

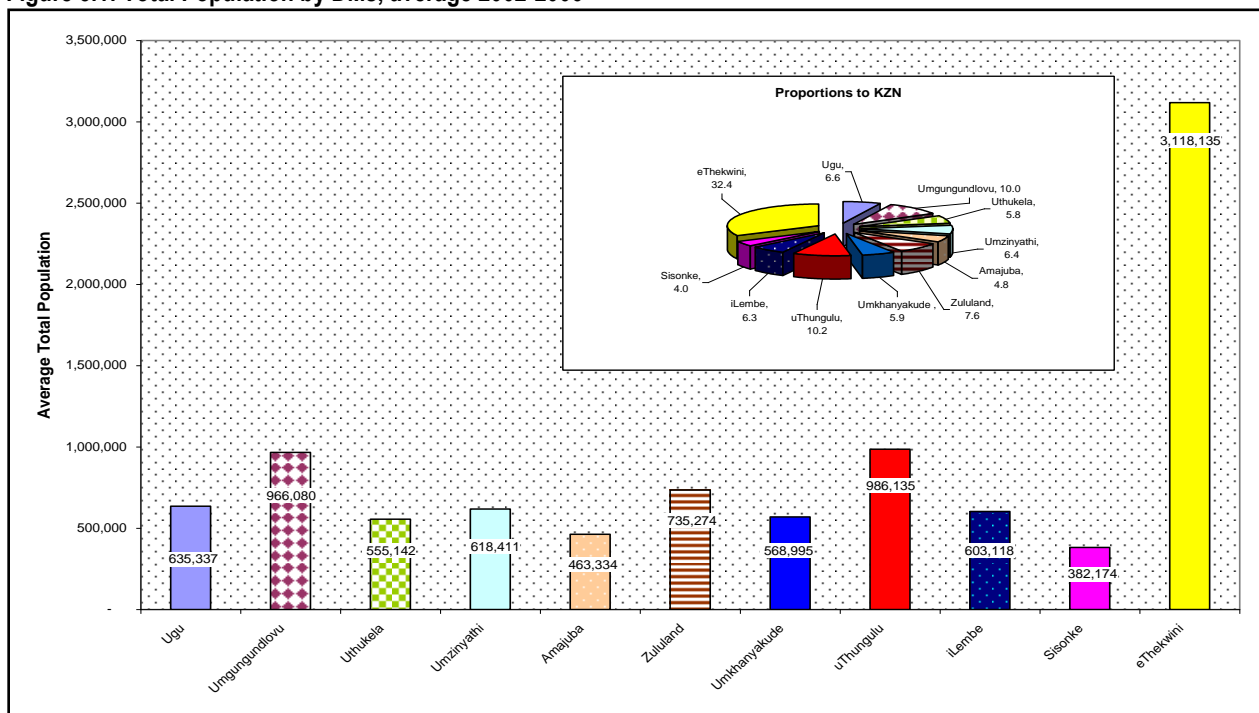
KwaZulu-Natal Provincial Treasury

UTHUKELA DISTRICT: SOCIO-ECONOMIC PROFILE

3.1 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 percent of the provincial population), followed by uThungulu district (10.2%) and uMgungundlovu (10.0%). UThukela was ranked ninth in terms of population numbers at 5.8 percent (Figure 3.1).

Figure 3.1: Total Population by DMs, average 2002-2006

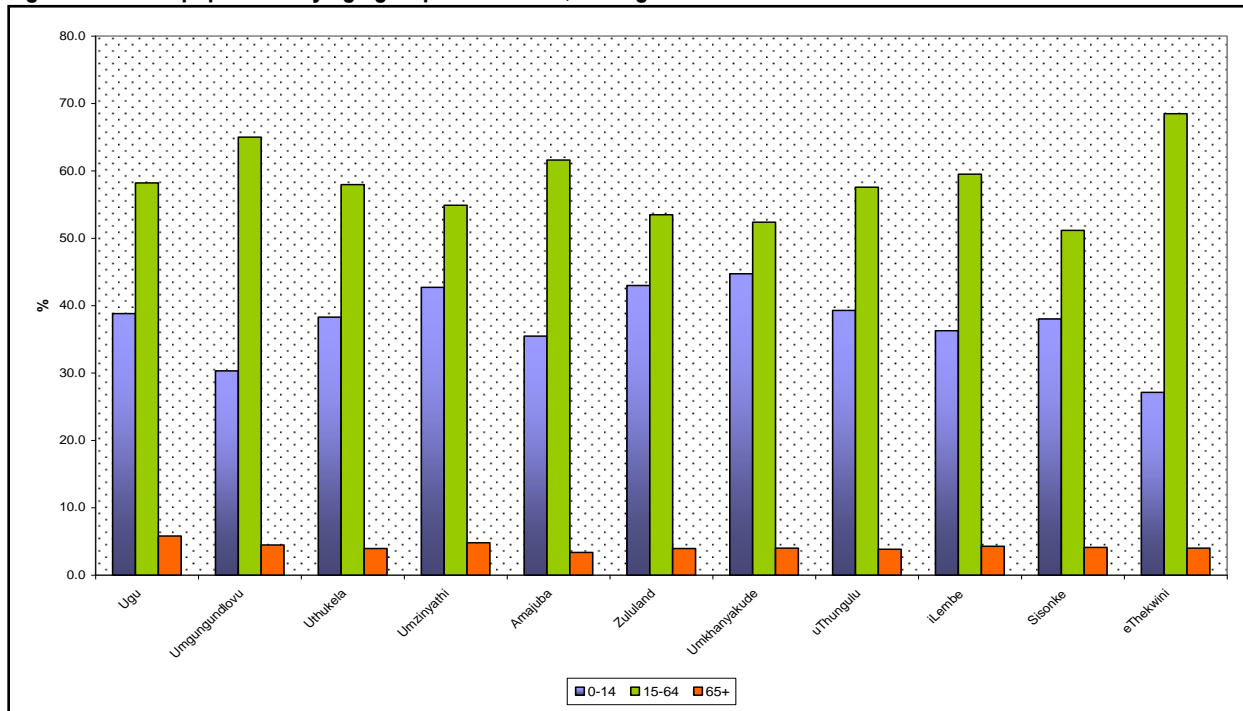


Source: Global Insight, 2007

Figure 3.2 shows the distribution of the population across DMs by age group. The largest proportion of the population in Uthukela was the age group 15-64 years (58.0%) followed by age group 0-14 years (38.2%). The elderly population made the smallest portion of the total population (4.1%).

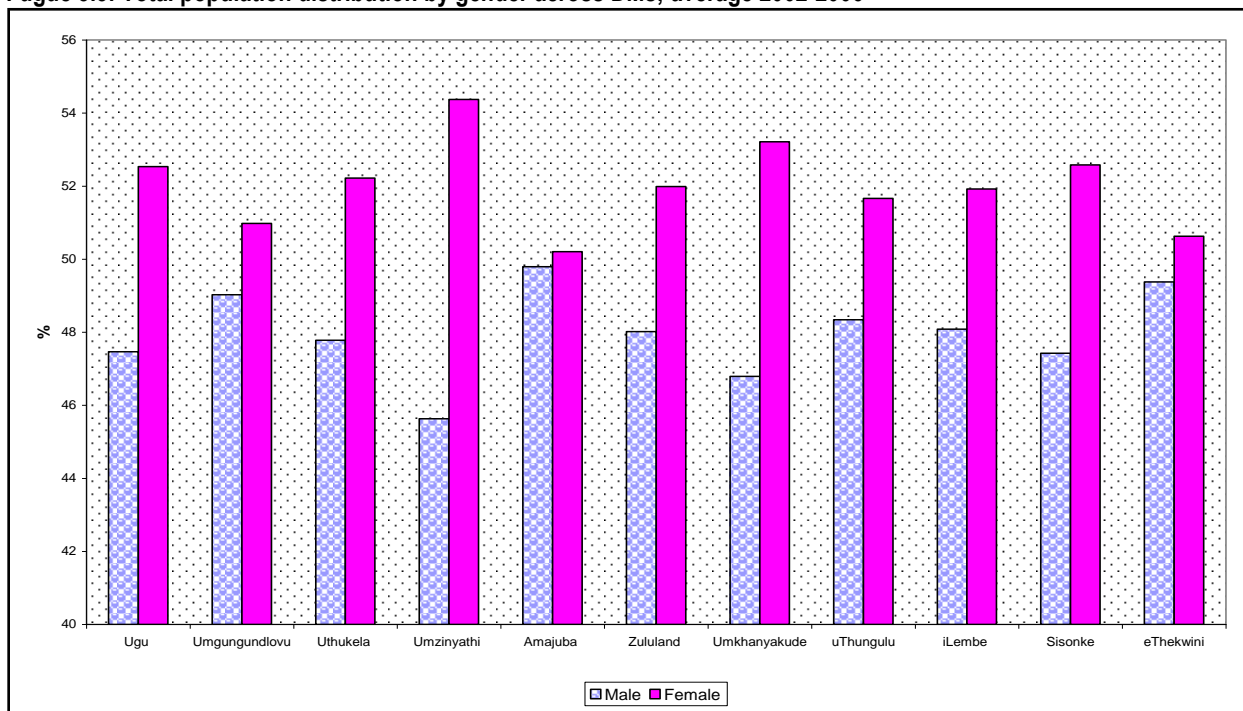
More potential work seekers translate into higher unemployment levels, particularly if individuals are not appropriately skilled. Hence, the higher number of both young individuals and people in the labour force overall will require more spending in education (primary and secondary) and skills development.

