

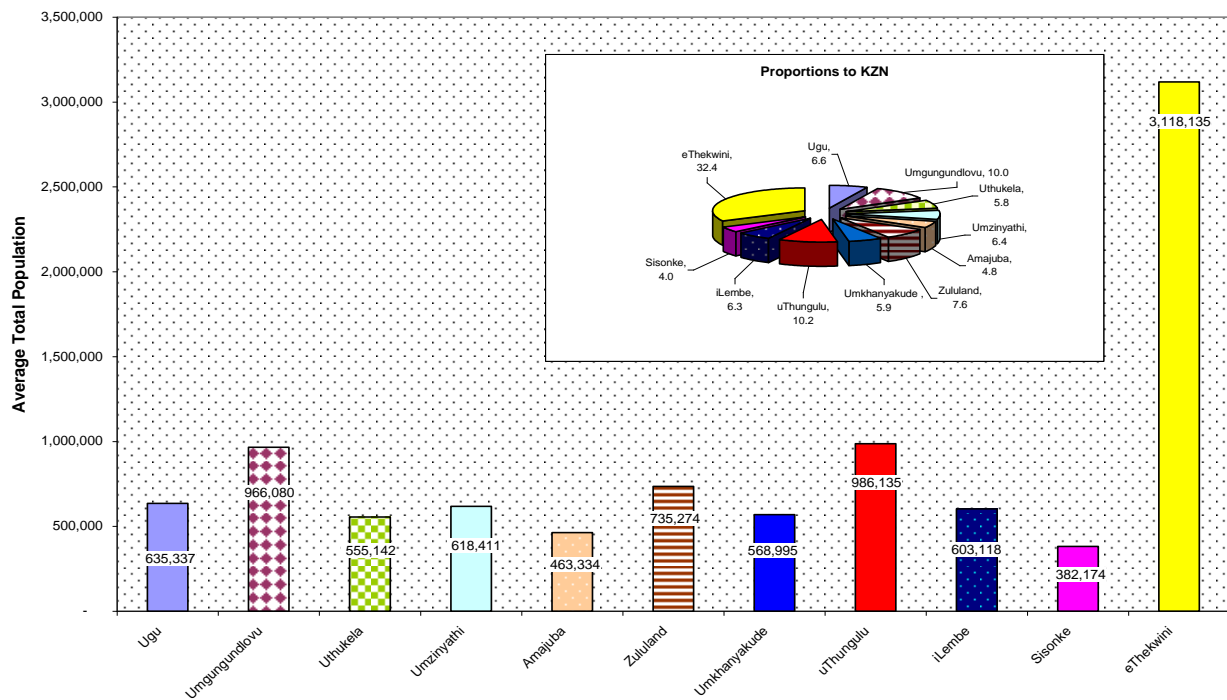
KwaZulu-Natal Provincial Treasury

ILEMBE DISTRICT: SOCIO-ECONOMIC PROFILE

9.1 Demographic Profiles

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 (32.8 percent of the provincial population), followed by uThungulu district (10.2%) and uMgungundlovu (10.0%). Ilembe was the fourth least populated district in the province with approximately 6.3 percent (Figure 9.1).

Figure 9.1: Total Population by DMs, average 2002-2006

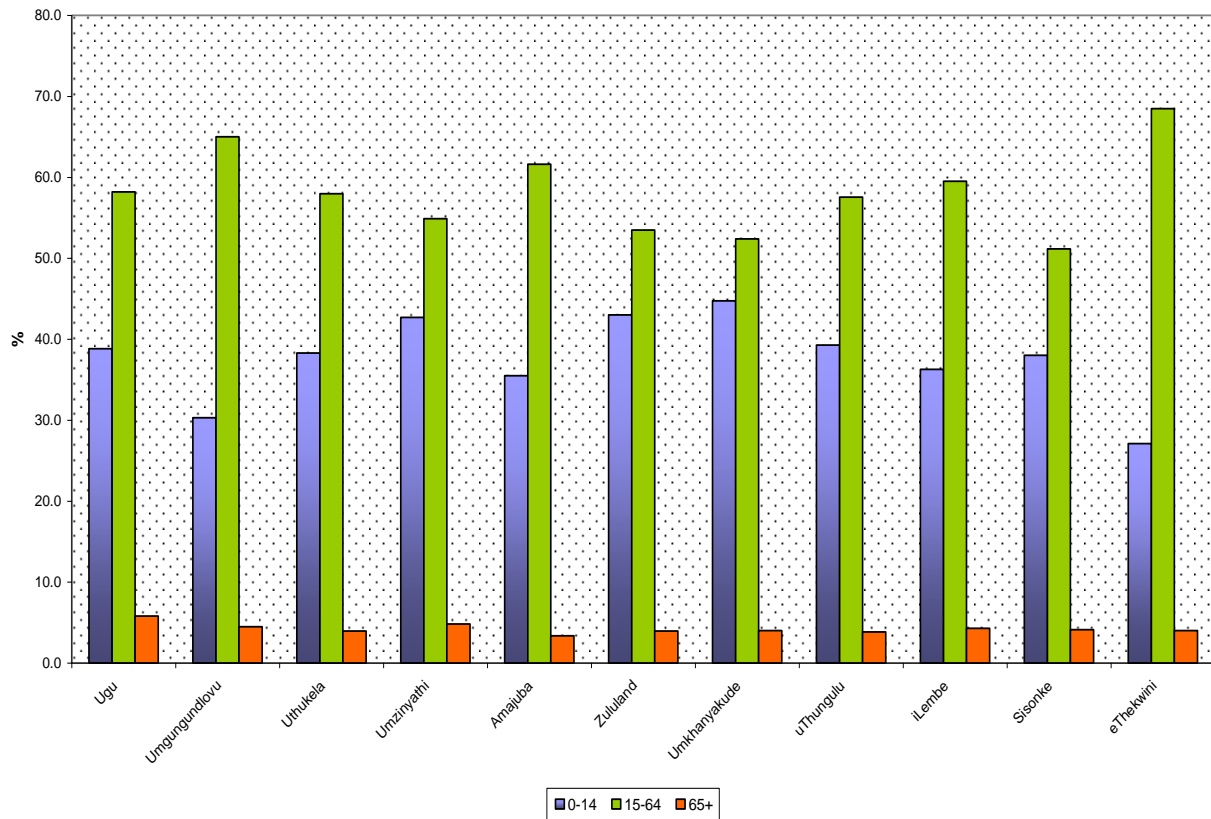


Source: Global Insight, 2007

Figure 9.2 shows the distribution of the population across DMs by age group. The largest proportion of the population in iLembe was the age group 15-64 years (59.5%) followed by age group 0-14 years (36.2%). The elderly population made the smallest portion of the total population.

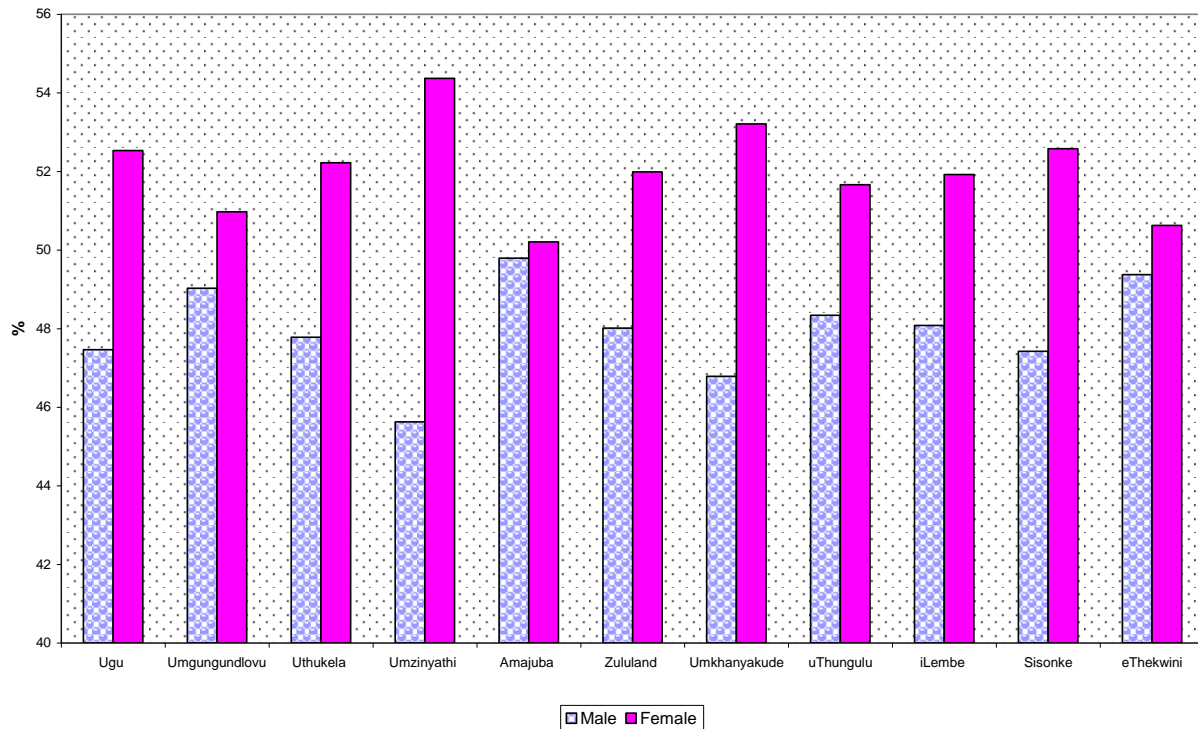
More potential work seekers translate into higher unemployment levels, particularly if individuals are not appropriately skilled. Hence, the higher number of both young individuals and people in the labour force overall will require more spending in education (primary and secondary) and skills development.

