



KWAZULU-NATAL PROVINCE

**ECONOMIC DEVELOPMENT, TOURISM
AND ENVIRONMENTAL AFFAIRS**
REPUBLIC OF SOUTH AFRICA

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DISTRICT ECONOMIC PROFILES

Harry Gwala District

2021

GEOGRAPHICAL LOCATION



Harry Gwala DM (DC 43)

Population: 514,027

Area Size: 10, 386.1 Km²

Situated in south western part of KZN it borders Eastern Cape, Lesotho and contains the Drakensburg Mountains which forms part of a 200km long World Heritage site.

The municipality is comprised of four local municipalities: Dr Nkosazana Dlamini Zuma, uMzimkhulu, Greater Kokstad and Ubuhlebezwe.

Economically, the most prominent employment sectors are agriculture, construction and small-scale manufacturing. The district is known for its progressive farming methods.

Currently it serves as the main route to the Eastern Cape via the N2 highway.

DISTRICT SPATIAL FEATURES

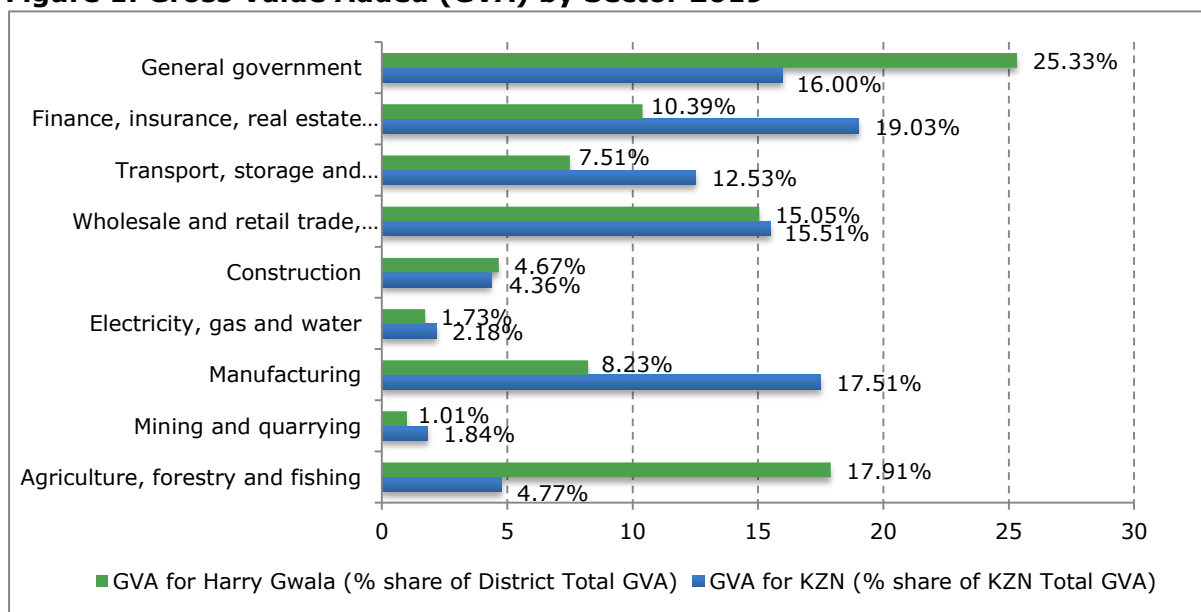
- Ixopo, Underberg-Himeville, Creighton, Umzimkulu and Kokstad are the key economic development nodes in the district.
- Historically the rail system from Pietermaritzburg to Donnybrook via Creighton to Riverside and Eastern Cape was the major transportation link through the central part of the District. From Donnybrook the line split and linked up Kokstad via Franklin. A further rail line ran from Donnybrook to Umzimkulu via Ixopo. It is the only line through to Kokstad and the Eastern Cape that is functional mainly for timber haulage. The line from Ixopo and Umzimkulu has been reconstructed for tourism purposes. The Eastern Cape line is also used for limited steam train tourism.
- Transportation routes include the main road (R56) through from Msunduzi to the Eastern Cape via Ixopo and Kokstad. The other main road traversing the district is the (R617) which links Msunduzi to Bulwer, Underberg and Kokstad. There is a linkage route from the coast at Park Rynie to Ixopo and Bulwer.
- The district is characterised by limited formal urban development the majority of which is located in the centres listed above. However, rural traditional areas of the

district are characterised by large rural residential populations scattered throughout the district.

- The main focal area for tourism in Harry Gwala is the Drakensberg from Bushmans Neck through to Sani Pass. Limited adventure tourism is taking place along the major river systems (Umkomaas and Umzimkulu) and gravel roads (Berg to Sea Mountain like challenge).
- Commercial agriculture is extensive throughout the district excepting for Umzimkulu. Similarly subsistence agriculture is extensive with the exception of the Greater Kokstad municipality.
- The predominant crops produced in the municipalities closest to the Drakensberg include: livestock, dairy, maize, potatoes, deciduous fruit. In the lower lying areas of the district crops produced are similar to the above in addition to commercial timber and sugar cane.
- As noted above the majority of the population is located in rural settlements in traditional areas of the province.

DISTRICT ECONOMIC STRUCTURE AND CONTRIBUTION

Figure 1: Gross Value Added (GVA) by Sector 2019



Source: Global Insight, 2020

- The main economic drivers in the district include Government (25.33%), Agriculture (17.91%), Retail trade (15.05%) and Transport (12.53%).
- The district has a strong presence of agricultural activities which bodes well with government efforts to promote sustainable living and food security.

- The district is boarded by three district municipalities (uGu on the south-east, uMgungundlovu on the north-east and Alfred Nzo to the south) which contribute substantially to its thriving retail sector.
- Harry Gwala contributes a modest 2.07% to provincial GVA.