Figure 3.2: Total population by age group across DMs; average 2002-2006



Source: Global Insight, 2007

Figure 3.3: Total population distribution by gender across DMs; average 2002-2006



Source: Global Insight, 2007

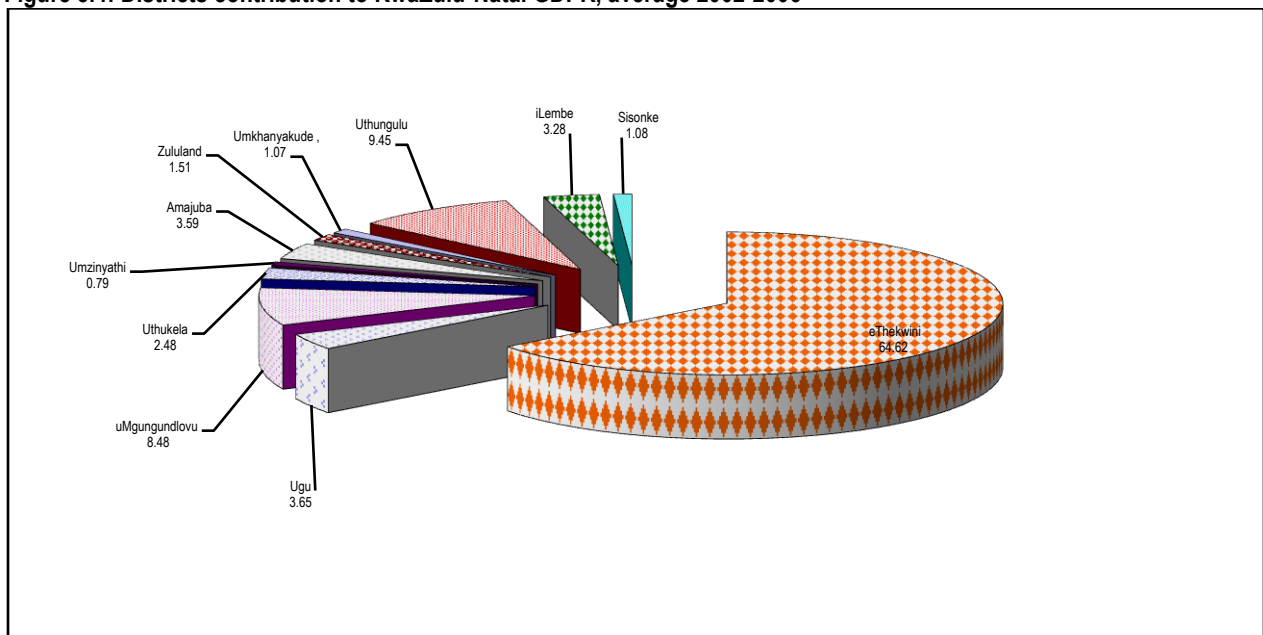
The majority of the population in Uthukela and across all DMs was female during this period (52%) (Figure 3.3).

3.2 Economic Outlook

3.2.1 Gross domestic product per municipality (GDP-M)

Between 2002 and 2006, the GDP-R for KwaZulu-Natal was estimated at an annual average of R177, 8bn. There was significant growth of 18.8 percent from R163,9bn in 2002 to R194,7bn in 2006. eThekweni, uThungulu, and uMgungundlovu were the highest contributors to the GDP-R, at 64.6 percent, 9.5 percent, and 8.5 percent respectively. uThukela contributed 2.5 percent to the GDP-R, and was the seventh highest contributor in the province.

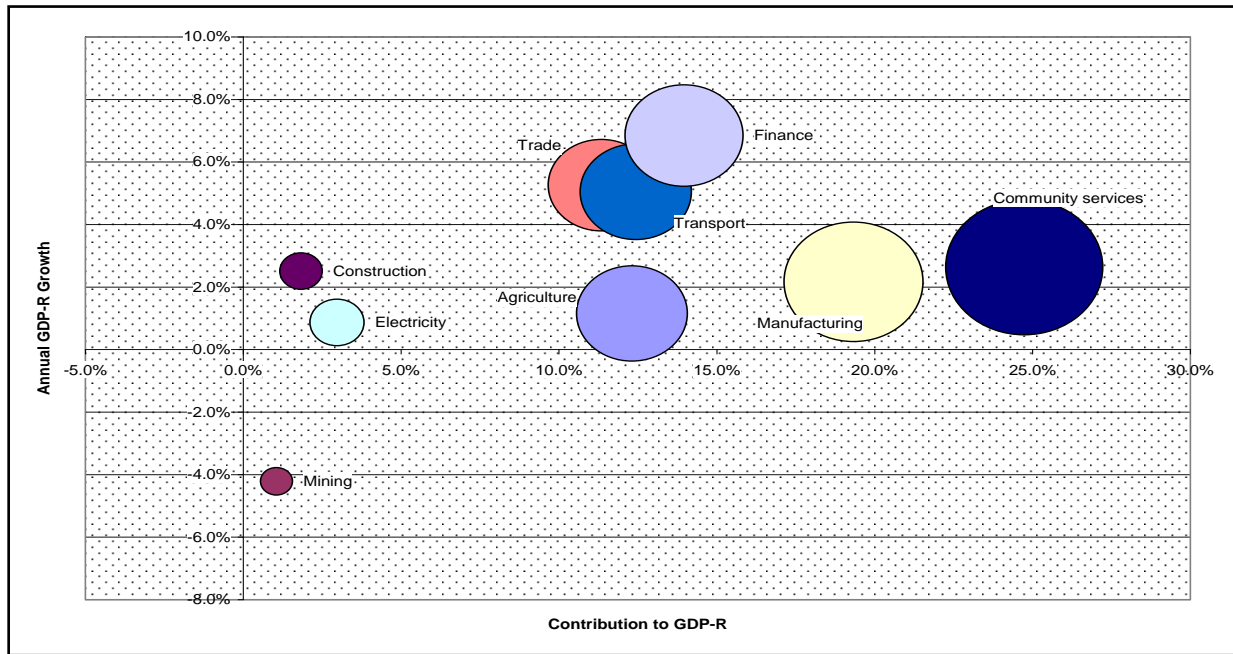
Figure 3.4: Districts contribution to KwaZulu-Natal GDP-R, average 2002-2006



Source: Global Insight, 2007

Figure 3.5 shows uThukela's GDP-M by economic sector between 2002 and 2006. The district's GDP-R grew by an average of 3.4 percent during this period. Community Services, Manufacturing, and Finance were the economic drivers in the district, contributing 24.7 percent, 19.3 percent, and 14.0 percent respectively to the GDP-R. Finance, Trade, and Transport were the fastest growing sectors, at averages of 6.8 percent, 5.3 percent, and 5.0 percent respectively. The Finance sector experienced steep growth between 2005 and 2006 from 2.8 percent to 12.9 percent. On the contrary, growth in Agriculture declined sharply from 6.4 percent to -9.6 percent in the same period.