Figure 9.2: Total population by age group across DMs; average 2002-2006



Source: Global Insight, 2007

Figure 9.3: Total population distribution by gender across DMs; average 2002-2006



Source: Global Insight, 2007

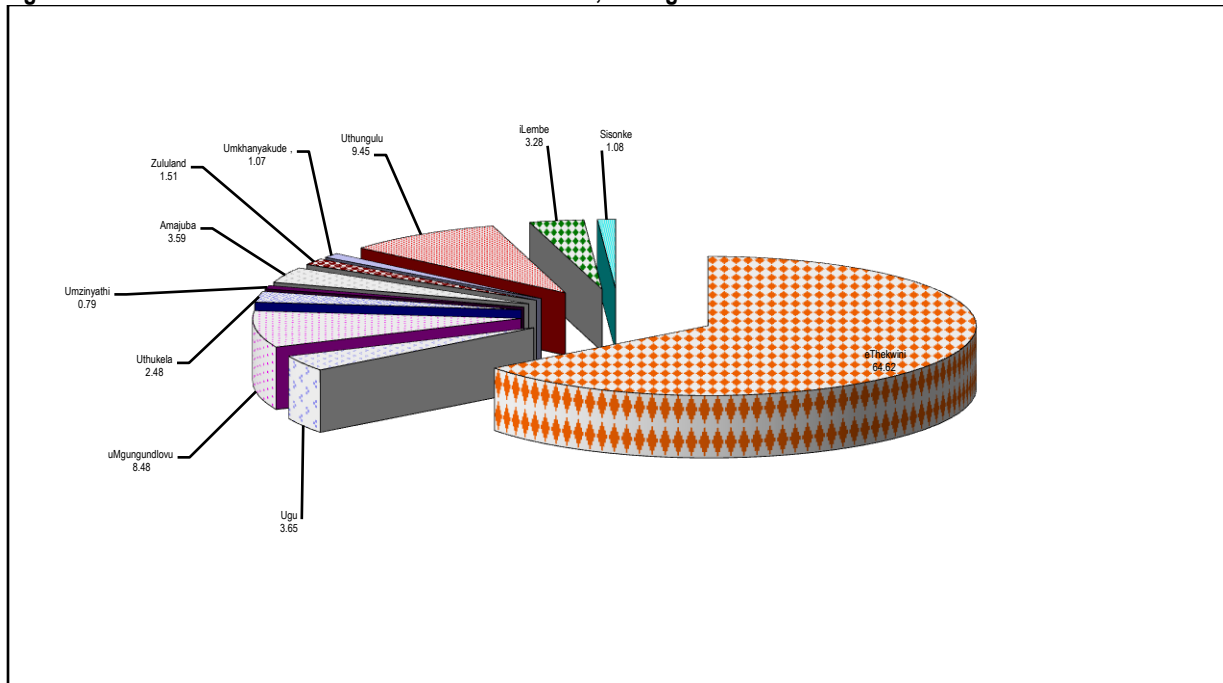
The majority of the population in iLembe and across all DMs was female during this period (Figure 9.3). It is important to note that Umkhanyakude was the least densely populated district (0.04 people per km²) in the province. Of 586,9 thousand population, only 4,2 percent people are regarded as urban residents. This suggests that there is no pressure on environment and that there could be more available land for development and agricultural use in this district.

9.2 Economic Outlook: iLembe District

9.2.1 Gross domestic product per municipality (GDP-M)

Between 2002 and 2006, the GDP for KwaZulu-Natal was estimated at an annual average of R177, 8bn. There was a significant growth of 18.8 percent from R163,9bn in 2002 to R194,7bn in 2006. The iLembe District made the sixth largest contribution to the provincial GDP, at 3.3 percent. eThekweni, uThungulu, and uMgungundlovu made the most contributions at 64.6 percent, 9.5 percent, and 8.5 percent respectively. Umzinyathi made the least contribution at 0.8 percent.

Figure 9.4: Districts contribution to KwaZulu-Natal GDP, average 2002-2006

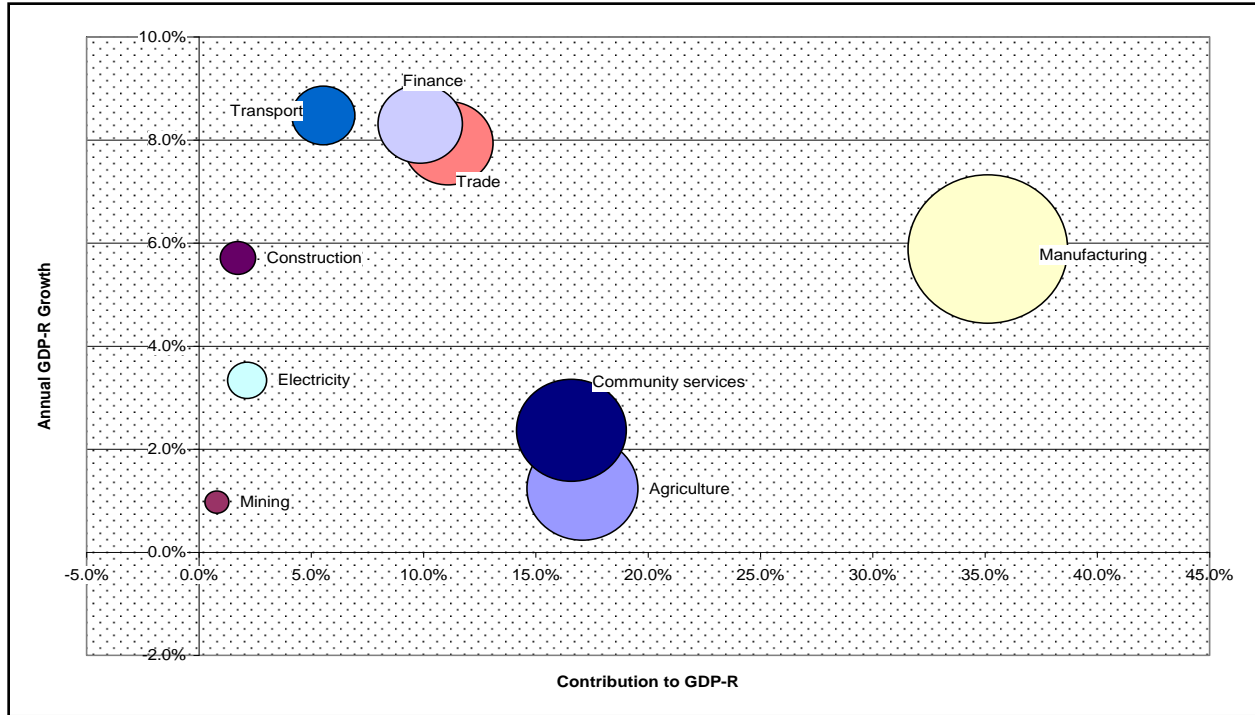


Source: Global Insight, 2007

Figure 9.5 depicts iLembe's GDP-M by economic sector between 2002 and 2006. The district achieved growth of 5 percent on average during this period. Manufacturing, Agriculture, and Community Services are the main economic drivers in this district. These sectors have contributed the most to the economy's GDP-M at 35.1 percent, 17.1 percent, and 16.6 percent respectively. The Transport, Finance, and Trade sectors achieved respective growth rates of 8.5 percent, 8.3 percent, and 7.9 percent, thereby outperforming the other sectors in the economy.

