


STATUS QUO REPORT

CONTRACT NO. ZDM1140/2012

2013 ZULULAND SIYAPHAMBILI
LOCAL ECONOMIC DEVELOPMENT (LED) PLAN

ZULULAND DISTRICT MUNICIPALITY

2013 ZULULAND SIYAPHAMBILI
LOCAL ECONOMIC DEVELOPMENT (LED) PLAN

PHASE 2 – STATUS REPORT

NOVEMBER 2013

PREPARED FOR:

Zululand District Municipality

Lot B-400 Gagane Street
Ulundi

Contact : Bongani Sibiya / Msizi Kunene
Tel: 035 874 5535
e-mail: bsibiya@zululand.org.za / mkunene@zululand.org.za

SUBMITTED BY:

Strategic Planning Resources cc

Postnet Suite 75
Private Bag X3
WESTVILLE
3630

Contact: Dennis Nkosi / Tindall Kruger
Tel: 031 262 7014
e-mail: stratplan@saol.com

TABLE OF CONTENTS

ANNEXURES:

LIST OF DIAGRAMS:

LIST OF TABLES:

LIST OF MAPS:

1. INTRODUCTION

1.1. BACKGROUND TO REPORT

This report presents the outputs of the Status Quo Analysis of the 2013 Zululand Siyaphambili Local Economic Development (LED) planning process. The purpose of this report is to present a comprehensive status quo of the local Zululand local economic environment and an understanding of the context for the implementation of future local economic development programmes. This status quo analysis provides the foundation for the development of economic development strategies in the next phase of this initiative.

1.2. OVERVIEW OF THE DISTRICT

The Zululand District is located on the northern regions of the KwaZulu-Natal Province and it covers an area of approximately 14 810 km². Approximately half of the area is under the jurisdiction of traditional authorities while the remainder is divided between commercially-owned farms and conservation areas. The local municipalities forming part of the Zululand District are Ulundi, Abaqulusi, eDumbe, uPhongolo, and Nongoma (IDP 2012/2013).

The socio-economic reality in Zululand does not differ substantially from that found elsewhere in South Africa, however, in most instances the current reality represents the extremes of general trends found elsewhere. Most significant in terms thereof are high HIV/AIDS infection rates, high levels of poverty and high levels of unemployment.

The Zululand District Municipality, due to its location in relation to transport routes and its distance from major centres, is relatively isolated from the national economy. Further to this, access to basic factors of production such as raw materials, skilled labour and infrastructure is generally limited. Raw materials available in the area relate to coal mining and agricultural activities including maize, beef, timber and sugar production. Local beneficiation of raw materials is limited.

The area reflects the disparity in access to resources evident in all areas of KwaZulu-Natal where poverty stricken traditional authority areas border on well-established commercial farming areas. The five municipal centres, or key towns, are the focus of economic activity in each of the local municipalities and here the resource split between urban and rural areas is evident.

Despite the above the area has unique characteristics offering a range of opportunities for economic development. Most importantly the area of the Zululand District Municipality is viewed as the symbolic core, also referred to as the "warm heart", of the wider area referred to as Zululand. This represents specific marketing opportunities. The district is home to a rich cultural diversity and numerous sites of historical significance, specifically relating to the Zulu nation. It has historically been and is still the home of the Zulu monarch. Further to this, the town of Ulundi, the base of the Zululand District Municipality, historically served as the capital of KwaZulu and the Province of KwaZulu-Natal (together with Pietermaritzburg till 2004).