Figure 3.5: uThukela's GDP-M by Sectors (2002-2006)

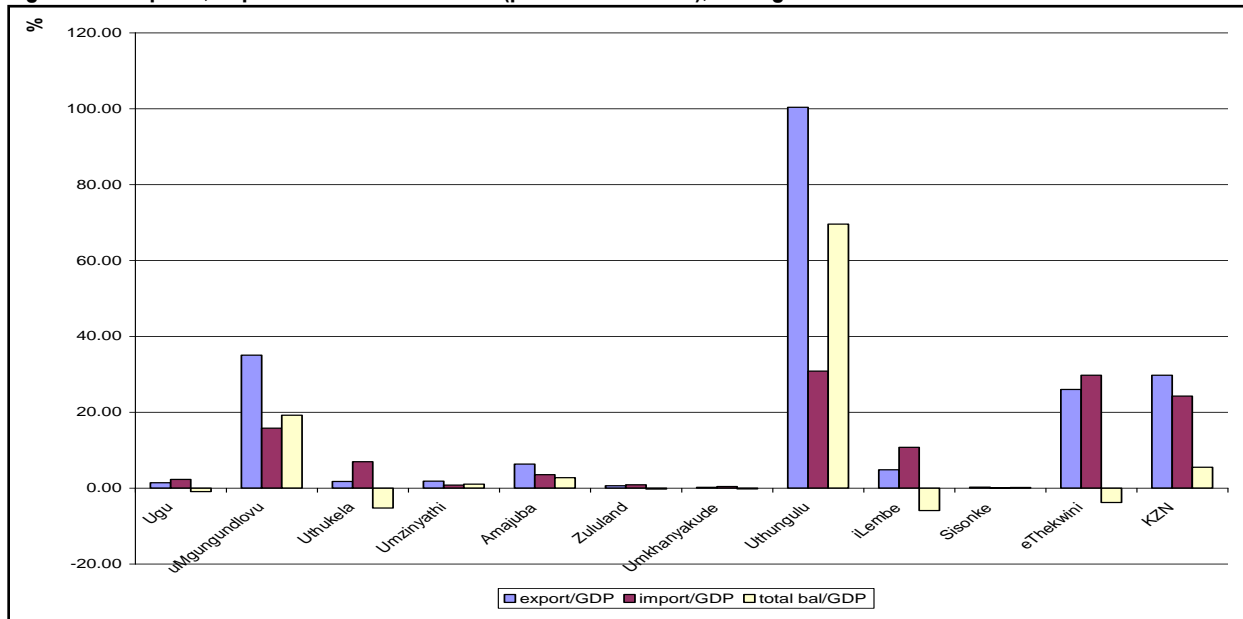


Source: Global Insight, 2007

3.2.2 International Trade

Figure 3.6 shows the percentage of export, import and trade balance (as a proportion of GDP-M) across all DMs. Imports for uThukela totaled 5.2 percent of the district's GDP-M, while exports were 1.3 percent of the GDP-M. The trade balance was -3.9 percent of the GDP-M.

Figure 3.6: Exports, imports and Trade Balance (percent of GDP-M), average 2002-2006



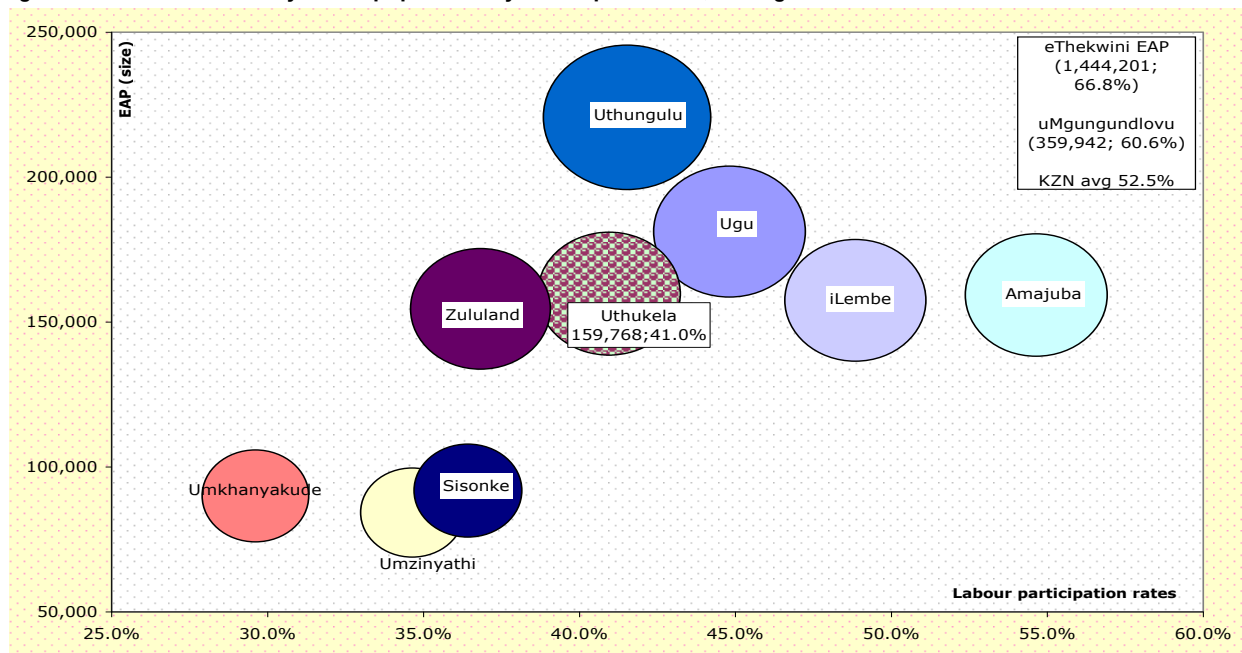
Source: Global Insight, 2007

3.3 The labour market

3.3.1 The labour force and the economically active population

Between 2002 and 2006, when the provincial labour force¹ approximated 6,0 million people per annum (approximately 60.0 percent of total provincial population), the economically active population (EAP)² was approximately 3,1 million. More than 1,4 million of the province's EAP was found in eThekweni, followed by uMgungundlovu (360,000) and uThungulu (221,000). Uthukela's EAP size, estimated at 160,000, fell in the same range as Zululand, iLembe and Amajuba, and was slightly less than that in Ugu (Figure 3.7).

Figure 3.7: The economically active population by municipal district, average 2002-06



Source: Global Insight, 2007; Mahlatsi, 2007

As a proportion of the district labour force³, the district's EAP was estimated at 41.0 percent. At this rate, the district was the fifth economically inactive after uMkhanyakude, uMzinyathi, Sisonke and Zululand (35.0%).

¹ Labour force is population aged 15-64 years.

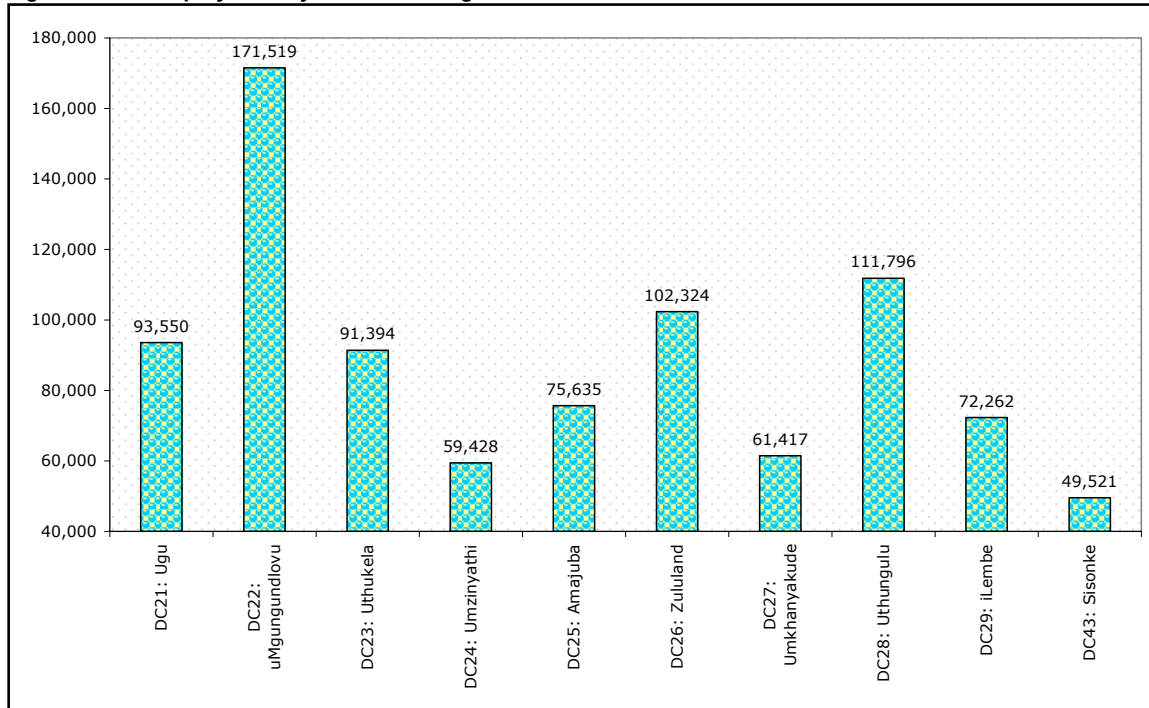
² The category EAP is made up of people who are either employed or unemployed. The employed consists of employers and employees, while unemployment are those not having a job but are actively seeking one (official definition), or they do not have a job, are actively seeking one or have given up searching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

³ EAP/LF = Labour participation rate or ratio.