Mining had the least growth at 1.0 percent. Agriculture showed a sharp decline in growth moving from 6.7 percent in 2005 to -9.9 percent in 2006.

Figure 9.5: iLembe GDP-M by sectors (2002-2006)

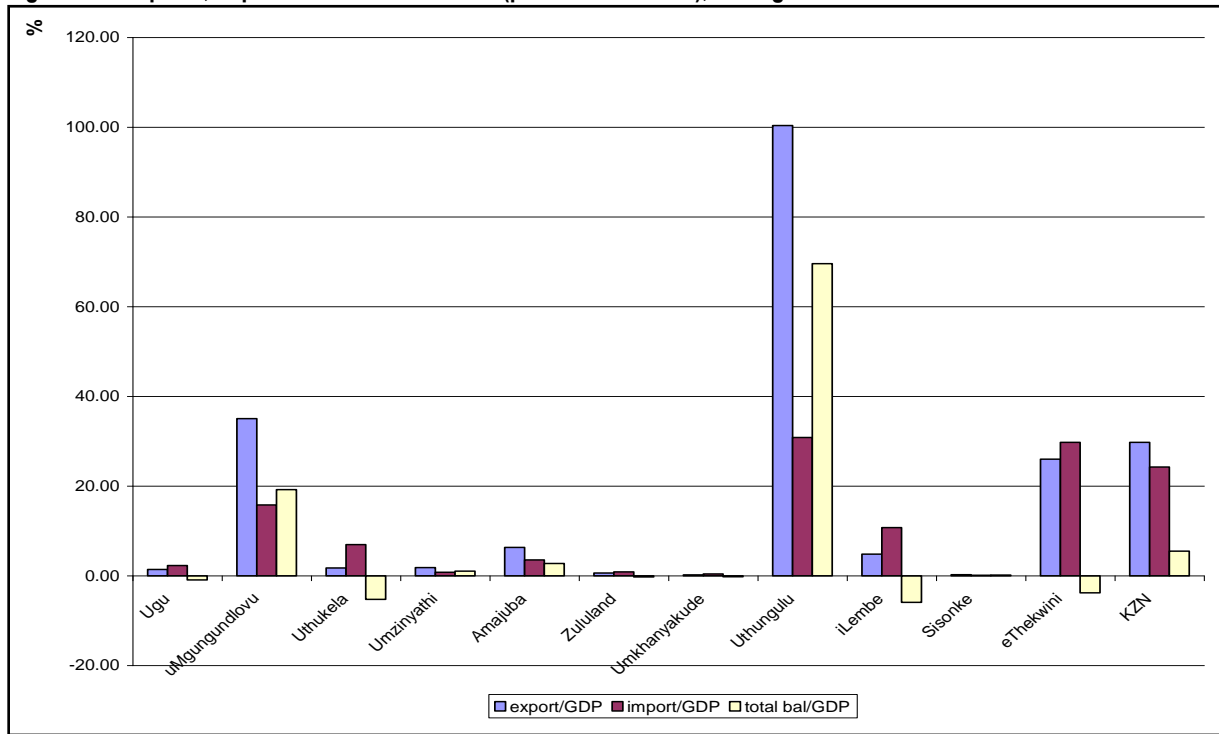


Source: Global Insight, 2007

9.2.2 International Trade

Figure 9.6 shows the percentage of export, import, and trade balance (as a proportion of GDP-M) across all DMs. The figure reflects that international trade has a minimal impact on the economy of iLembe. Over the 5 year period, the district's imports and exports on average made up 4.8 percent and 10.6 percent of the economy's GDP respectively. This led to a negative trade balance of 5.9 percent of GDP-M.

Figure 9.6: Exports, imports and Trade Balance (percent of GDP-M), average 2002-2006



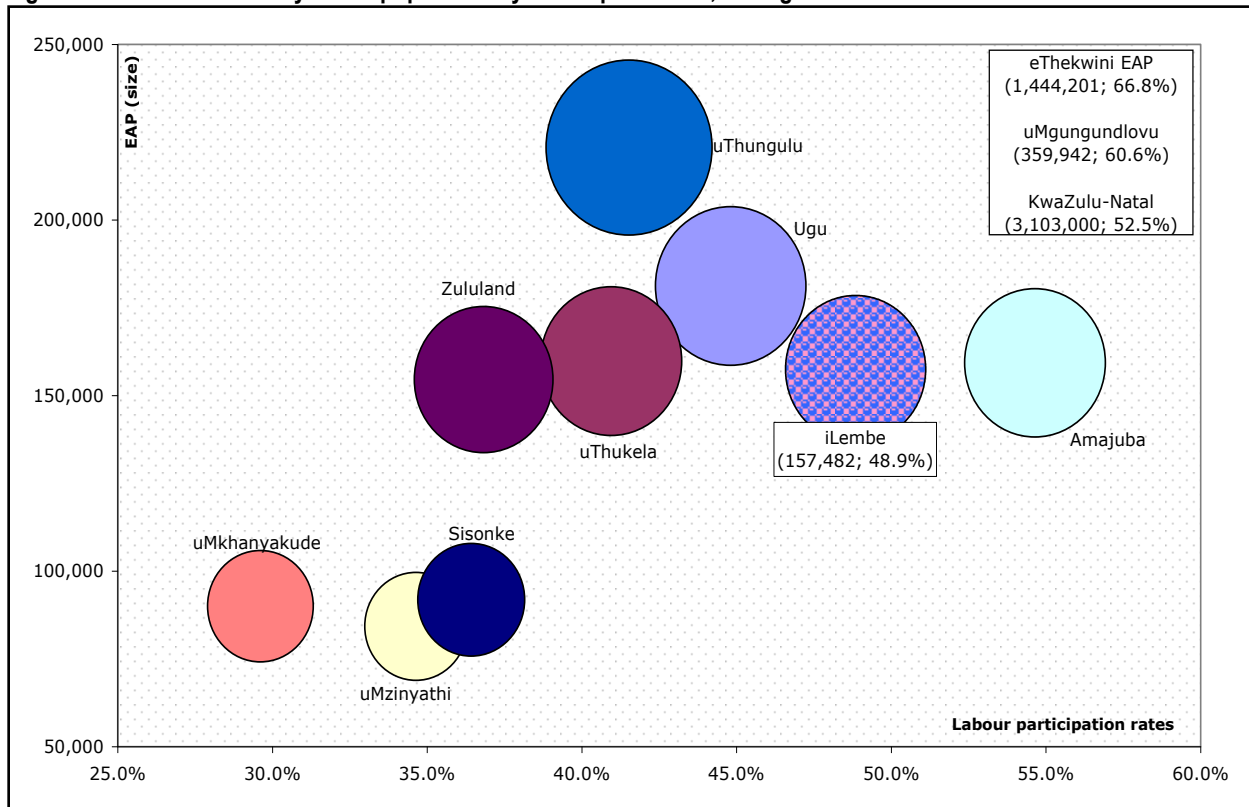
Source: Global Insight, 2007

9.3 The labour market

9.3.1 The labour force and the economically active population

Between 2002 and 2006, the provincial labour force¹ approximated at 6,0 million people per annum (approximately 60.0 percent 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 eThekweni (Figure 9.7).

Figure 9.7: The economically active population by municipal district, average 2002-06



Source: Global Insight, 2007; 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).

