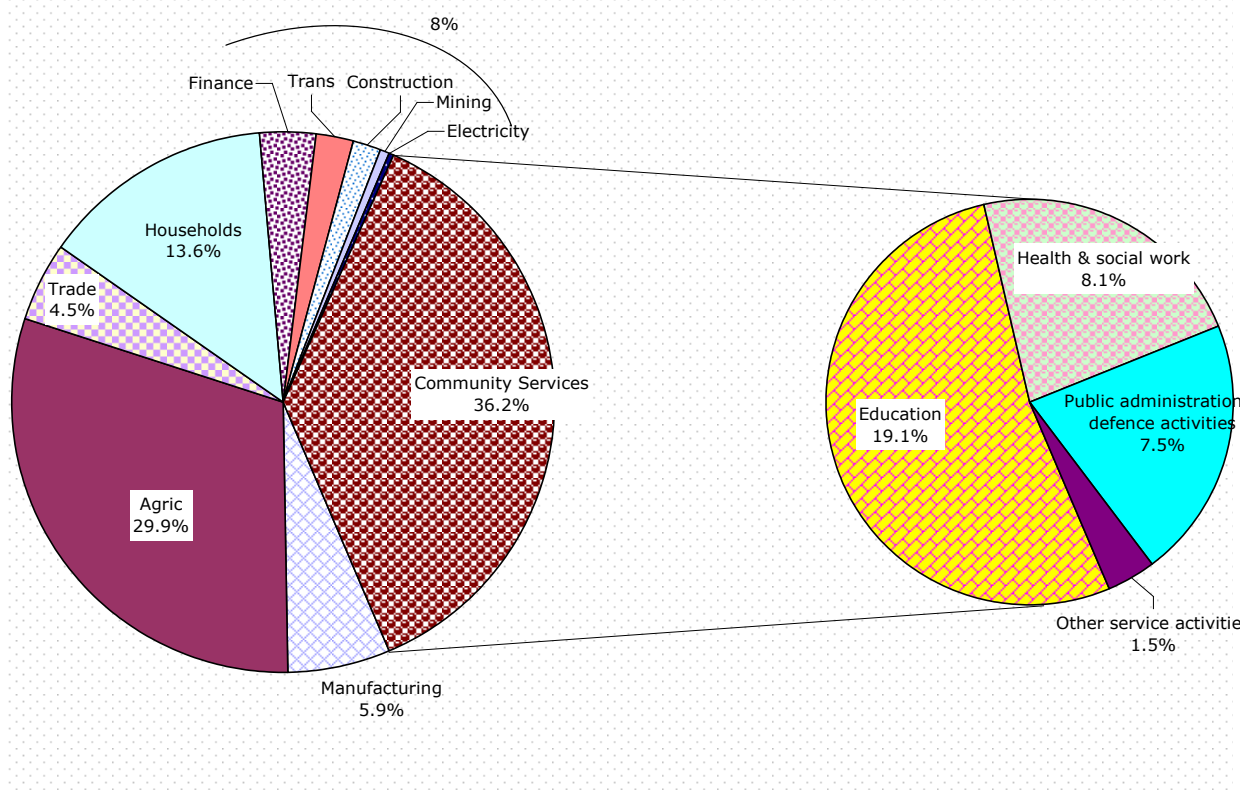
Community Services, Agriculture and Household Services were the most dominant sectors in the district's formal employment, together accounting for about 79.7 percent of the district's formal employment (Figure 4.13).