ECONOMIC DRIVERS

Manufacturing Sector

- The manufacturing sector is limited (despite its major contribution to GVA) in Harry Gwala with factories based at Kokstad, Ixopo and in rural areas associated with timber and saw mills.
- Manufacturing is mainly linked to agricultural products in the form of timber, dairy processing and foodstuffs.
- There are limited opportunities in manufacturing related to construction such as brick making and roofing timbers.

Agricultural Sector

Whilst not the highest contributor to the GVA, commercial and subsistence agriculture is one of the key sector in Harry Gwala in terms of up and downstream value add. Commercial mainly involves livestock (beef, sheep, goats), dairy, potatoes, pastures, vegetables (cabbage, spinach, carrot, dry bean, green bean, tomatoes), timber, limited sugar cane, maize, pecan and macadamia nuts. Types of production are area dependent with higher colder areas limited to livestock, dairy, pastures and potatoes. The warmer lower lying areas include a wider range of agricultural products. Game farming is a growing agricultural opportunity in the higher and lower lying areas of the district.

Subsistence production involves: traditional livestock and limited commercial livestock production, maize, sorghum and vegetables for household consumption and limited trade. As in the case of commercial, the types of subsistence agriculture practised vary according to high, moderate and low lying areas.

Tourism Sector

- The tourism sector in Harry Gwala primarily focuses on the Drakensberg with a number of resorts in strategic locations at Lotheni, Sani Pass, Cobham, Garden Castle and Bushman's Neck. In addition a number of events are held in the district including the Berg to Sea cycle race and a number of white water events mainly on the Umkomaas River.
- There are a wide range of opportunities and experiences associated with environment in Harry Gwala ranging from the mountains and alpine experiences in the west through to the grasslands and indigenous forests (and associated parrots) in the midlands areas to deep valleys and bushveld in the east.
- Cultural experiences include the 4 catholic missions dating back to the 1860s, historic steam train rides at Creighton and Ixopo and local indigenous knowledge experiences in traditional areas (yet to be developed).
- Hospitality as a sector exists in the above mentioned resorts. In addition there are a large number of Bed and Breakfast farm based experiences in the district.

Service Sector

- Wholesale and retail outlets are mainly located in the urban centres in Harry Gwala particularly Kokstad, Ixopo, and Underberg.
- Smaller retail outlets in rural areas depend upon the wholesalers in the district centres. These rural trading centres are located in traditional areas in the district as well as in the Eastern Cape.
- The majority of goods provided by wholesalers are imported from manufacturing hubs in KwaZulu-Natal and other parts of South Africa.
- An important component of the commercial sector relates to agriculture in the provision of equipment, spares, inputs (seed, fertilizer, chemicals, fuels) and transportation.

Government Sector

- The government sector has extensive networks throughout the district in the form of health services (hospitals (Kokstad, Underberg and Ixopo) and clinics), educational facilities (schools), welfare services (pension pay points, welfare and social service facilities), agricultural extension services, SAPS, justice, foreign affairs, housing etc.
- Government plays a key role in supporting the economy of the traditional areas with a variety of state grants and welfare services.

COMPARATIVE ADVANTAGES

Stable/Existing Sectors

- **Agriculture and Hunting:** The district is renowned as having fertile agricultural land and a good climate for dairy farming. The district's intensive focus on expanding the agricultural industry, together with the traditional importance of this sector to the economy should ensure that this remains a comparative advantage sector of the district. The further development of the agro-processing industry should also sustain the demand for raw agro-products.
- **Retail Trade and Services to Eastern Cape:** The Greater Kokstad Municipality is the major retail and services node for a vast Eastern Cape hinterland. Barring major new town developments in the Eastern Cape, the Municipality will retain this status. Even the re-routing of the N2 through the Wild Coast, is unlikely to substantially negatively affect the role this municipality plays in the region.

Threatened/Unstable Sectors

- **Forestry and Logging:** The closure of a number of saw mills in the district reflect serious structural problems in this industry. These include a mismatch between the type of trees farmers are willing to grow and the type that are sought by saw mills. Uncertainty surrounding extensive land claims, also means that few farmers are willing to invest in planting trees which take long to mature.

High Growth Potential

- **Agro-processing (especially Dairy):** While Food processing in general is not found to be a comparative advantage of the district, dairy processing certainly is. The district is the home of Clover SA, and a number of other companies utilising dairy are looking to get involved in the district. Other agro-processing opportunities such as bio-fuel; animal feed and essential oils are currently being explored. The district has the agricultural resources to supply these processes, thus creating the opportunity for an integrated value chain for agricultural products.
- **Tourism:** Sani Pass offers the district a number of unique tourism-related opportunities, which have yet to be fully capitalised on. The potential paving of this route would make the route more accessible and could provide the opportunity for further collaborative tourism developments between KwaZulu-Natal and Lesotho. Steam train tourism in the district, if marketed and targeted effectively, also has good growth potential.

Locational/Geographic Advantages

- **Gateway to the Eastern Cape:** The N2 highway exits the province into the Eastern Cape. This is the primary route connecting the Eastern and Western Cape with KwaZulu-Natal and experiences high traffic volumes (Business, Logistics, Gateway to KZN for tourists)
- **Gateway to Lesotho (Sani Pass):** Sani Pass is the only formal route into Lesotho from the province and provides tourists with the opportunity to explore the Mountain Kingdom.

Natural/Resource Advantages

- **Southern Drakensberg Escarpment:** The district has access to the southern portion of the Drakensberg escarpment in the province, and as such has a comparative advantage in eco-tourism (especially mountain tourism) compared to most other districts.
- **Relatively good agricultural land:** good climatic conditions and a relative abundance of water, flowing from the Drakensberg catchment areas.