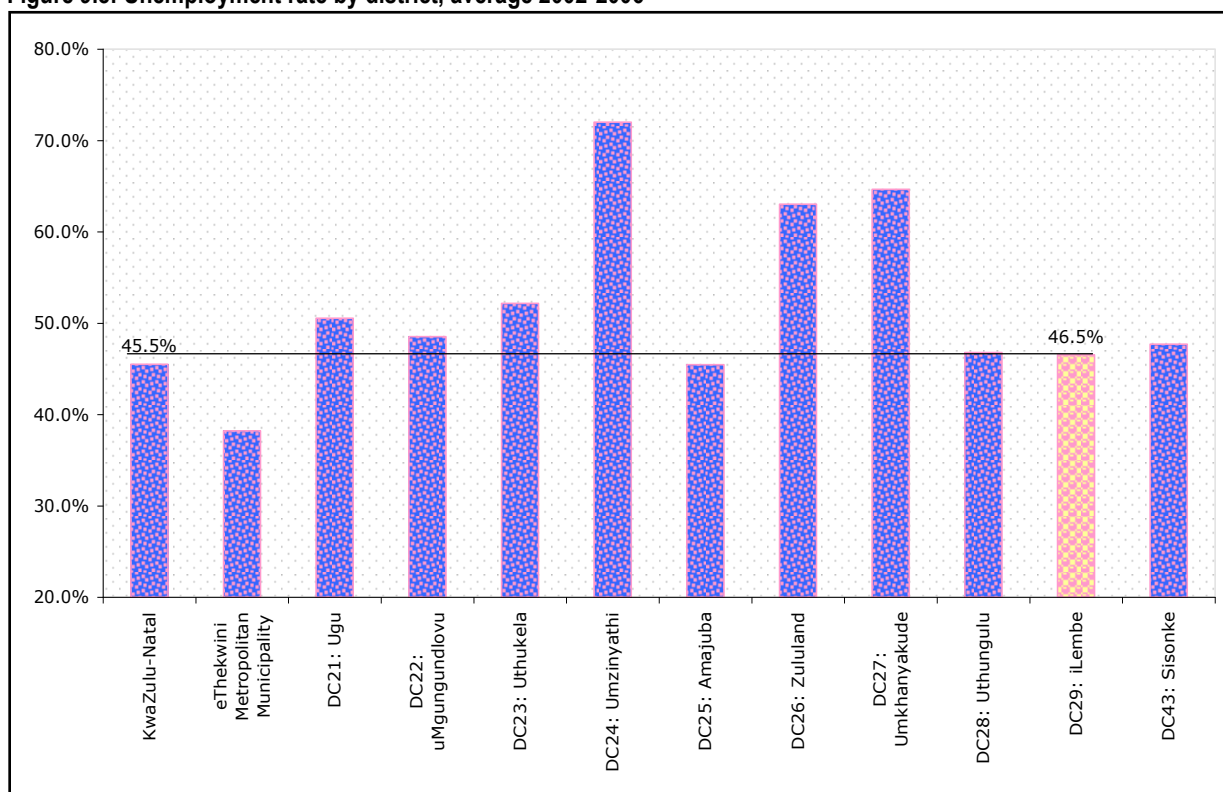
iLembe's EAP comprised approximately 160 thousand people. As a proportion of the district labour force³, the district's EAP was about 49 percent. It was the fourth most economically active district after uMgungundlovu (60.6%), Amajuba (54.6%) and the Metro (66.8%).

9.3.2 Unemployment

During the same period, there were about 72,000 unemployed people in iLembe. This was the fourth lowest unemployment figure after Sisonke (49, 000), uMzinyathi (59,000) and uMkhanyakude (61, 000).

iLembe's unemployment rate⁴ was among the lowest in the province during the review period (46.5%). It was higher only than that in eThekweni and Amajuba, and only one percentage point higher than the provincial average.

Figure 9.8: Unemployment rate by district, average 2002-2006



Source: Global Insight, 2007

³ EAP/LF = Labour participation rate or ratio.

⁴ Expanded definition; includes those unemployed but not actively seeking a job.

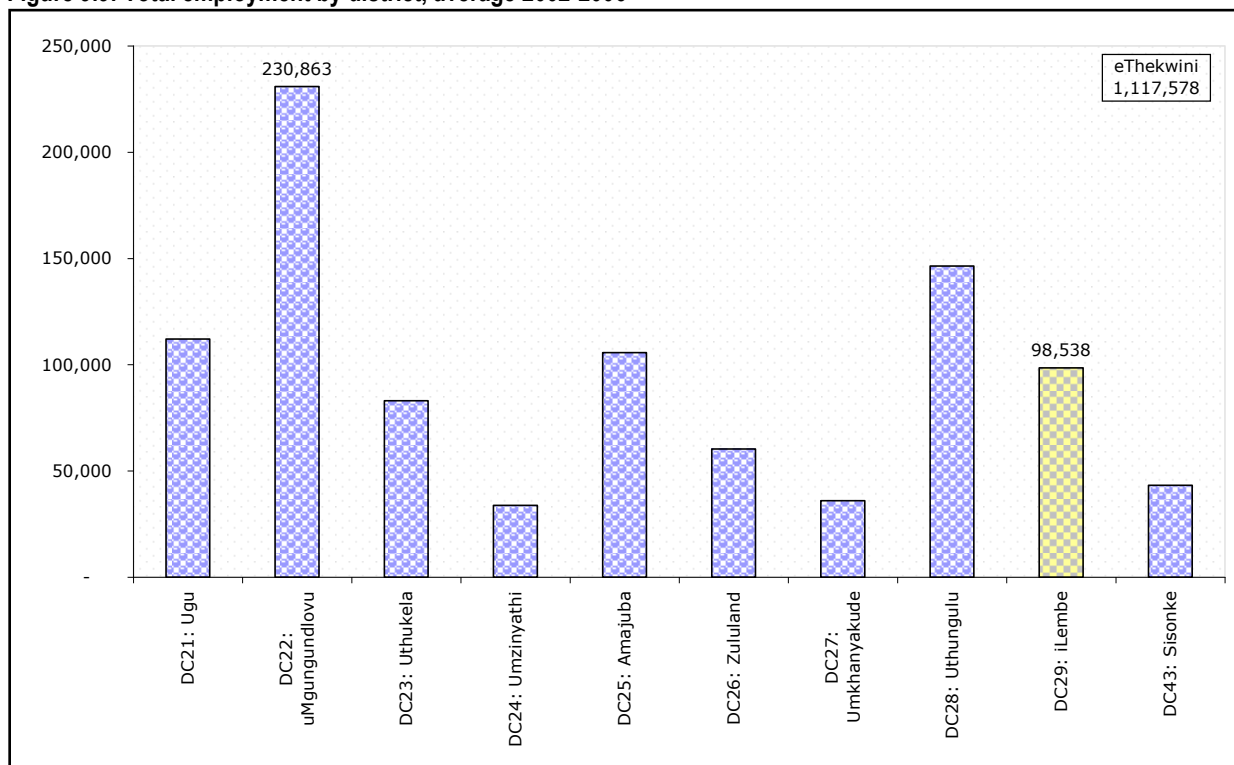
The provincial average unemployment rate was higher among Blacks than the other population groups. In iLembe, the figures were 50.9 percent (Blacks), 21.3 percent (Coloured), 21.0 percent (Indians) and 9.4 percent (Whites).

9.3.3 Employment

9.3.3.1 Total employment

During the same period, KwaZulu-Natal employment totaled an annual average of 2,1 million workers. iLembe's employment was the fourth highest after uMgungundlovu, the Metro and uThungulu (Figure 9.9).