3.3.2 Unemployment

During this period, there were about 91,000 unemployed people in the district. This was the middle level of unemployment in the province – sixth highest and sixth lowest.

Figure 3.8: Unemployment by district, average 2002-2006



Source: Global Insight, 2007

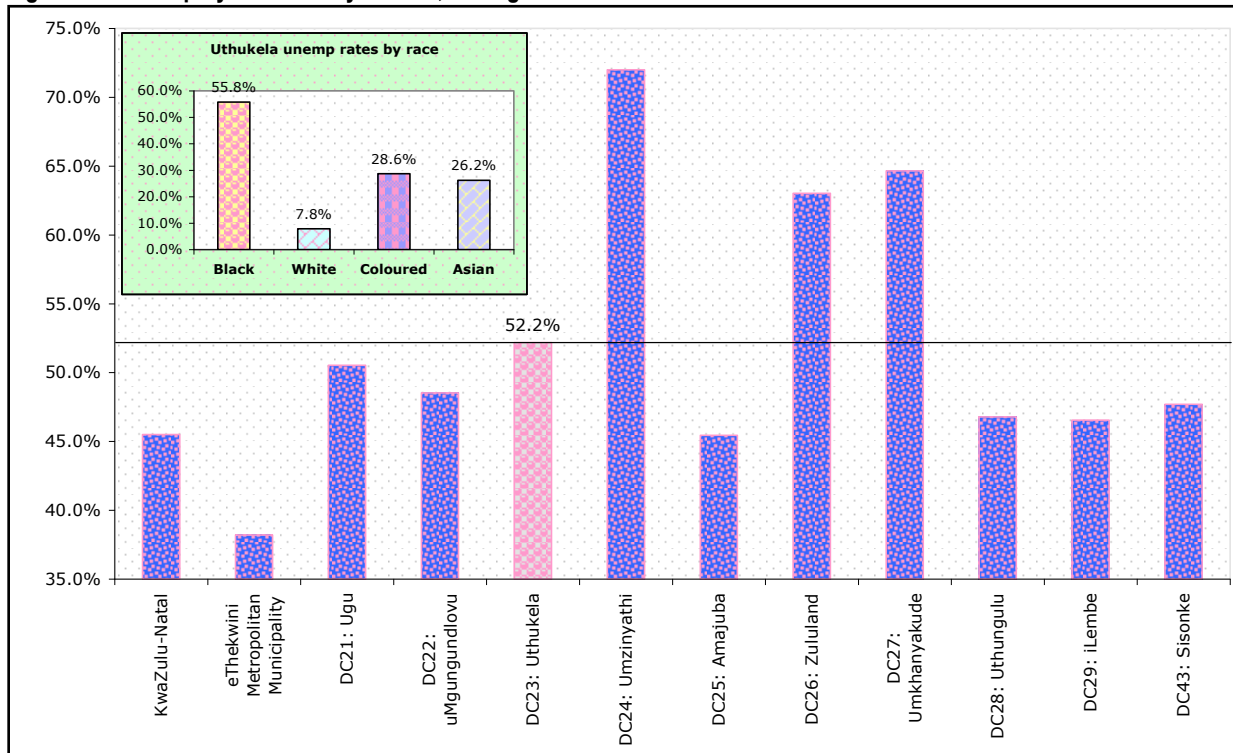
The district's unemployment rate⁴⁵ was relatively high at about 52.0 percent; lower only than that in uMzinyathi, uMkhanyakude and Zululand, and nearly 7.2 percentage points above provincial level (Figure 3.9).

As with the other districts, Uthukela's unemployment rate was skewed towards the Blacks (55.8%). The respective rates for Coloureds, Indians and Whites were 28.6, 26.2 and 7.8 percent, and these were slightly higher than the patterns observed in a majority of the previously discussed districts.

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 3.9: Unemployment rate by district, average 2002-2006



Source: Global Insight, 2007

3.3.3 Employment

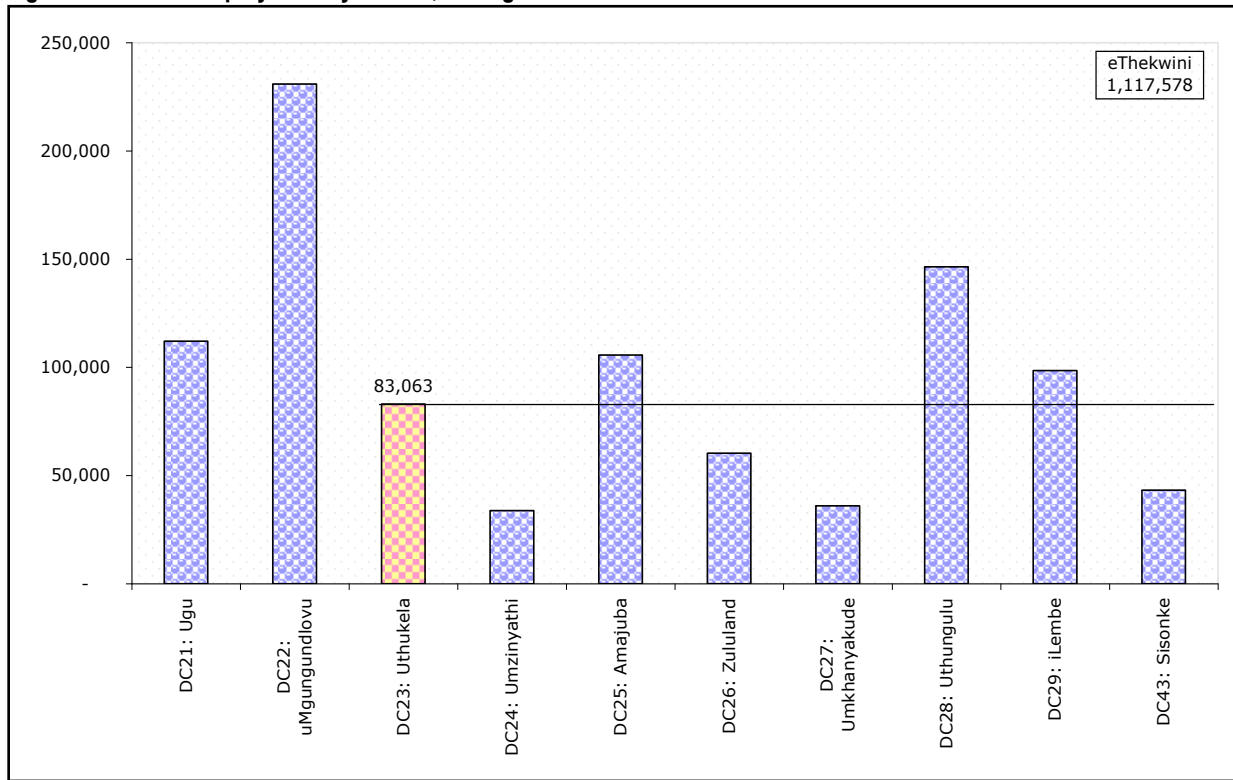
3.3.3.1 Total employment

During the period under review, KwaZulu-Natal employment totaled an annual average of 2,1 million workers. Uthukela's employment level was still the fifth lowest in the province (Figure 3.10).