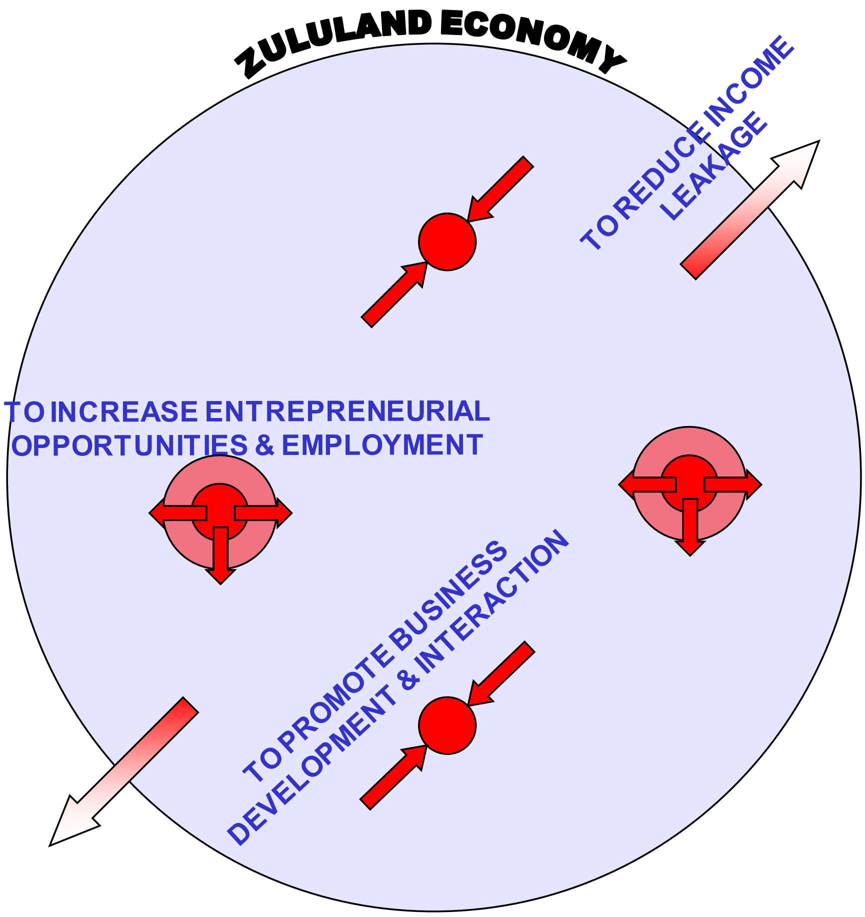
1.3. THE PROJECT APPROACH

The preparation of a Local Economic Development Plan for the Zululand District Municipality focuses on activities ranging from basic investigations, strategy development, to project implementation planning and report writing.

The ultimate goal of the project is to develop clear direction on the future implementation of a number of key strategic LED programmes or projects. The terms of reference for this initiative notes that the sustainable local economic development in the case of Zululand District implies the following objectives:

- Reducing income leakages;
- Increasing levels of investment;
- Promoting local business development and business interaction; and
- Increasing business opportunities and employment.

DIAGRAM 1.1: THE OBJECTIVES ILLUSTRATED



The four objectives are unpacked as follows:

- **To reduce income leakage:** The District has a population of in excess of one million people (depending on the source of information), however is dependent on "imported goods" or acquisition of goods outside the region to supply in the basic household requirements of its population.

- **To increase investment (both local and external):** The District is relatively isolated and current capital investment in the area is limited. Capital investment generates job opportunities and income, as well as support District and Local Municipality levies, taxes and rates. Investment in tourism, agriculture and business is to be promoted. The focus should, however, not be only on investment from outside the region, but local investors should also be encouraged to invest locally.

- **To promote local business development and business interaction:** Commercial, agricultural and tourism businesses in the District functions independently within small groupings or geographical areas. Interaction between businesses will contribute to countering income leakage and establishing a new vibrancy in the economy.

- **To increase entrepreneurial opportunities and employment:** All of the above objectives needs to be supported by a strong focus on entrepreneurial development, micro and small business establishment, as well as related employment creation. This can be achieved through the establishment of appropriate support mechanisms.