**Figure 4.12: Formal employment within districts (%), average 2002-2006**



Source: Global Insight, 2007

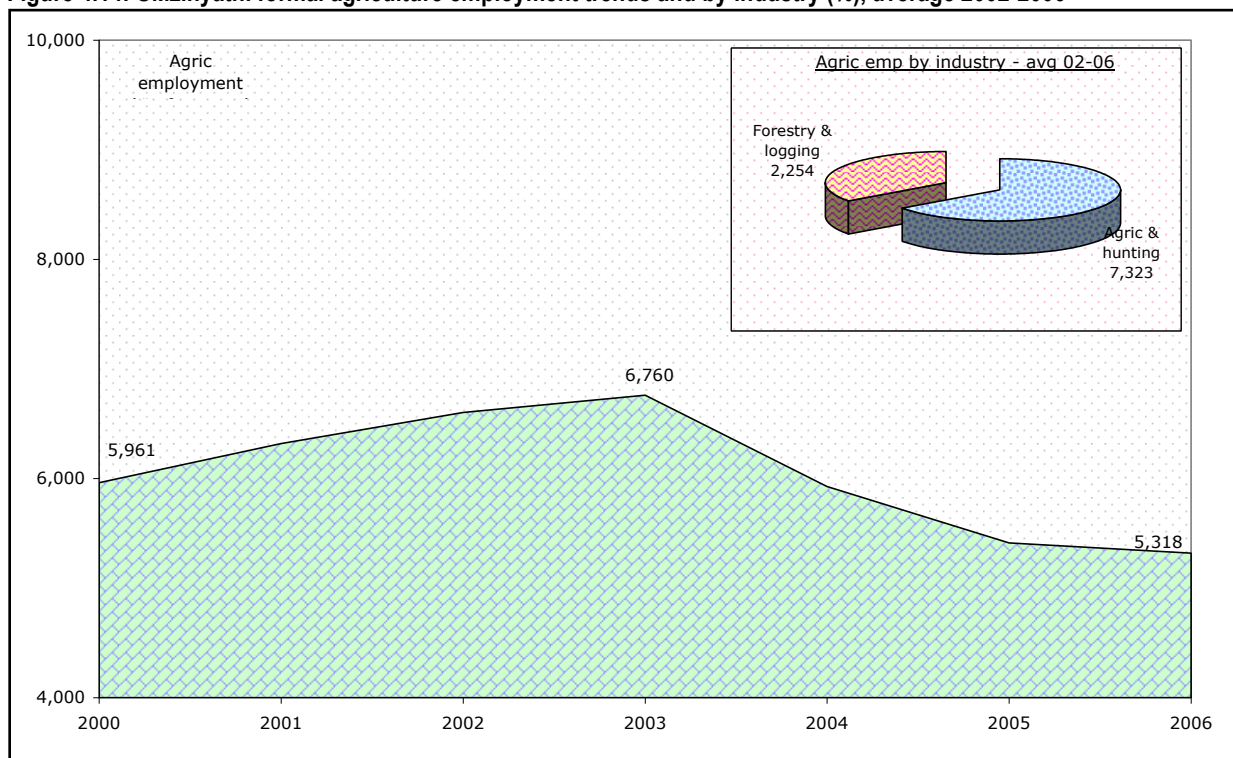
**Figure 4.13: UMzinyathi formal employment by economic sector (%), average 2002-2006**



Source: Global Insight, 2007

Community Services, the leading employer in the district, was dominated by Education, followed by Health and Social Services, and then Public Administration & Defense Activities (Figure 4.13). Similar to the other districts, Agriculture, the second highest employment provider in the district, experienced shrinkages between 2000 and 2006, after peaking in 2003. The main agricultural activities in the district were in the Agric & Hunting industry (Figure 4.14).