3.3.2 Formal employment

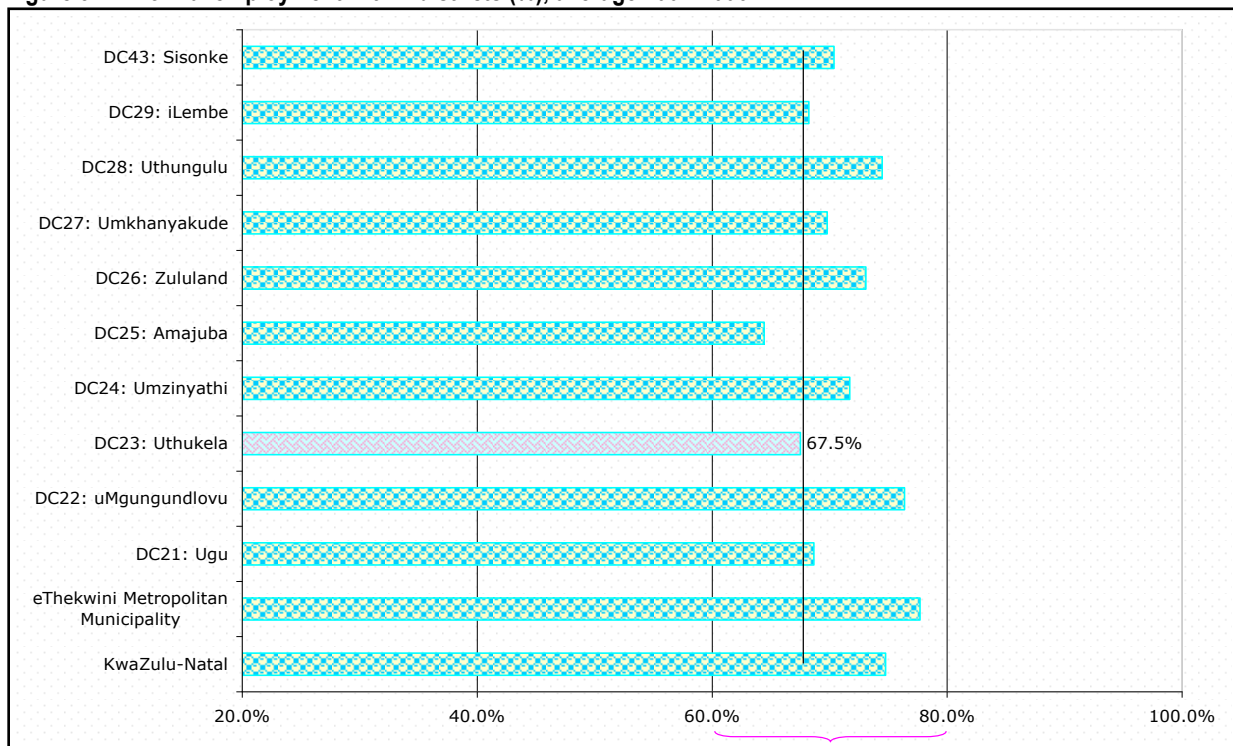
The district's formal employment was among the relatively lower levels at 67.5 percent of total employment (Figure 3.11). Community Services, Manufacturing, Household Services, Trade and Agriculture were the leading sectors in the district's formal employment, together accounting for about 83.0 percent of the district's formal employment (Figure 3.12).

Figure 3.10: Total employment by district, average 2002-2006



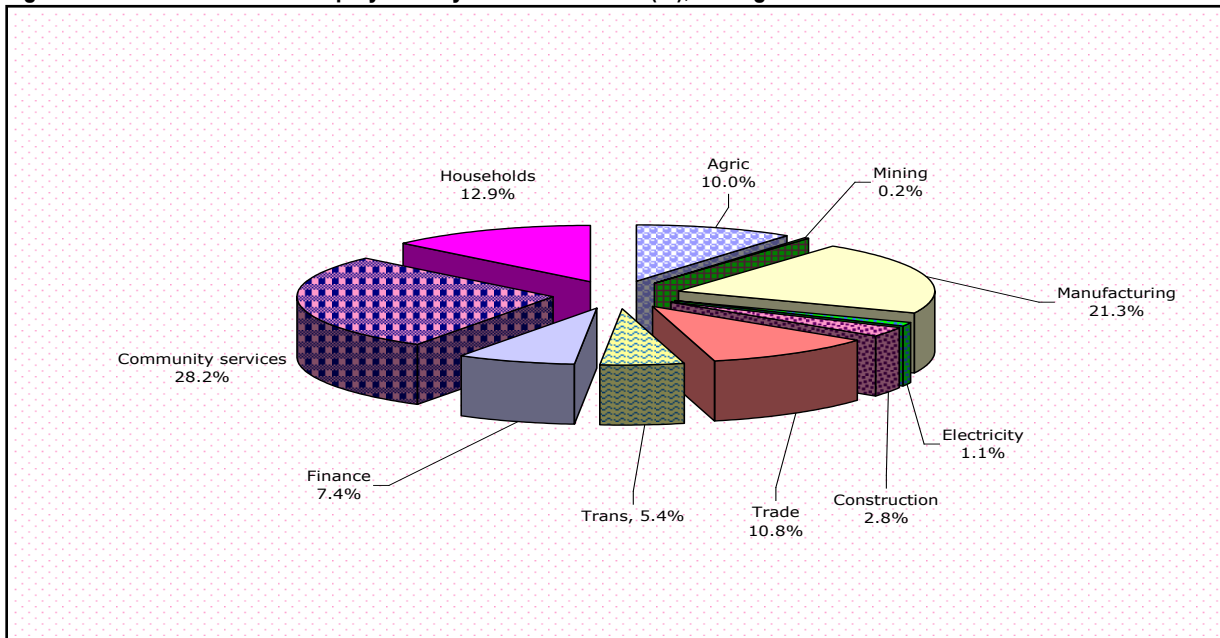
Source: Global Insight, 2007

Figure 3.11: Formal employment within districts (%), average 2002-2006



Source: Global Insight, 2007

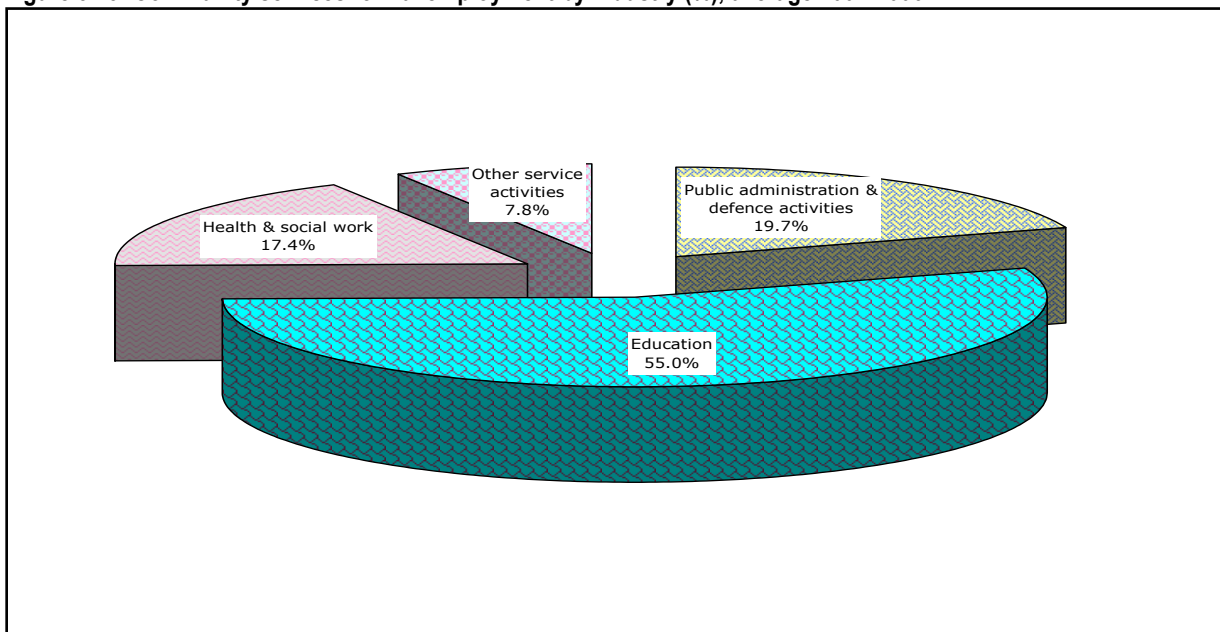
Figure 3.12: Uthukela formal employment by economic sector (%), average 2002-2006