Figure 9.9: Total employment by district, average 2002-2006



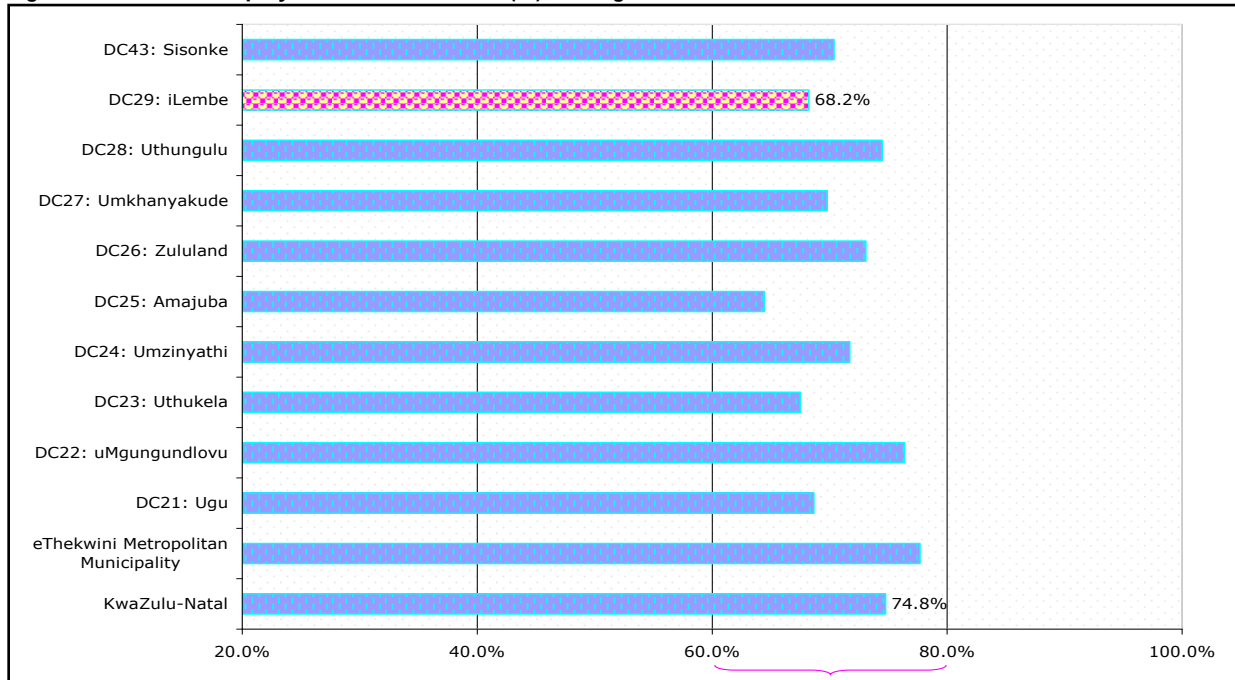
Source: Global Insight, 2007

9.3.3.2 Formal employment

Throughout the period, formal employment played the most significant role in the province, ranging between 60 percent and 80 percent of districts' total employment (Figure 3.2). iLembe's contribution in this regard was among the relatively lower levels at 68.2 percent, lower even than the provincial average.

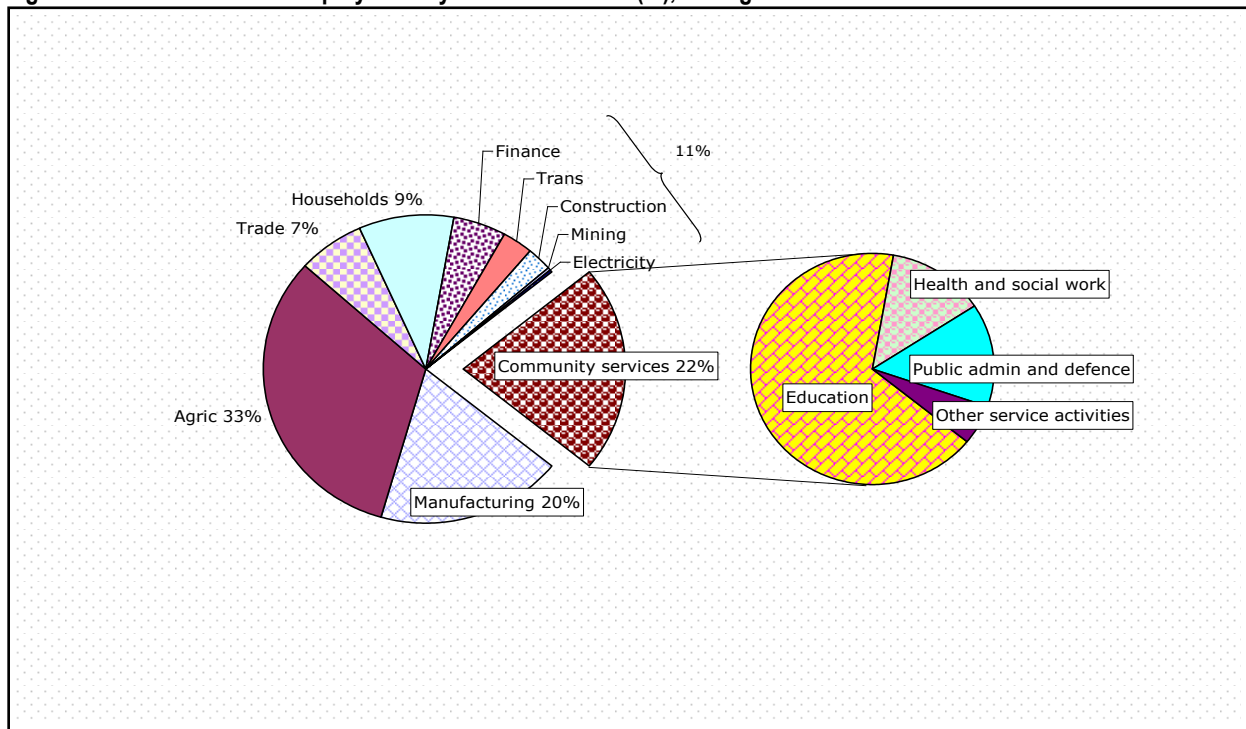
The formal employment sector in the district was dominated by the Agriculture, Manufacturing and Community Services sectors (Figure 9.10).

Figure 9.10: Formal employment within districts (%), average 2002-2006



Source: Global Insight, 2007

Figure 9.11: iLembe formal employment by economic sector (%), average 2002-2006

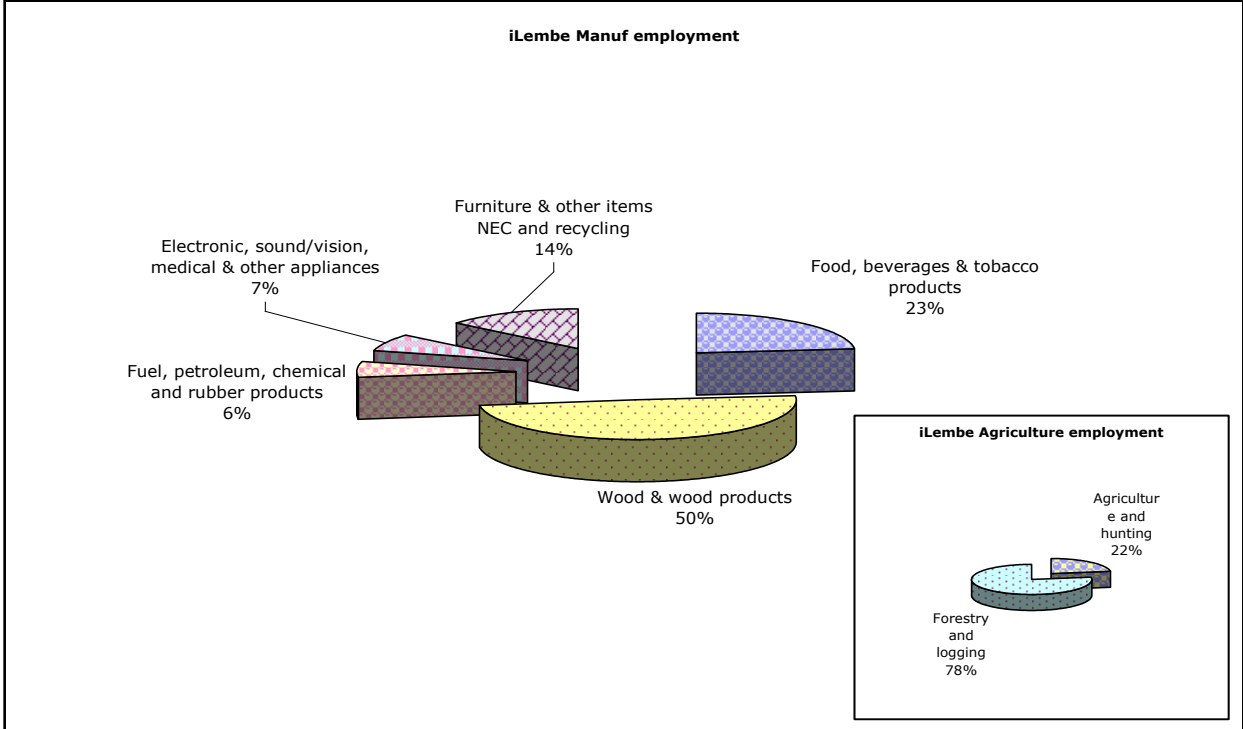


Source: Global Insight, 2007

Education was the largest engine behind the Community Service performance, contributing a solid half of the sector’s employment. Health and Social Work also played a good role (Figure 9.11). This shows that the education-and-health inclined provincial expenditure budget reaches this district proportionately, as with uThungulu and uMkhanyakude.