**Figure 4.14: UMzinyathi formal agriculture employment trends and by industry (%), average 2002-2006**



Source: Global Insight, 2007

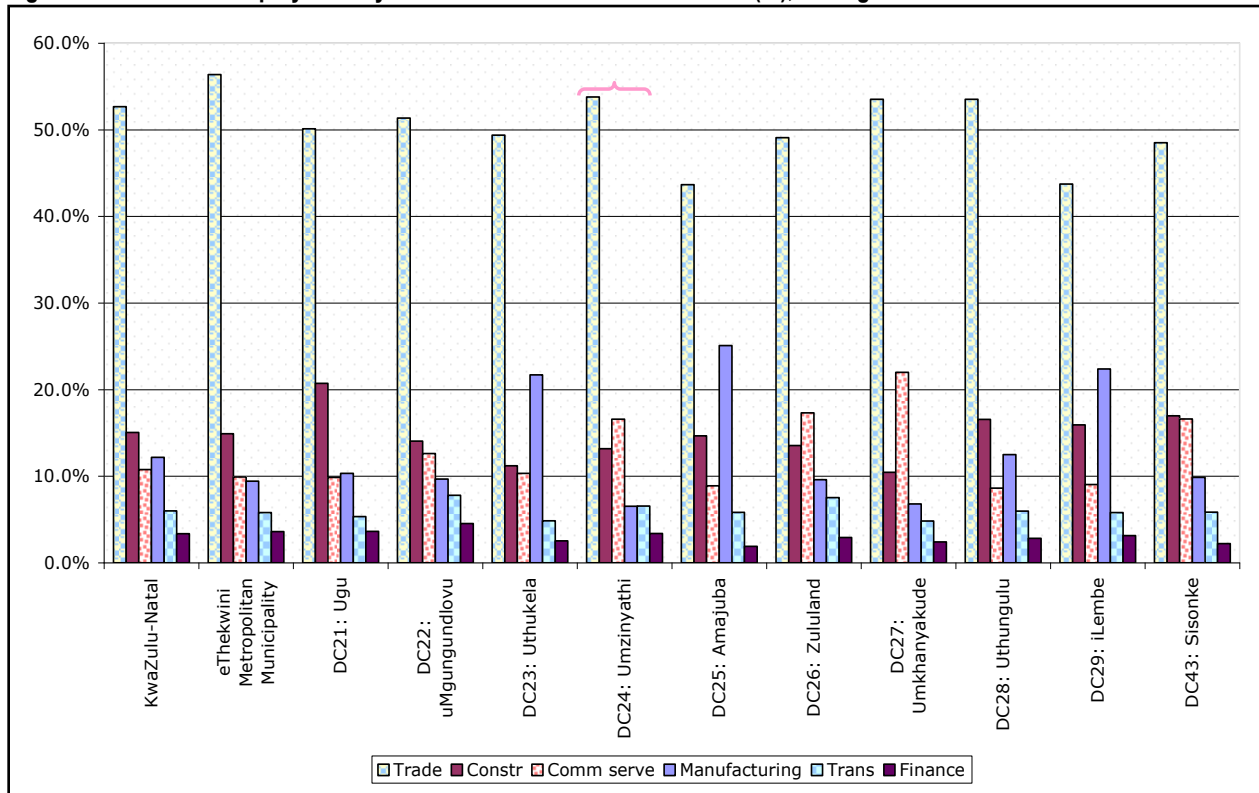
#### 4.3.3.3 Informal employment

KwaZulu-Natal's informal sector employment, recorded mainly in Trade, Construction, Community Services, Manufacturing, Transport and Finance<sup>6</sup> 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; Umzinyathi was no exception. The second most important contributor to this district's informal employment was 'Community Services' (Figure 4.15). As just discussed, formal employment in this sector was skewed

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

towards Education, Health and Public Administration; the informal employment could probably have followed a similar pattern, and most probably Health and Social Work given the prevailing challenge of HIV and AIDS in the province, and a need for home-based care services.

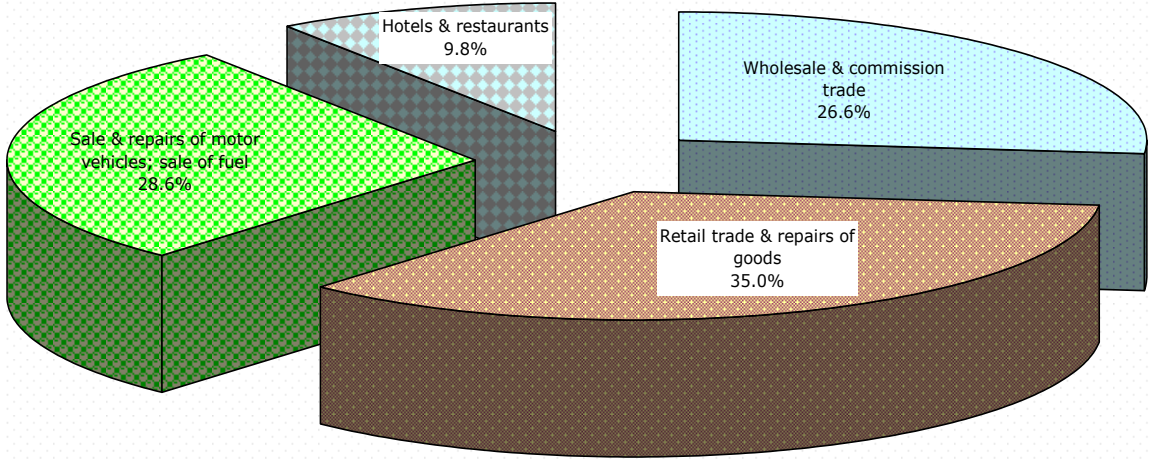
**Figure 4.15: Informal employment by district and main economic sector (%), average 2002-2006**



Source: Global Insight, 2007

Figure 4.16 shows the distribution of uMzinyath’s formal employment in the Trade sector, the leading contributor to informal employment. The district’s formal employment in trade was inclined towards ‘Retail trade & repair of goods’ at nearly half the employment level. As assumed with ‘Manufacturing’, the informal trade employment could also have followed a similar trend with its formal counterpart.