Source: Global Insight, 2007

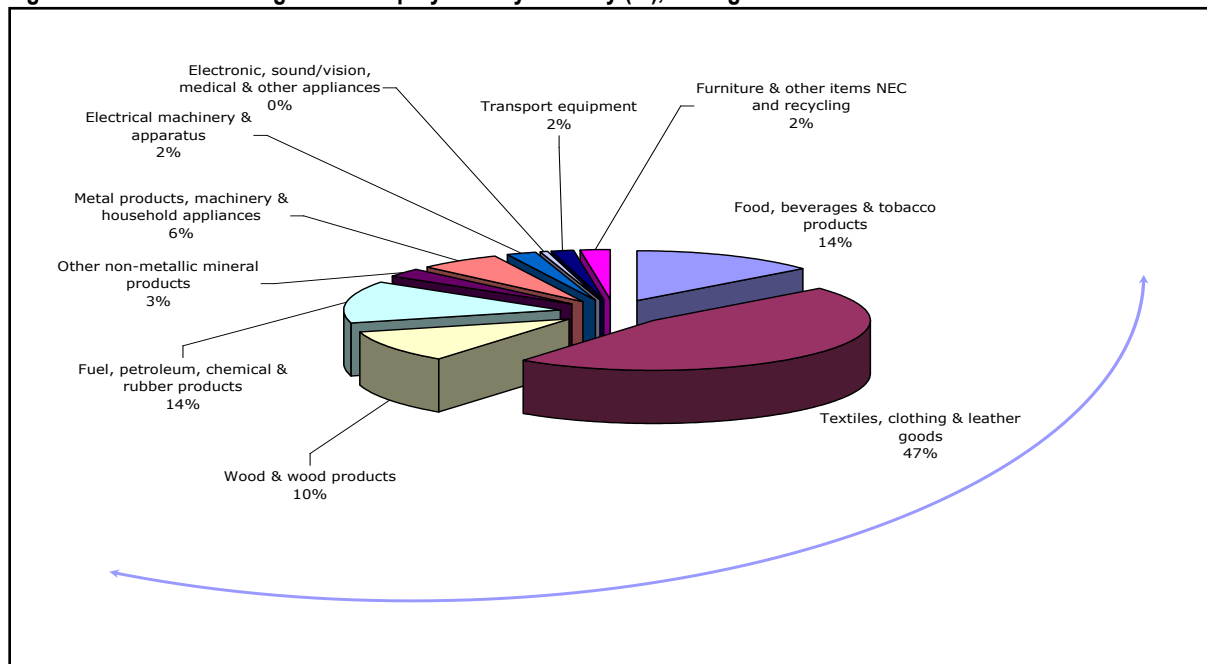
Community Services, the leading employer, was dominated by Education, followed by Public Administration & Defense Activities (Figure 3.13). The second most important formal employing sector – Manufacturing, recorded the highest employment in ‘Textiles, Clothing & Leather Products’, followed by ‘Food, Beverages and Tobacco Products’, ‘Fuel, Petroleum, etc’, and ‘Wood and Related Products’ (Figure 3.14).

Figure 3.13: Community services formal employment by industry (%), average 2002-2006



Source: Global Insight, 2007

Figure 3.14: Manufacturing formal employment by industry (%), average 2002-2006



Source: Global Insight, 2007

3.3.3.3 Informal employment

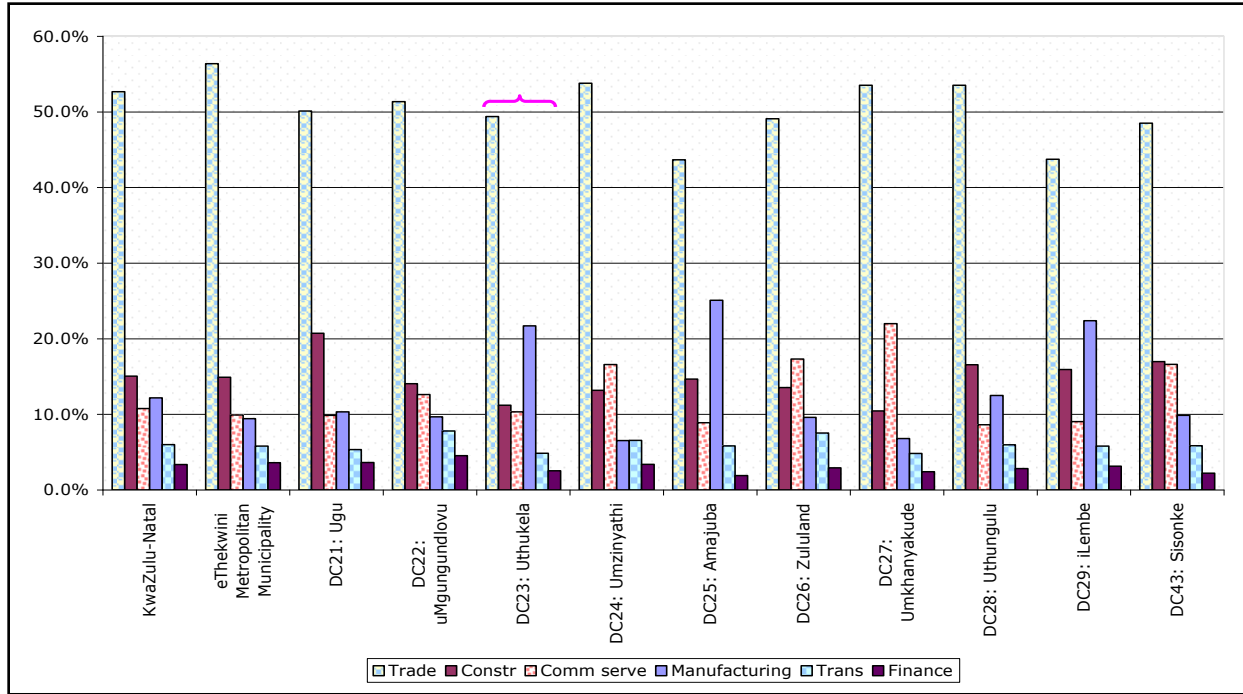
KwaZulu-Natal's informal sector employment, recorded mainly in Trade, Construction, Community Services, Manufacturing, Transport and Finance⁶ sectors, was generally skewed towards the Trade sector. This was true in all but four districts, each having at least half the employment in this sector involved in trade of some kind; Uthukela had a similar experience, with this sector employing nearly 50% of informal workers. Similar to Amajuba and iLembe, the district's unique complementary employment was recorded in Manufacturing at 22.0 (Figure 3.15).

Figure 3.16 shows the distribution of Uthukela's formal employment in the Trade sector, the leading contributor to informal employment. As in Sisonke, the district's formal employment in trade was skewed towards three of the four main industries, with 'Hotels & Restaurants' leading at 40.6 percent. The informal employment sector could also have followed a similar structure. As mentioned earlier, formal employment in 'Manufacturing', the second most important sector in informal employment, was dominated by 'Manufacturing of Textiles, Clothing & Leather

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

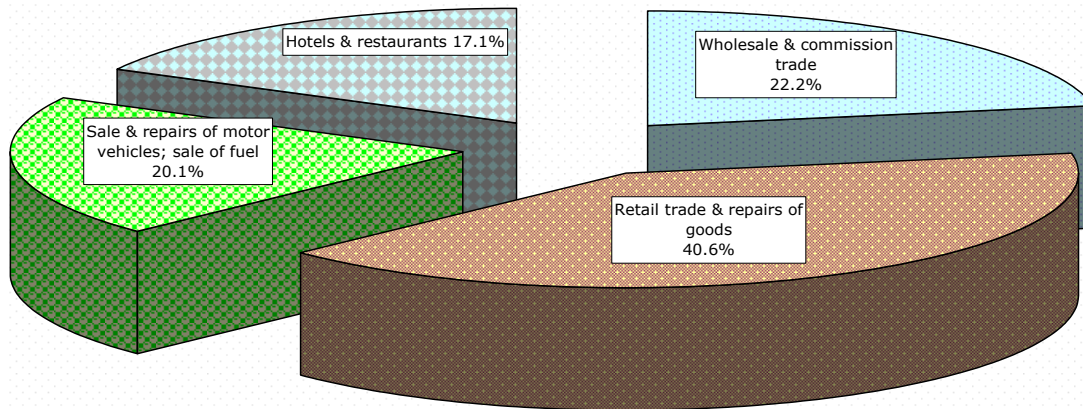
Products', followed distantly by 'Food & Beverages' and 'Fuel & Petroleum', each at 14.0 percent, and 'Wood & Related Products' at 10.0 percent.

