



**KWAZULU-NATAL PROVINCE**

**ECONOMIC DEVELOPMENT, TOURISM  
AND ENVIRONMENTAL AFFAIRS**

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## **DISTRICT ECONOMIC PROFILES**

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### **uThukela District**

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**2021**

## GEOGRAPHICAL LOCATION



### uThukela DM (DC 25)

Population: 714,217

Area Size: 11, 134.2 Km<sup>2</sup>

Municipality is located on the western boundary of the KZN Province. It is bordered by three other district municipalities: Amajuba, uMzinyathi and uMgungundlovu. It consists of three local municipalities: **Okhahlamba, Alfred Duma and Inkosi Langalibalele.**

The district derives its name from one of the major rivers in KwaZulu-Natal, the uThukela River, which rises from the Drakensberg Mountains and supplies water to a large portion of KZN, as well as Gauteng.

The N3 intersects the N11 as main transportation routes.

## KEY SPATIAL FEATURES

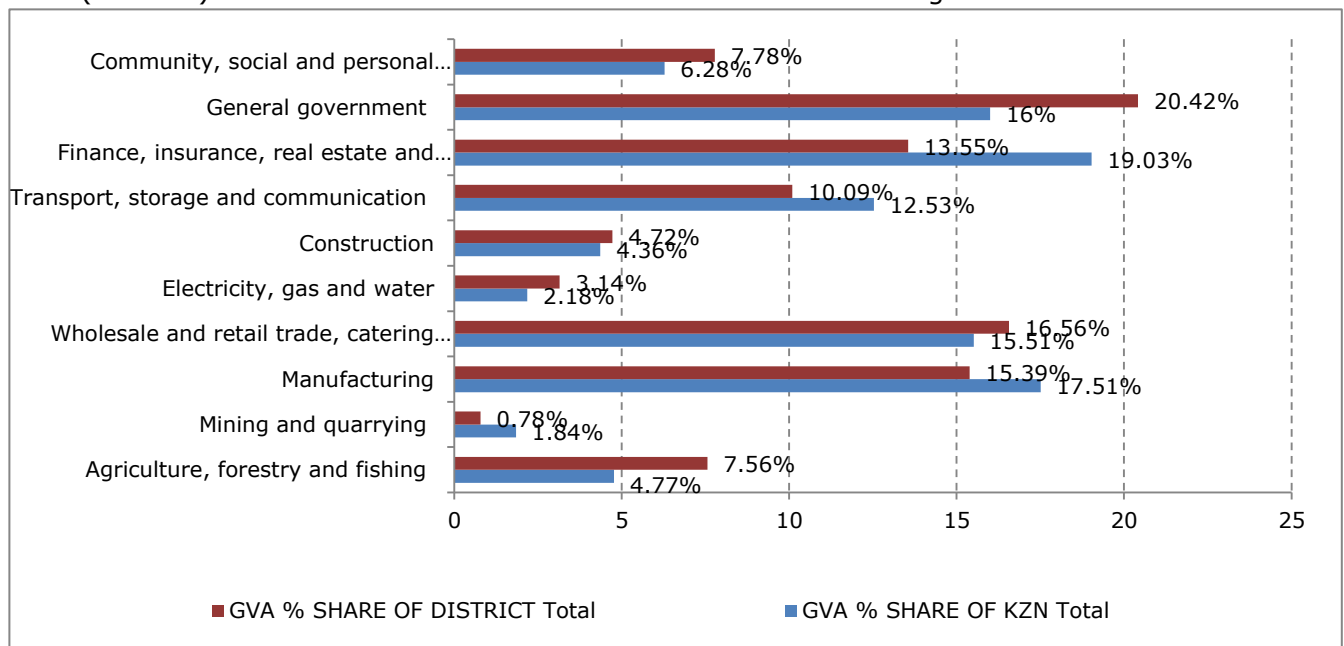
- UThukela District Municipality is located in the interior western edge of the province and is bordered by districts in the Free State as well as by four KwaZulu-Natal districts.
- Ladysmith-Ezakheni (greater Ladysmith), Estcourt, Bergville and Winterton as the economic development nodes in the district
- The functional national rail route connects Gauteng, Newcastle and Ladysmith to EThekweni.
- There are large areas of the district which are owned by the Ingonyama Trust Board which are under rural settlement and limited subsistence agriculture.
- The remainder of the land area in the district is under land reform (mainly subsistence) and commercial agriculture.
- The land use in the higher western areas of the district is extensive crop production in the form of wheat, maize, soya bean and livestock farming.
- The District Municipality has the 6th largest population in the province, contributing just over 6.9% of the total population of KwaZulu-Natal, and has experienced a population growth rate of 1.3% in the last 7 years.
- In terms of GVA per capita, as a measure of prosperity, the district ranks as the 6th most prosperous district in KwaZulu-Natal.

## DISTRICT ECONOMIC STRUCTURE AND CONTRIBUTION

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

Source: Quantec Research, 2021

- The secondary and tertiary sectors contribute the most to the district's growth and development.
- The General government (20.42%); Wholesale & Retail Sales (16.56%); Manufacturing (15.39%); Finance, Insurance, Real Estate and Business services (13.55%) sectors are accountable for more than 50% of the region's GVA.



- Apart from the government sector, Wholesale & Retail Trade is the district's largest sector and it contributes more to district's (16.56%) than it does to provincial GVA (15.51%)
- The significant contribution of the Transport sector (10.09%) indicates growing logistical support to the main economic drivers of the district.