Figure 4.16: UMzinyathi formal employment in Trade (%), average 2002-2006

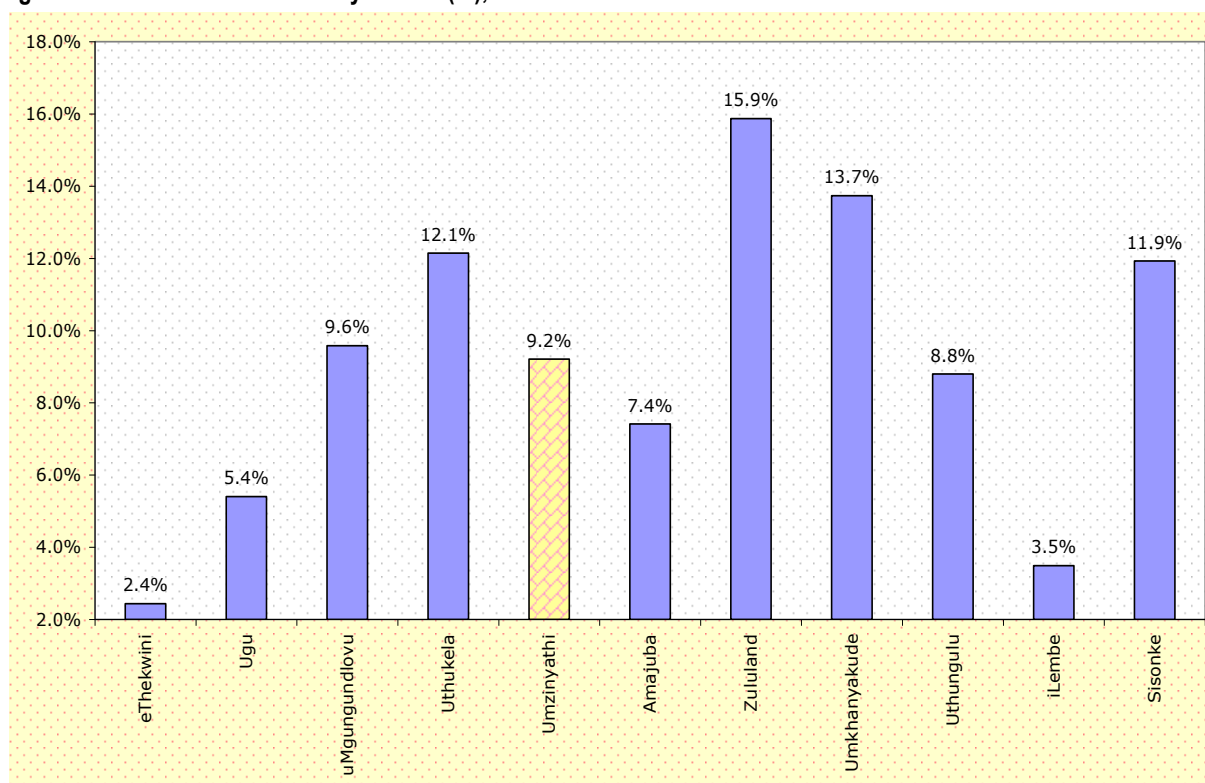


Source: Global Insight, 2007

#### 4.4 Land cover and use

In 2006, uMzinyathi's share of the KwaZulu-Natal soil was an estimated 9.2 percent, and the district was the fifth smallest in the province after eThekweni, iLembe, Ugu and Amajuba (Figure 4.17).