Figure 3.15: Informal employment by district and main economic sector (%), average 2002-2006



Source: Global Insight, 2007

Figure 3.16: Uthukela formal employment in Trade (%), average 2002-2006

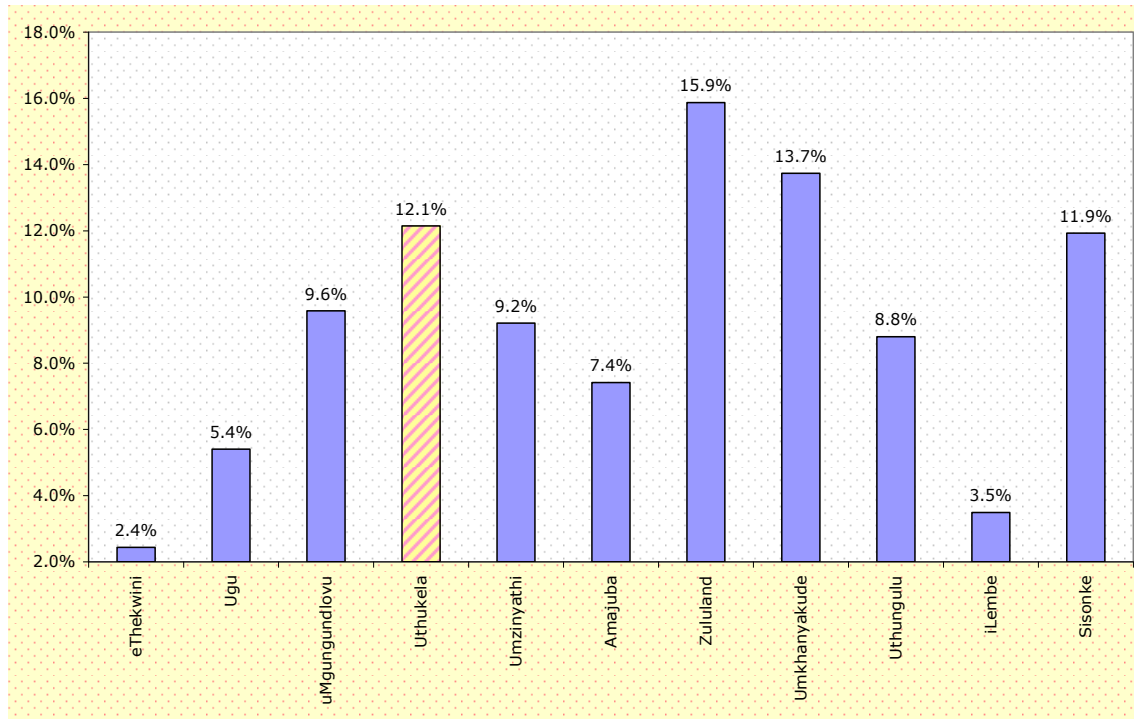


Source: Global Insight, 2007

3.4 Land cover and use

In 2006, Uthukela's share of the KwaZulu-Natal soil was 12.1 percent, the third largest district after Zululand and uMkhanyakude (Figure 3.17).

Figure 3.17: KwaZulu-Natal land by district (%), 2006

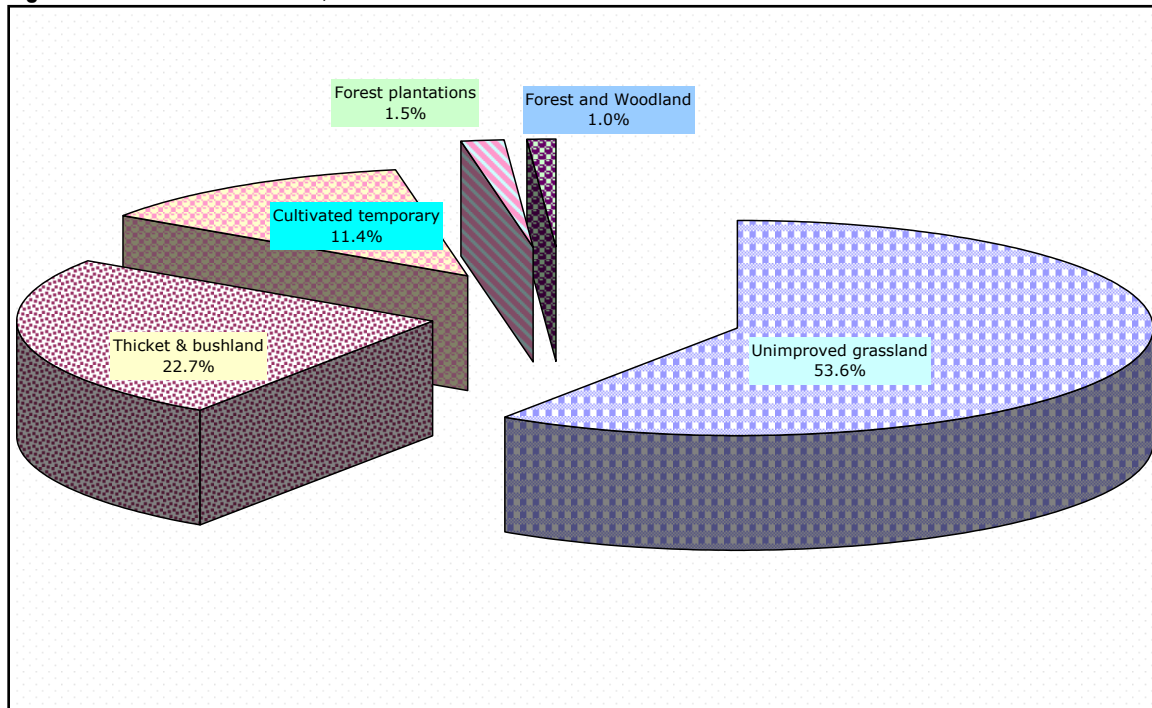


Source: Global Insight, 2007

However, similar to the majority other districts with massive expanse, the district had a large portion of its land unavailable for agricultural purposes, with 53.6 percent of the land being unimproved grassland, and only 11.4 percent cultivated temporarily (Figure 3.17).

Similar to Amajuba, virtually no piece of land in Uthukela was used for permanent cultivation; this is a condition that needs to be investigated and corrected.

Figure 3.18: Uthukela land use, 2006

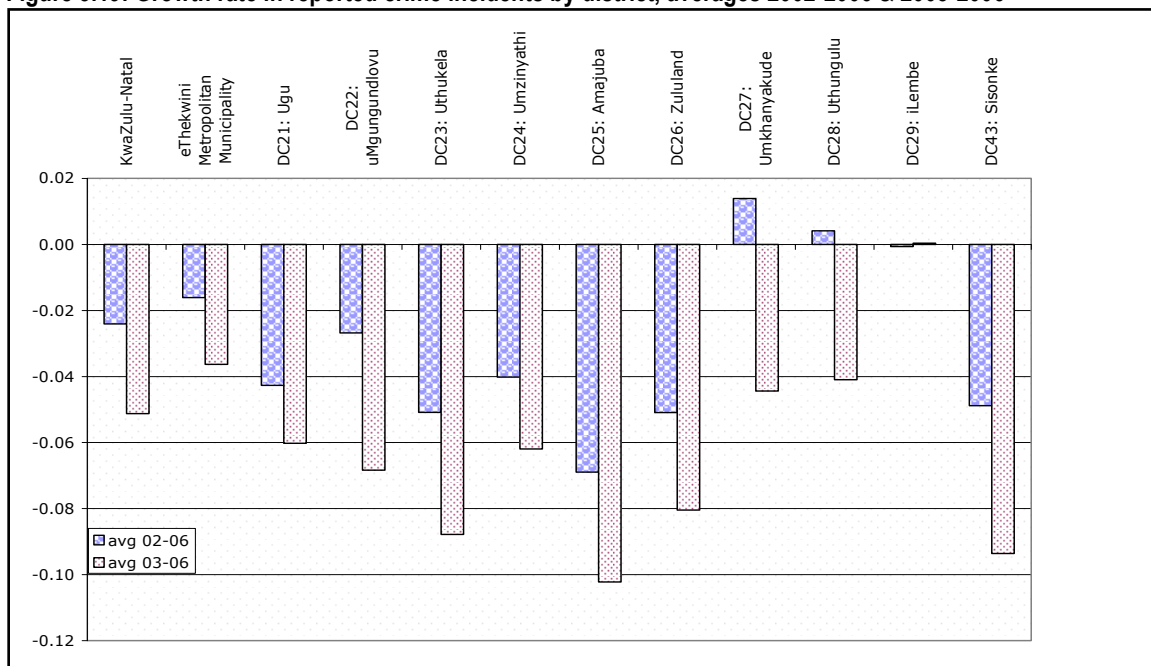


Source: Global Insight, 2007

3.5 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. Uthukela was one of the districts that enjoyed the highest decline of at least 8.0 percent (Figure 3.19).