## ECONOMIC DRIVERS

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### Manufacturing Sector

Ezakheni was established as an industrial decentralisation point in the late 1960s by the nationalist government and industry locating into the area relied on government subsidies up until the change of government in the early 1990s. This resulted in the removal of the subsidy and the closure of the more marginal companies in the industrial area (around 50% occupancy in the early 2000s). Since then the numbers of companies operational at Ezakheni has increased owing to the benefits associated with accessibility to land, rail road and utility services.

### Agricultural Sector

Despite its limited contribution to the GVA, agriculture makes an important contribution to the economy of the district in the form of food production, provision of resources for up and downstream processing and manufacturing and job creation. The sector is well known for wheat, maize, soya, and potato production in the highland areas with livestock and vegetables (under irrigation) in the lower lying areas of the district.

Large areas of commercial agricultural land have been set aside for land reform in the uThukela District. These land claims are in various stages with some having been gazetted and others still being processed. This has resulted in loss of land to agricultural production unless leased back to commercial farmers for production purposes.

### Tourism Sector

The tourism sector comprises three main parts. The berg experience with hotels, chalets and camp sites located from Mount Aux Sources in the north through to Giants Castle in the south. The second major part includes historical tourism involving the battlefields routes through the eastern part of the district. The third part involves game reserves and the wildlife experience in the lower lying bushveld (as opposed to berg) areas of the district in proclaimed and private conservancies. This includes an expanding area devoted to game farming and professional hunting. Adventure tourism is closely linked to the berg and the bush experience.

### Service Sector

The service/commercial sector contributes substantially to the district GVA with wholesale and retail outlets located in all the centres in the district and certain of the smaller centres located in the Ingonyama Trust Board areas. Higher order commercial services are provided in Ladysmith, Estcourt, Bergville and the Central business districts at Bergville and Winterton.

### Government Sector

The government sector has regional offices mainly based at Ladysmith with sub-offices in the other centres and certain of the smaller rural centres in the district. The government line function departments provide the full range of social and welfare services to communities via these offices. In contrast the district and local municipalities

operate from their municipal offices in the main centres in the district and provide a range of utility services throughout their areas of jurisdiction.

Owing to the scale and extent of the government sector in the district it makes a significant contribution to employment in the district and to the operational economies of each of the centres and small towns in the district. In addition the government sector contributes substantial monies to the district economy in the form of pension and welfare grants paid monthly to those qualifying for these benefits at pay out points scattered throughout the district.

## COMPARATIVE ADVANTAGES

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### Stable/Existing Sectors

**Land and Water Transport** – This sector will continue to grow as the importance of the N3 Corridor increases. The identification of the N3 Corridor as a Strategic Integrated Project will usher in increased investment along the entire route, including the substantial uThukela section. Militating against dramatic growth in the Transport and Logistics sector in uThukela, however, is the fact that Harrismith has been identified as the location of a consolidated logistics hub on the route. While this may have some positive spin-offs for the district it precludes the development of a logistics hub in uThukela itself.

**Food and beverage processing (Pork products and chocolate drinks)** – Although not revealed as a major comparative advantage by the location quotient method, this sector is nonetheless very important for the Estcourt region. Estcourt is one of the leading areas in the country for the production of processed pork products. Thus while, the sector as a whole may not be a comparative advantage sector for the district (particularly when compared to the Sugar Mills in other regions), meat processing, as a smaller sub-sector, is definitely a comparative advantage for the district. This also relates to the production of chocolate drinks by the Nestle factory in Estcourt.

**Agriculture and Hunting** – Agriculture has grown strongly in the district over the past ten years and new projects to expand vegetable production and to develop tunnel farming initiatives could see this sector continue to grow strongly. There is also currently a major Pecan Nut project being developed in the district. Harnessing the irrigation possibilities of the dams in the district could see the opening up of further fertile agricultural areas.

### Threatened/Unstable Sectors

**Clothing and Textiles** – While uThukela's clothing and textile industry is less vulnerable than Amajuba's clothing and textile industry, due to a greater representation of South African as opposed to Chinese owned companies, it still faces intense competition from other developing countries. However, specialised, niche manufacturing in this sector, by companies such as Canvass and Tent, can ease some of this competitive pressure.

**Tourism** – Tourism was not found to be a sectoral comparative advantage of the district, despite the district's natural and geographical advantages. Furthermore this sector has seemingly under-performed of late, and occupancy rates have been declining,

resulting in the closure of the iconic Little Switzerland Hotel. While the future of tourism in the district may be threatened, the negative factors are not without remedy and the potential of tourism in the district remains substantial. Current efforts at diversifying the tourism offering and providing more world-class attractions (such as a potential Cable Car up the Escarpment), are looking to turn the state of the tourism industry in the district around.

### **Locational/Geographic Advantages**

- **Gateway to Gauteng:** The N3 Primary corridor runs straight through the middle of uThukela, and towns such as Ladysmith and Estcourt are located within minutes of the N3. This ensures that the district has excellent connectivity to both Johannesburg and Durban, and can be considered the province's primary gateway to Gauteng.

### **Natural/Resource Advantages**

- Northern and Central Drakensberg Escarpment: A large portion of the district borders the Drakensberg World Heritage Site.
- Headwaters of the Tugela River: The Tugela River cascades down the Amphitheatre from its source at Mont Aux Sources and meanders through the district.

### **Infrastructural Advantages**

- The N3 highway: The N3 highway bisects the district and offers almost all of the district's major nodes with fast connectivity to either Gauteng or Durban.
- Dams: The district has two major dams in the Tugela catchment in the form of Spioenkop and Woodstock dam. The latter dam has a hydro-electric power plant.