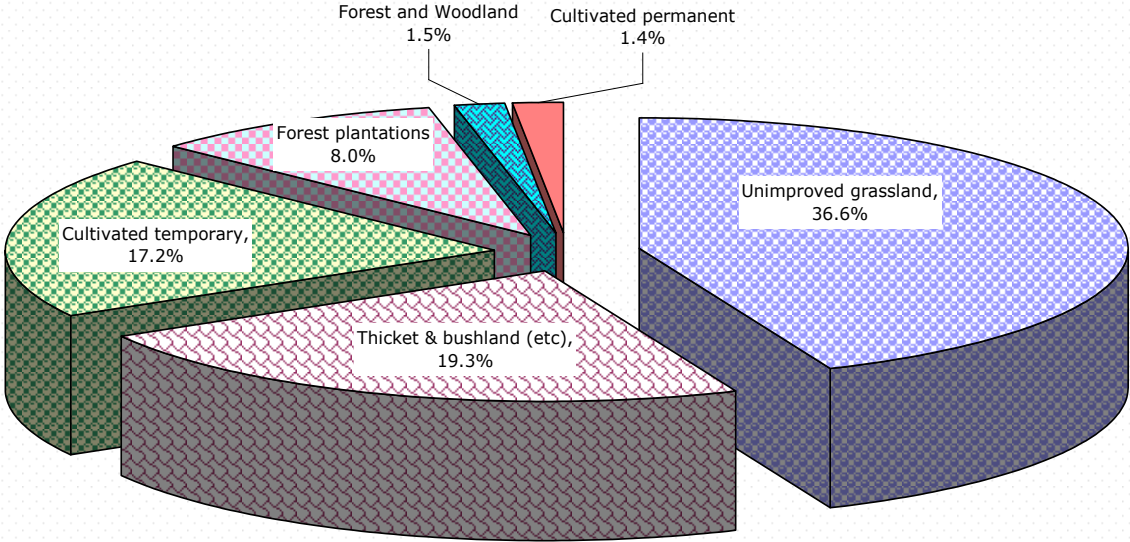
Figure 4.17: KwaZulu-Natal land by district (%), 2006



Source: Global Insight, 2007

Similar to a majority other districts, uMzinyathi had the largest portion of its land unavailable for agricultural purposes, with 36.6 percent of the land being unimproved grassland, and an additional 19.3 percent being thickets and bushland. Permanent cultivation was carried out on just 11.7 percent of the land, and another 1.4 percent was used for temporarily cultivation (Figure 4.18).

