



## **KWAZULU-NATAL PROVINCE**

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

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# **DISTRICT ECONOMIC PROFILES**

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## **UMgungundlovu District**

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**2021**

## GEOGRAPHICAL LOCATION

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### UMgungundlovu DM (DC 22)

**Population:** 1,149,439

**Area Size:** 9, 602.2 Km<sup>2</sup>

Located in the centre most part of KZN and houses the midlands area, the district is home to the KZN Legislature and Provincial Capital Pietermaritzburg.

The district is comprised of the following seven local municipalities:

- Impendle;
- Mkhambathini;
- Mphofana;
- Msunduzi;
- Richmond;
- uMngeni; and
- uMshwathi.

The district offers distinguished education facilities and is a retirement hub for senior citizens. It also offers excellent sporting, commercial and health facilities. It is an important industrial, timber, dairy and agricultural hub. It is dissected by the N3 between Gauteng and Durban.

## DISTRICT SPATIAL FEATURES

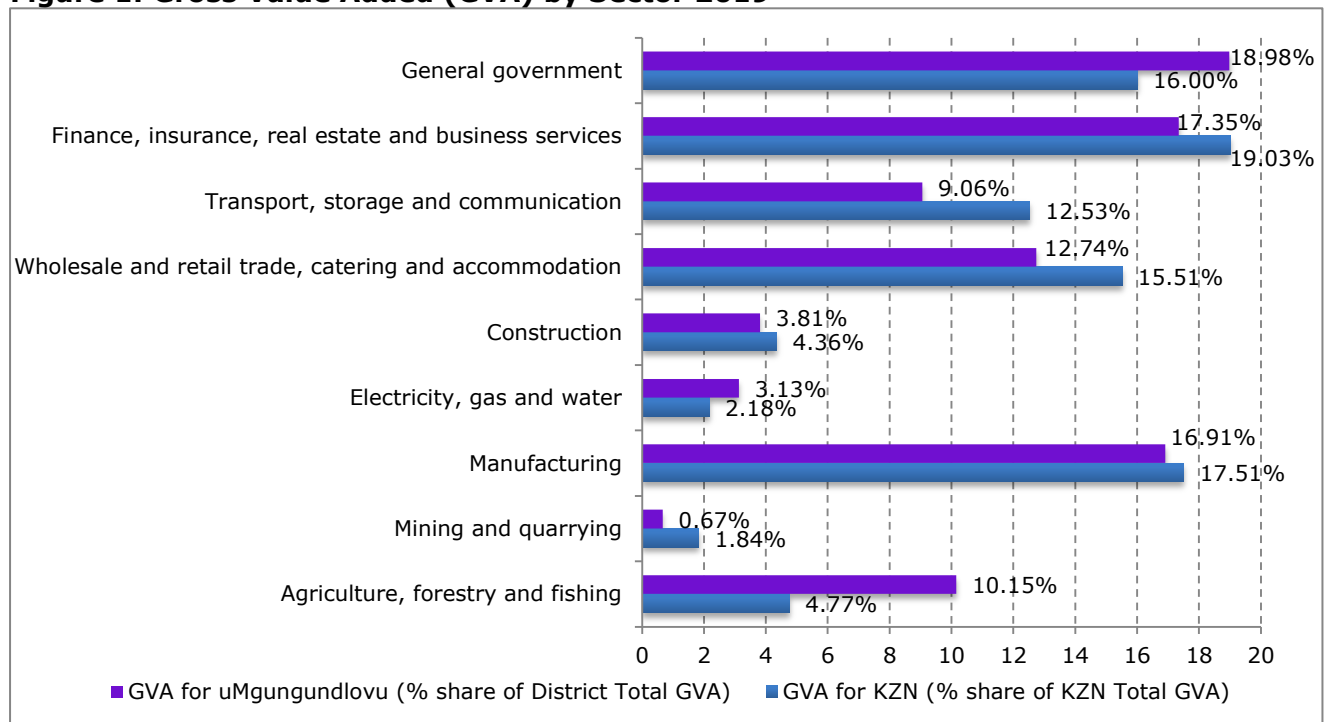
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- The Msunduzi Municipality houses the administrative and legislative centre of the provincial government in KwaZulu-Natal as well as performing an important commercial and industrial function in the economy of the district.
- Urban centres outside of Pietermaritzburg include Howick located in uMngeni Municipality, Mooi River located in Mphofana Municipality, Impendle village in Impendle Municipality, New Hanover-Wartburg-Hamburg in uMshwathi, Camperdown located in Mkhambathini Municipality and Richmond-Ndaleneni located in the Richmond Municipality.
- The municipalities in the district include large areas of land owned by the Ingonyama Trust Board and occupied by traditional communities. There are number of identified nodes in these traditional areas as well as extensive areas of informal settlement and limited agriculture: a large proportion of the regional population is located in traditional areas.

- Outside of urban and traditional areas, the district is characterised by commercial farming operations which include sugar cane, timber, vegetables, livestock and dairy.
- Areas of land have been set aside in the district for conservation (private and state) and these attract local and international tourists to experience the wide range of biodiversity in these areas.