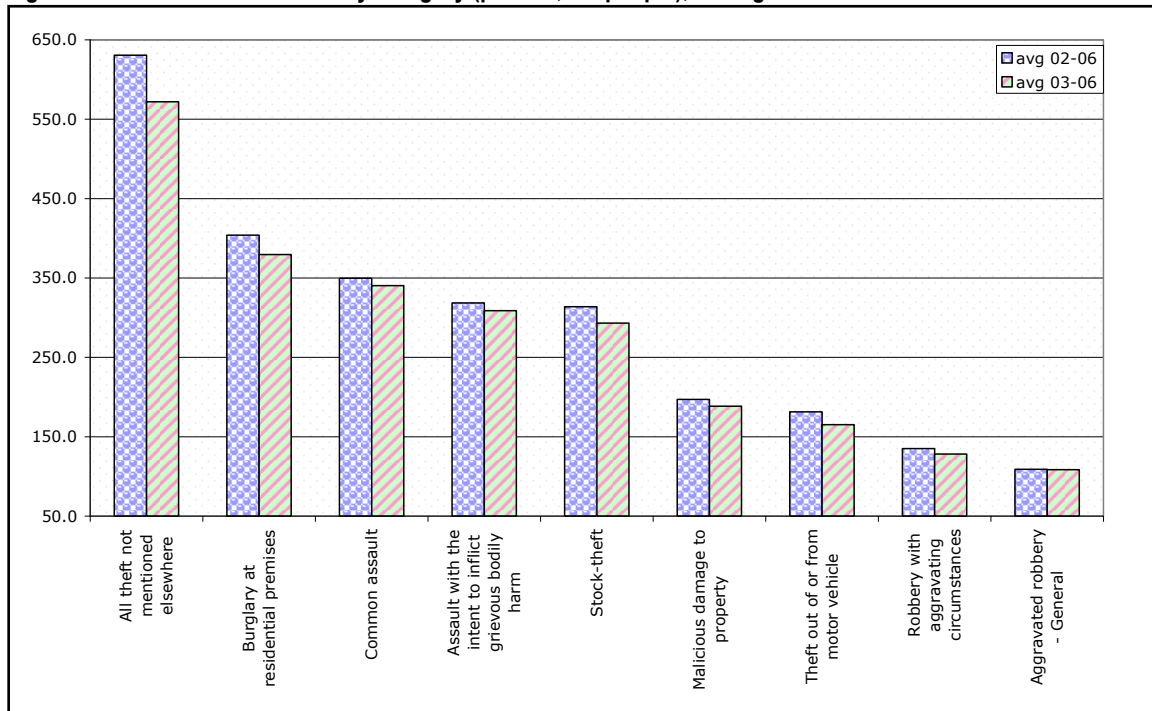
Figure 3.19: Growth rate in reported crime incidents by district, averages 2002-2006 & 2003-2006



Source: Global Insight, 2007

During the same period 2002 to 2006, the most common crimes in this district were theft, burglary and assault. Similar to Sisonke and Amajuba, Uthukela also had a unique experience of stock theft, but again, contrary to Sisonke, this district was one of the most notorious areas with crime rates as high as 640 incidences per 100,000 people (Figure 3.20).

Figure 3.20: Uthukela crime rate by category (per 100,000 people), average 2002-2006 & 2003-2006

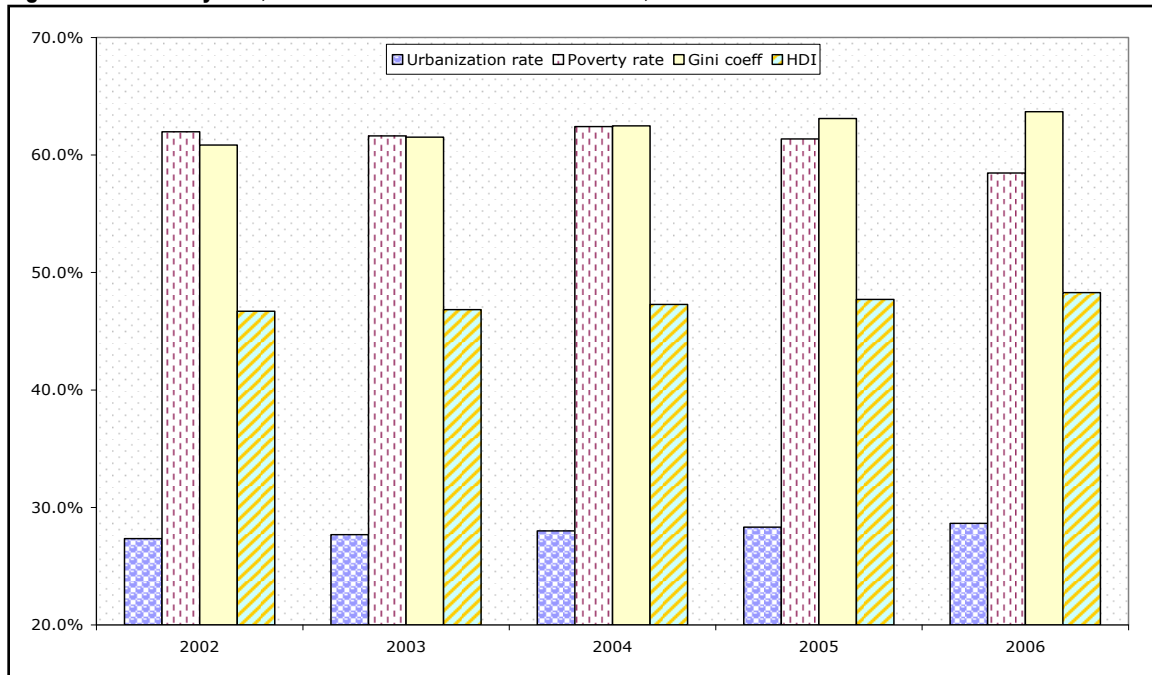


Source: Global Insight, 2007

3.6 Development

Figure 3.21 shows Uthukela district's urbanisation rates, poverty rate, Gini coefficient and 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 decreasing (62.0% in 2002 to 58.5% 2006). The rate of urbanisation has also increased slowly from 27.3 percent in 2002 to 28.6 percent in 2006. What is disquieting is the widening income gap (the Gini coefficient rose from 0.61 to 0.64).

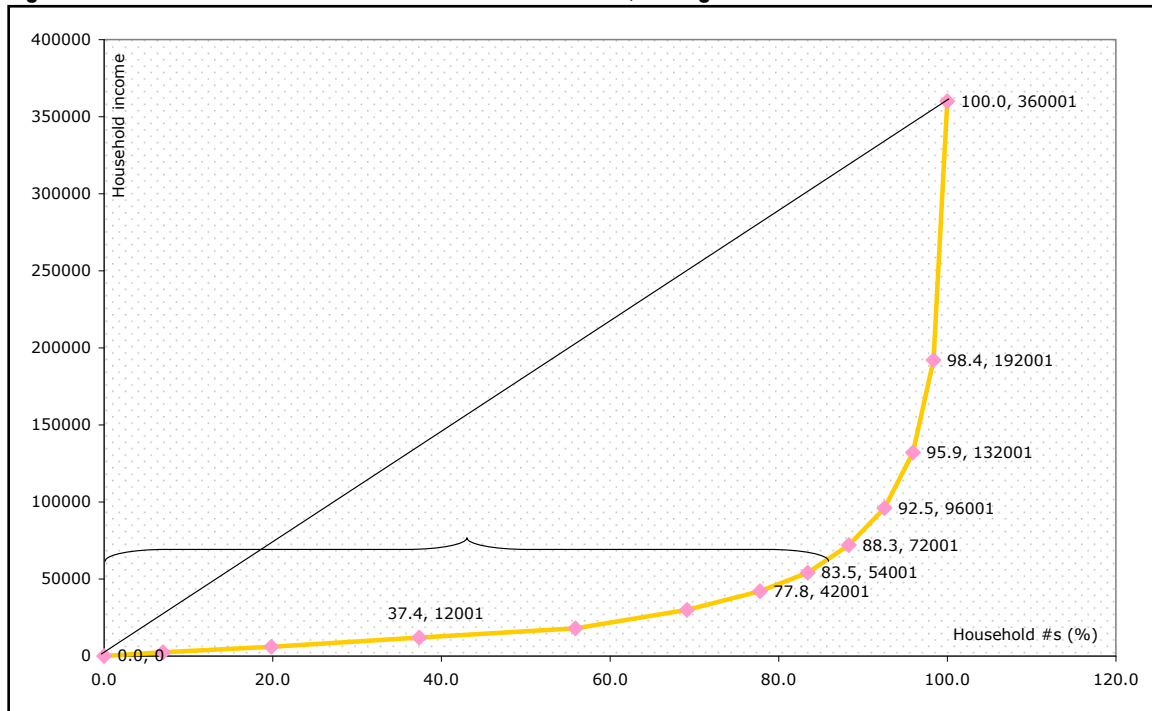
Figure 3.21: Poverty rate, HDI and Gini coefficient in Uthukela, 2002-2006



Source: Global Insight, 2007

However, the overall human development in the districts has improved, with the index increasing from 0.47 to 0.48, slowly approaching the medium range.

Figure 3.22: Uthukela household annual income distribution, average 2002-06



Source: Global Insight, 2007

Similar to Sisonke, Uthukela also had a wide income gap though moderately better; 88.0 percent of the district's households fell in the R72,000 group.