The important manufacturing sector employment on the one hand was concentrated in ‘Wood & wood products’ and ‘Food, beverages & tobacco products’. Agriculture on the other hand was supported by ‘Forestry and logging’ at a solid 78.0 percent.

Figure 9.12: ILembe Manufacturing and Agriculture employment by category, average 2002-2006

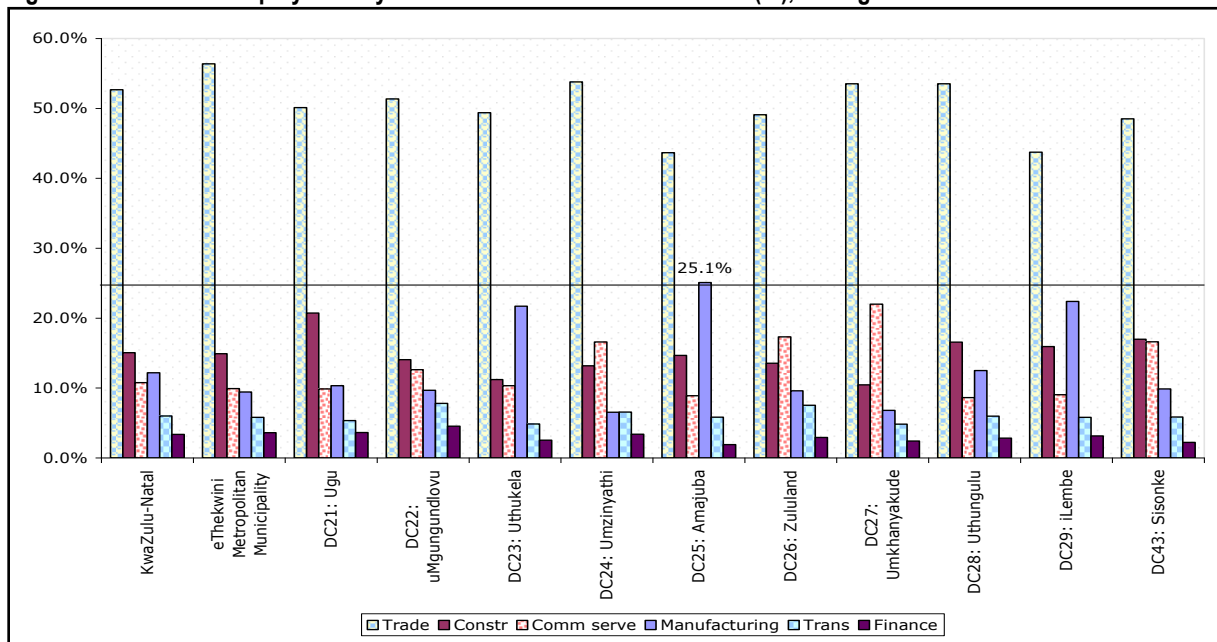


Source: Global Insight, 2007

9.3.3.3 Informal employment

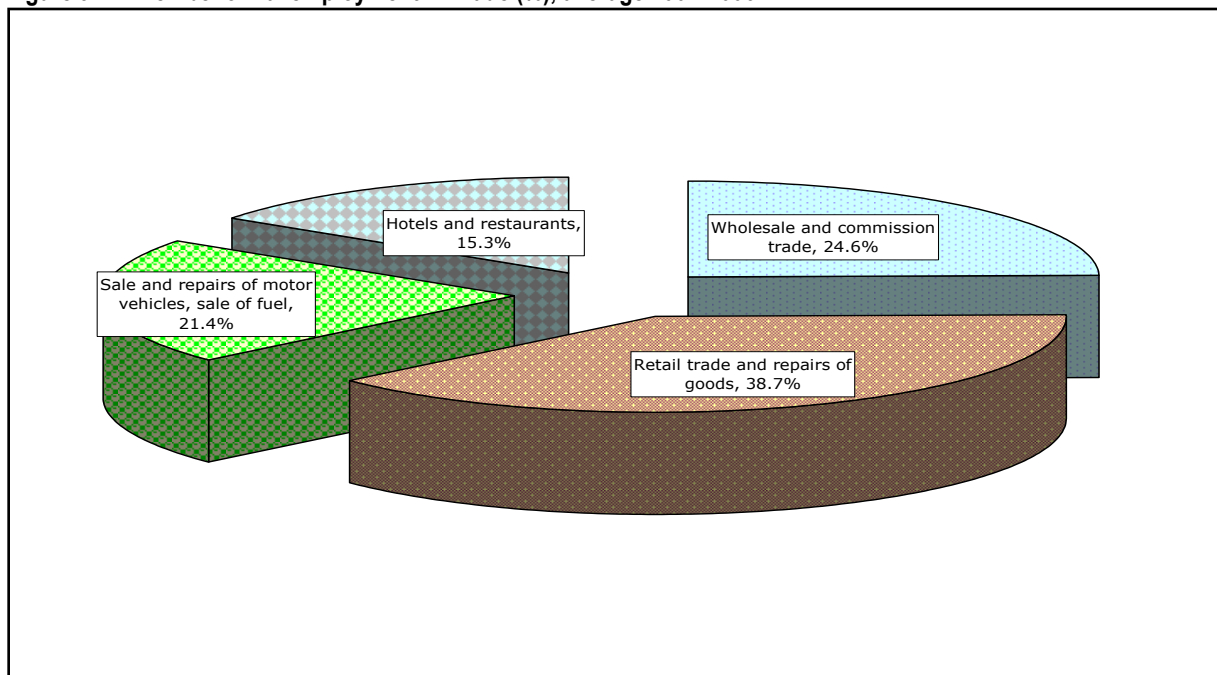
The province’s informal sector employment was recorded mainly in Trade, Construction, Community Services, Manufacturing, Transport and Finance. In all the districts, Trade was the main employer with all but four districts having more than half employment in this sector. ILembe’s informal employment was also Trade-dominated. However, this sector’s employment in Manufacturing was also skewed to the upper end in this district (together with Amajuba and uThungulu) (Figure 9.13).

Figure 9.13: Informal employment by district and main economic sector (%), average 2002-2006