Figure 4.18: UMzinyathi land use, 2006



Source: Global Insight, 2007

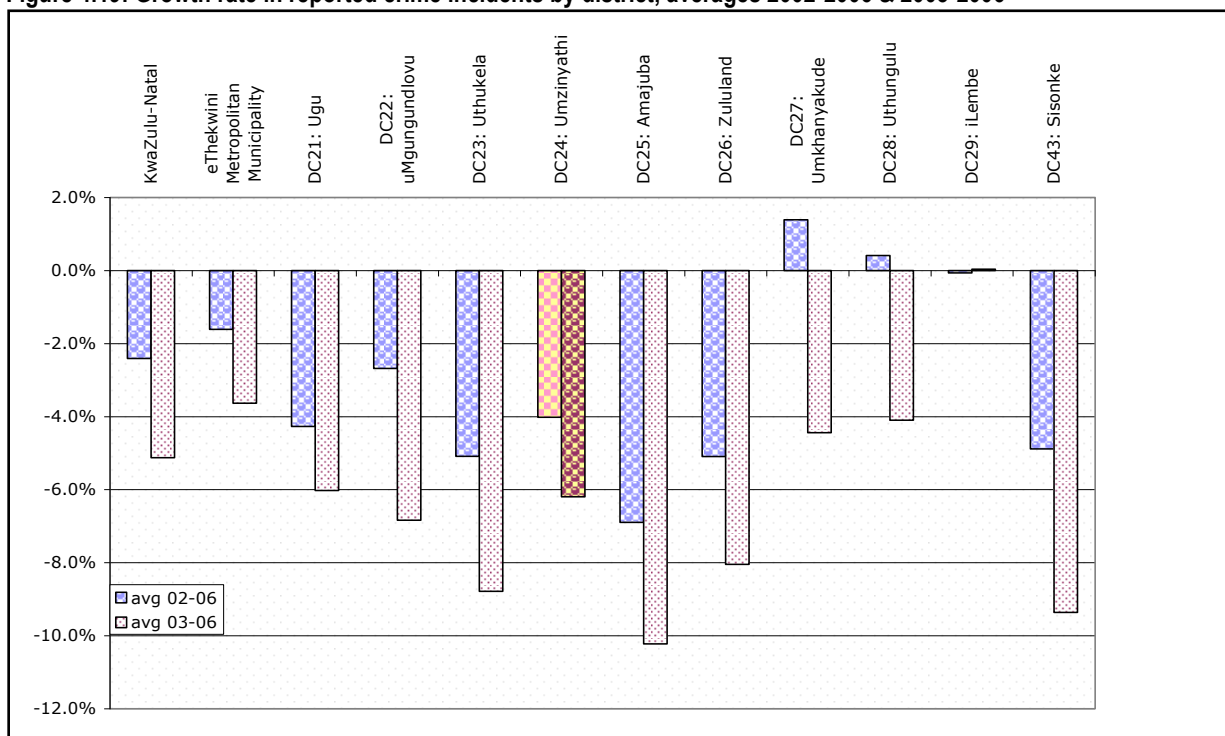


## 4.5 Crime

Between 2002 and 2006, there was a consistent decline in reported incidences of crime in the province (2.4 percent annual average). UMkhanyakude, and uThungulu to a less extent, 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 incidents was 5.1 percent. Umzinyathi enjoyed an annual decline of at least 6.0 percent per in crime rates (Figure 4.19).

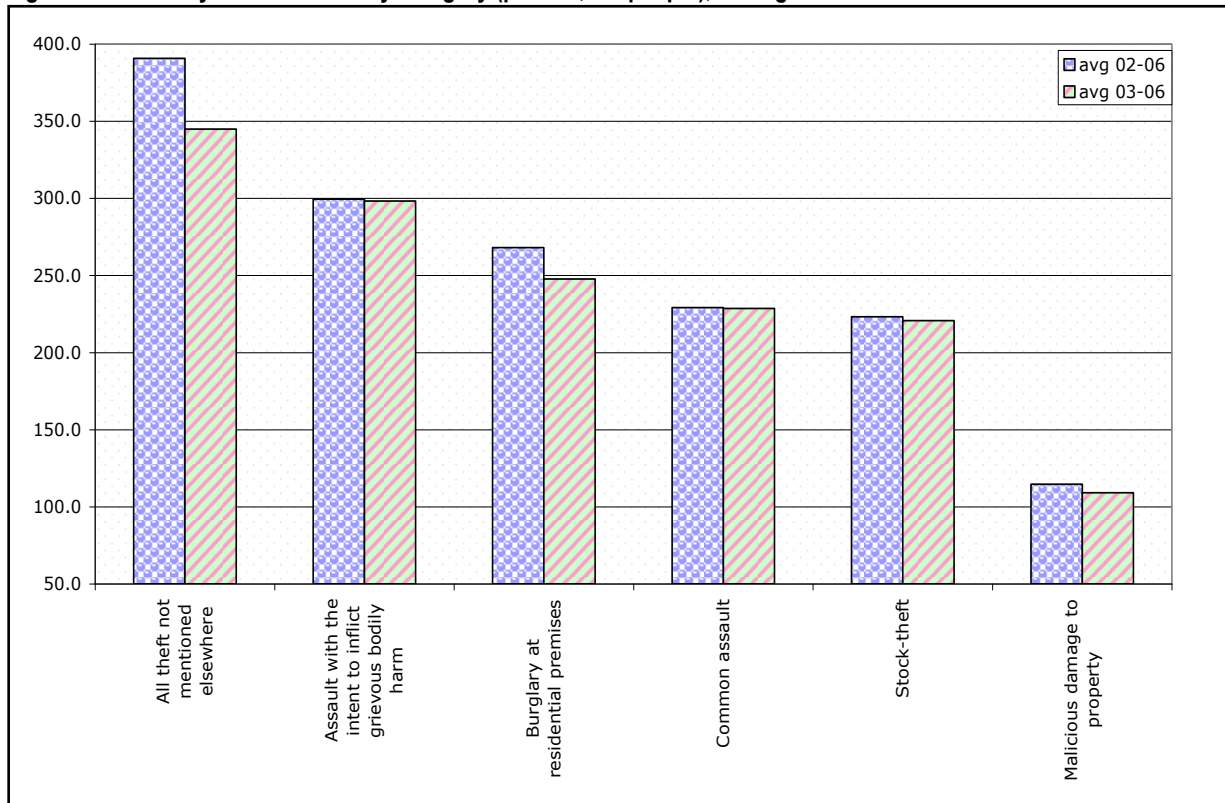
During the same period, 2002 to 2006, the most common crimes in this district were theft, assault and burglary. Similar to Sisonke, Uthukela and Amajuba, uMzinyathi had a unique experience of stock theft, and malicious damage to property. These crime categories were, however, not as pronounced in this district as they were in the other two districts. Furthermore, similar to Sisonke, uMzinyathi was comparably one of the safest areas in the province, with crime rates as low as 370 incidences per 100,000 people – half the rates in Amajuba, for example, whose average crime rate was fewer than 350 cases per annum between 2003 and 2006) (Figure 4.20).