## DISTRICT ECONOMIC STRUCTURE AND CONTRIBUTION

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



Source: Global Insight, 2020

- With the provincial capital residing in the district it is expected that government services emerge as the largest sector in the region. Government services contribute almost 19% to the district GVA.
- The district's economy is largely driven by the tertiary and secondary sectors which together contribute approximately 81% to the district GVA.
- The leading industries within the district outside of government services are finance (17.35%), manufacturing (16.91%) and wholesale and retail trade (12.74%). The agriculture industry (10.15%) remains significant for the district contributing relatively more to the local economy than it does to the province.
- The district has the second largest economy in the province with a formidable contribution of 11.76%

## ECONOMIC DRIVERS

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### Manufacturing

As noted above manufacturing is a major contributor to the district economy. Firms involved in manufacturing are mainly located in Msunduzi, Mkhambathini (Camperdown) and uMgeni Municipalities. Over the past 10 years there has been a decline in certain sub-sectors of the manufacturing sector including shoe production. Other sub-sectors have over this period entered into the market such as aluminium processing.

### Agricultural Sector

There has been a decline in the commercial agricultural sector over the last 10-15 years accompanying a major increase in urbanisation in the district and loss of land to non-agricultural uses, land reform and the impacts of globalisation which in turn all have combined to negatively impact on certain of the more traditional crops such as sugar cane. Despite this decline (relative to other sectors) agriculture still plays an important role in both upstream and downstream economic activities many of which take place in the urban centres of the district. Furthermore commercial agriculture plays an important role in employment in rural areas where there are limited alternative opportunities.

### Tourism Sector

The tourism sector forms part of the trade sector in the GVA and hence it is difficult to establish the real contribution that tourism makes to the GVA of the district in its own right. Nevertheless there is significant tourism trade taking place in the district, but primarily focussed at the international and Gauteng markets. There needs to be a shift in the sector to accommodate local markets (e.g. 'black diamonds').

### Service Sector

The service sector in uMgungundlovu includes a mix of large scale wholesale outlets which in addition to servicing retail outlets in town are also providing goods to smaller retail outlets in the surrounding rural and traditional areas. The retail sector in the main centres in the district ranges from shopping malls (multiple groups of shops which all form part of provincial and national chains) to individual shops in towns (chain stores as well as privately owned ventures) to informal traders operating on the streets outside formal stores.

## **Government Sector**

Government sector in this district is inclusive of the provincial legislature and associated support services. This is accompanied by the head offices of the main line function government departments being located in Msunduzi Municipality. In addition the Msunduzi Municipality accommodates the high court and associated lower order courts. The University and numerous educational institutions are also located in Msunduzi. Thus as the 'hub' of provincial government this sector plays an important role and contributor to the GVA of the district.

## **COMPARATIVE ADVANTAGES**

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### **Stable/Existing Sectors**

- Forestry and Timber production – The district has a number of forestry plantations, particularly in the Richmond area and the industry is growing relatively steadily at 3% per annum.
- Agriculture and Hunting – The agricultural sector in uMgungundlovu is one of the two biggest agricultural sectors in the province. The district is blessed with highly fertile land and areas around Mooi River and Richmond are considered some of the most fruitful agricultural areas in the province. The district's agricultural output is highly divers and not reliant on single commodity; this makes the sector more resilient to change than in other districts. Various out grower programmes and experimentation with new farming techniques, aim to ensure growth in the sector and spread the economic benefits to wider communities.
- Public Administration – Although general government would not normally be regarded as a comparative advantage sector, the public sector's role in the district is not so much a welfare role as it is an institutional and business one. The location of the provincial capital in the district provides the district with a comparative advantage for attracting public sector business and services, as well as associated private sector business.

### **Threatened/Unstable Sectors**

- Clothing and textiles (footwear production) – The employment benefits of this sector are clearly illustrated in Figure 3.2 and the sector has experienced relatively healthy growth over the past 10 years. Although the sector as a whole is not revealed to be a comparative advantage by the location quotient method, there may be a niche industry comparative advantage in the production of leather products and footwear. This is confirmed by the fact that the district has the largest concentration of footwear companies in the province and also possesses some leather tanneries. While the sector as a whole is growing there are significant threats to the future of

the leather and footwear industry in the district. In particular cheap labour in Lesotho has recently drawn investors away from investing in the district.

### Emerging Sectors

→ **Food beverages and tobacco processing** – This is a relatively large but dynamic and steadily growing (around 3%) sector. The majority of the large companies in this sector are suppliers (in the form of feed stocks) to the Agricultural sector. Other large companies in this sector are involved in sugar cane processing and dairy. The strength of the Primary Agricultural sector is such that there is much potential for the expansion of companies involved in the beneficiation of raw agricultural produce. In addition, considering that the district services a vast rural hinterland dominated by Agriculture, there are significant opportunities for the district to expand its feed stock industries. The district municipality also believes that there is further scope for the expansion of the dairy production industry.

### Locational/Geographic Advantages

→ Located on Durban – Gauteng Corridor Primary Logistics Corridor  
→ Centrality: Pietermaritzburg is at the cross roads of major access routes linking Ixopo; Underberg, with Greytown; Stanger, and as such there are multiple options for access into or out of the district.

### Natural/Resource Advantages

→ Highly fertile land: The district has an abundance of very fertile land and is considered to be one of the most productive areas for agriculture in the province.

### Infrastructural Advantages

→ **Major dams:** The district has no fewer than four major dams (Midmar; Nagle;; Wagendrift and Albert Falls, with another being built near Mooi River) and is the major water source for the province's most densely populated areas (including eThekweni).  
→ **Excellent road network:** the district is serviced by an excellent road network, primarily centred around the N3 but including the R33; R56; R617 and R103.  
→ **Numerous rail linkages:** The district is characterised by a developed system of rail. The main Gauteng line follows the N3 and passes through Pietermaritzburg, while the line to the Eastern Cape starts at Pietermaritzburg and runs through a number of areas in the district.