Source: Global Insight, 2007

Figure 9.14: iLembe formal employment in Trade (%), average 2002-2006



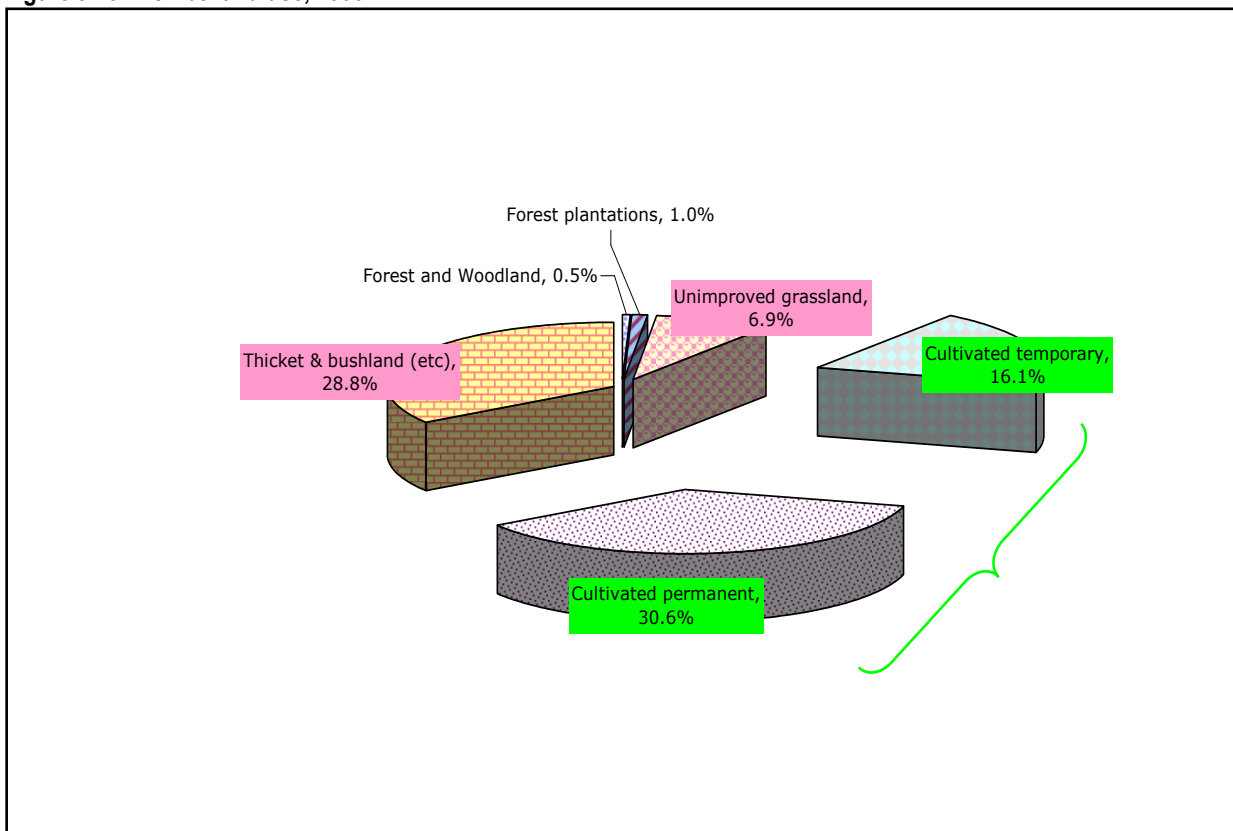
Source: Global Insight, 2007

Figure 9.14 shows the distribution of formal employment in the Trade sector. As in uThungulu, employment in this sector was near-evenly distributed between the four main industries, with 'Retail Trade and Repairs of Goods' taking the lead (38.7%). The informal employment sector could also have followed a similar structure.

9.4 Land cover and use

In 2006, KwaZulu-Natal's land size was estimated at 93,378 km²; approximately 8.0 percent of the South African land. iLembe's share of the KwaZulu-Natal soil was only about 4.0 percent. However, good news is that the district had a satisfactorily large portion of its land used for permanent or temporary cultivation (nearly 50.0%), with the permanently cultivated area actually leading the other uses (Figure 9.15). This is encouraging and agriculture in this district should be continuously supported.

Figure 9.15: iLembe land use, 2006

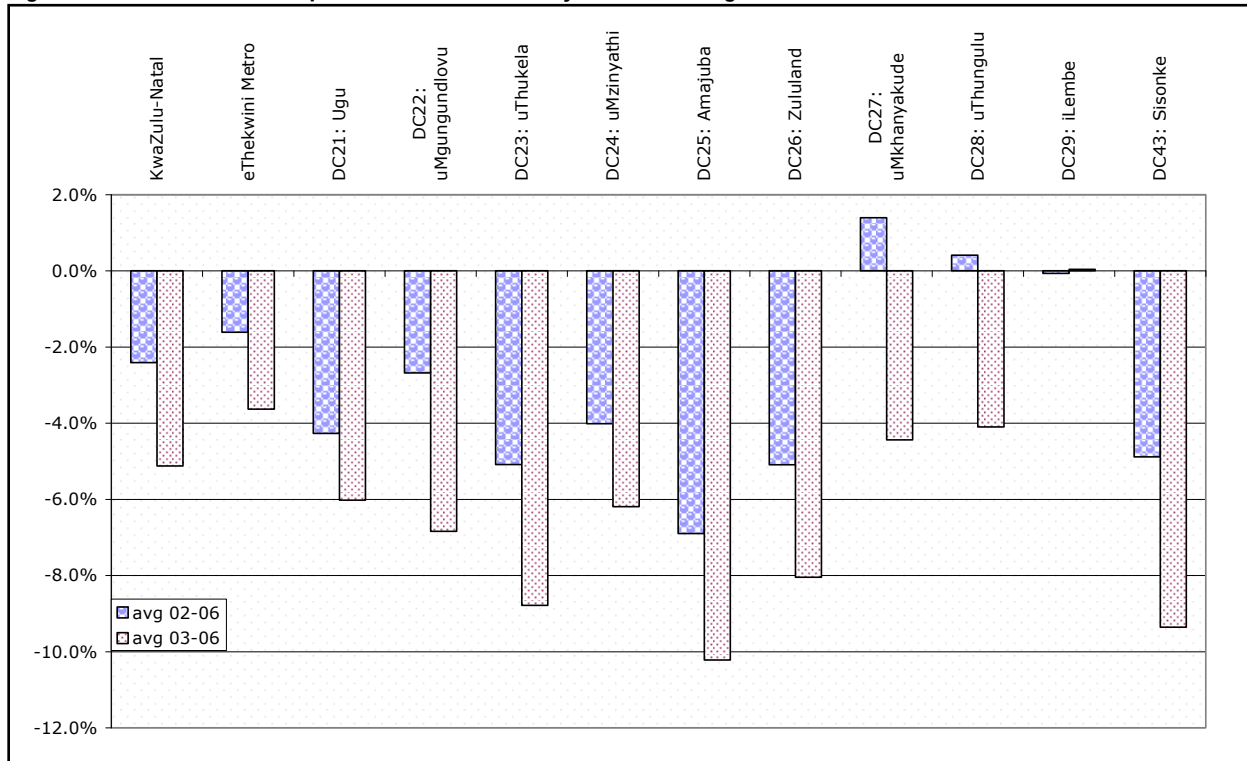


Source: Global Insight, 2007

9.5 Crime

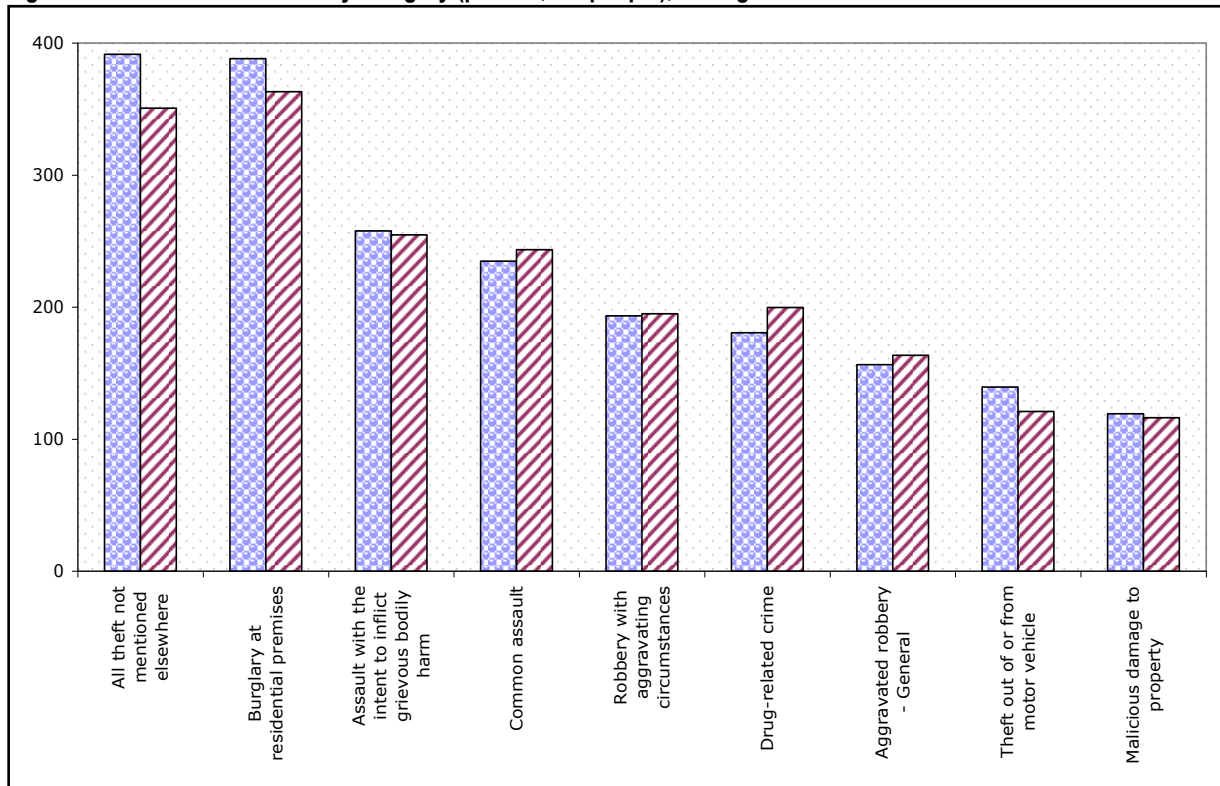
Between 2002 and 2006, there has been a consistent decline in reported incidences of crime in the province (2.4 percent annual average). UMkhanyakude and uThungulu were the only resistant districts with peculiar positive growth rates. ILembe's rate was also unpleasantly high. However, 2003 forward saw a blanketing decline, though with differing magnitudes; the provincial collapse rate in crime was 5.1 percent. Amajuba, Sisonke, uThukela and Zululand enjoyed the highest decline in this regard (at least 8.0%). This time, iLembe was the only reluctant district during this period (Figure 9.16).