Figure 4.19: Growth rate in reported crime incidents by district, averages 2002-2006 & 2003-2006



Source: Global Insight, 2007

Figure 4.20: UMzinyathi crime rate by category (per 100,000 people), average 2002-2006 & 2003-2006



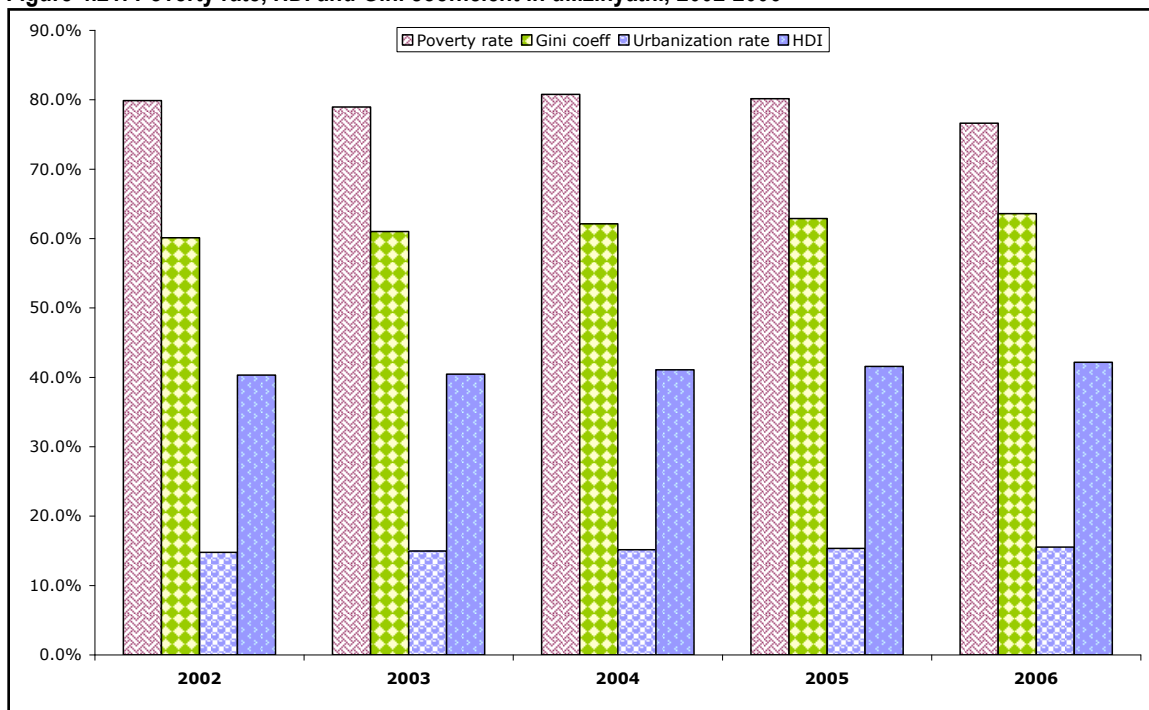
Source: Global Insight, 2007

## 4.5 Social development

Figure 4.18 gives uMzinyathi district's urbanisation and poverty rates, the Gini coefficient and the Human Development Index (HDI). It can be seen from this graph that, similar to what we have observed in all the other districts, the proportion of people living in poverty in the district has been on a decrease. However, in this district more than anywhere else, the rate of poverty itself was disturbingly high (79.9% in 2002 to 76.6% 2006). The district is dominantly rural, with only 14.8 percent of the households located in the urban areas in 2002, this rising to some 15.5 percent in 2006.

As with the other districts, there is a disquietingly widening income gap in the districts (the Gini coefficient rose from 0.60 to 0.64).

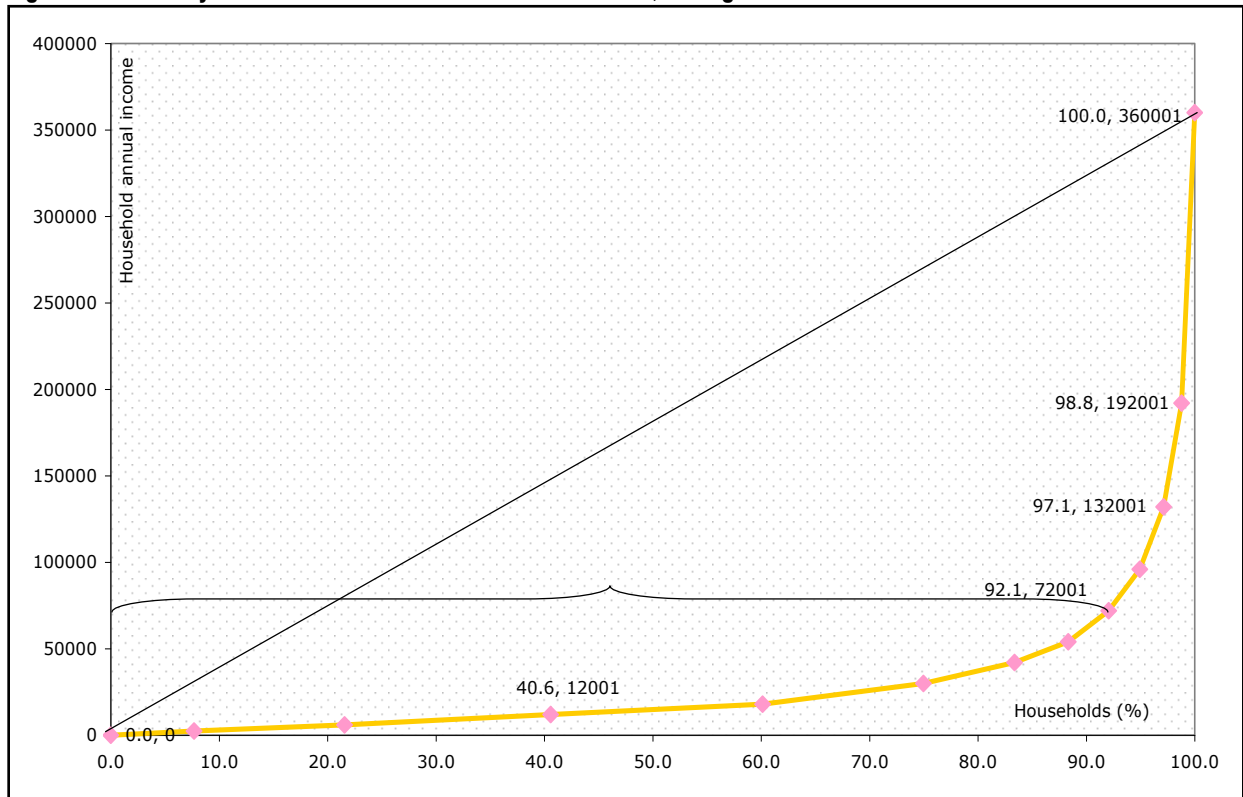
Figure 4.21: Poverty rate, HDI and Gini coefficient in uMzinyathi, 2002-2006



Source: Global Insight, 2007

However, the overall human development in the district has improved, with the index increasing from 0.40 to 0.42. This is very low but could be expected owing to the outgoing discussion of the other development indicators.

Figure 4.22: UMzinyathi household annual income distribution, average 2002-06



Source: Global Insight, 2007

To confirm the wide income gap in the district – as captured by the Gini Coefficient, Figure 4.22 shows that in uMzinyathi, 92.1 percent of the district’s households fell in the R72,000 income group.