Figure 9.16: Growth rate in reported crime incidents by district, averages 2002-2006 & 2003-2006



Source: Global Insight, 2007

Figure 9.17: ILembe crime rate by category (per 100,000 people), average 2002-2006 & 2003-2006



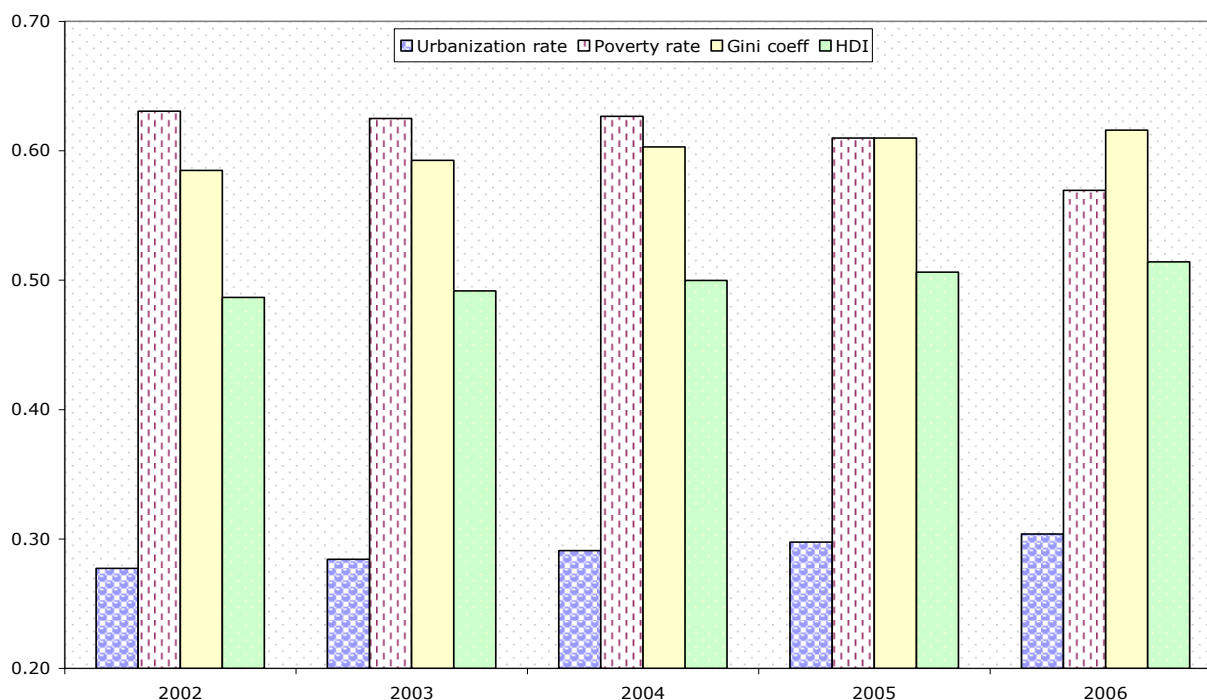
Source: Global Insight, 2007

During the period 2002 to 2006, the most common crime in this district was burglary at residential premises. However, this crime – and the majority other types - is slowly fading. Unfortunately though, common assault and drug-related crimes were on the increase since 2003 (Figure 9.17).

6 Social Development

Figure 9.18 shows that the proportion of people living in poverty in this district has been decreasing since 2003, and impressively sharply between 2005 and 2006. This undoubtedly contributed to the slowly improved HDI in the district.

Figure 9.18: Urbanisation rate, poverty rate, HDI and Gini coefficient in iLembe, 2002-2006

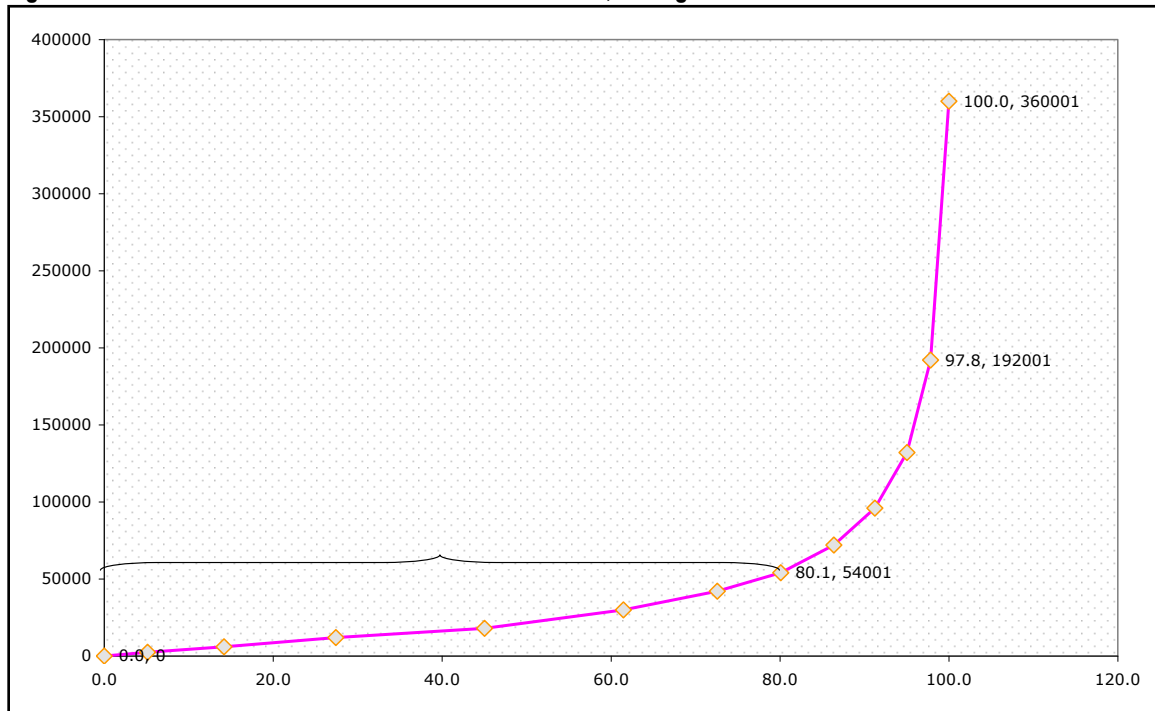


Source: Global Insight, 2007

Similar to other areas, though, the Gini coefficient – which measures the income gap between households – has been on the rise. Figure 9.19 also reveals that on average, income distribution among households has also been wide. On average, a cumulative 80.1 percent of households in the district earned at most R54,001 per annum and nearly 98.0 percent earned not more than R192,000. This means that at least R168,000 was accrued to only one percent of the district's households. The income skewness in the distribution of income towards a few household is problematic but the experience is relatively better than in Zululand.

As salt in a wound, the increasing year-on-year Gini coefficient says that the gap has actually been growing wider.

Figure 9.19: Ilembe household annual income distribution, average 2002-2006



Source: Global Insight, 2007