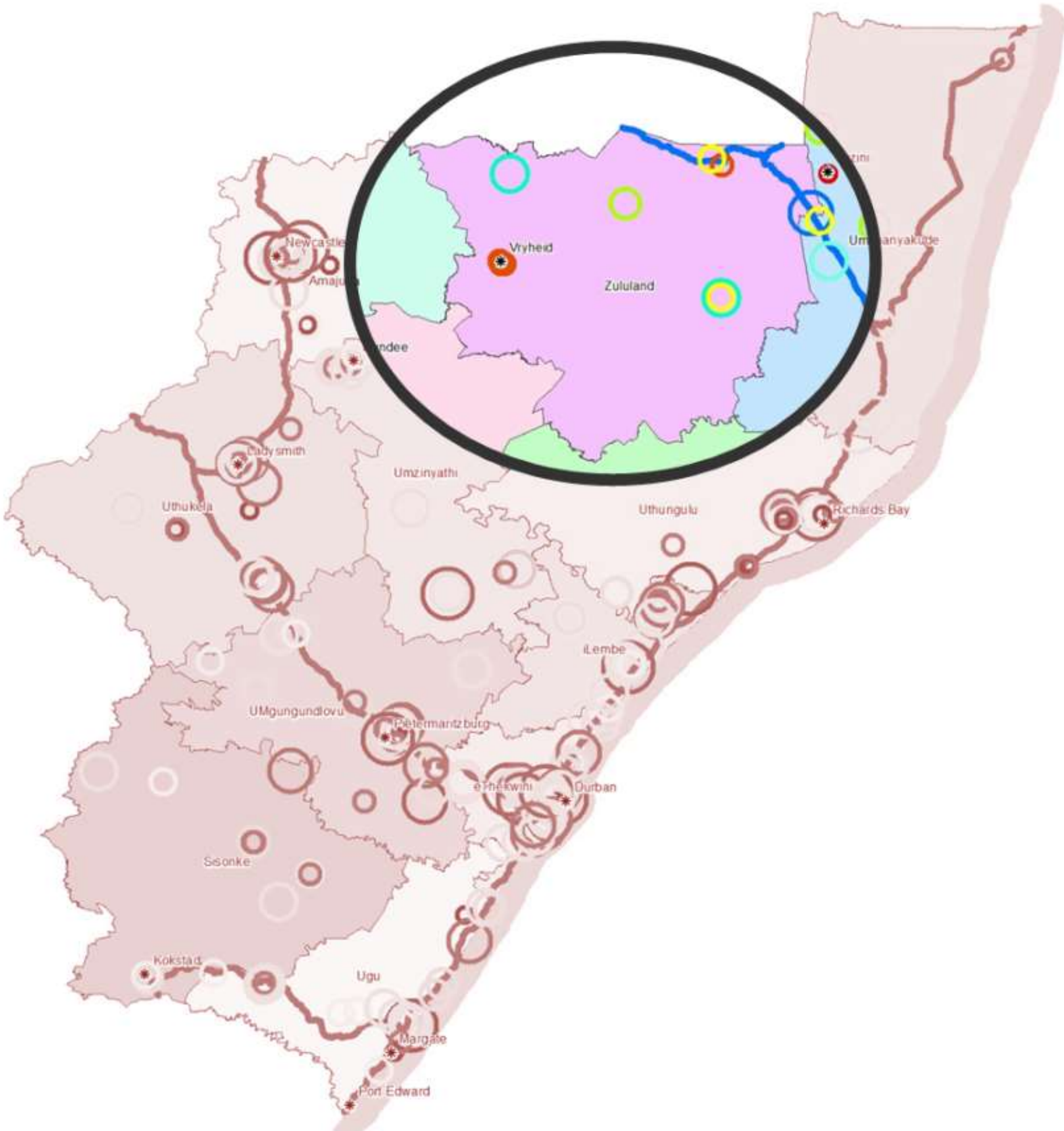
2. ZULULAND ECONOMY OVERVIEW

2.1. THE SPATIAL ECONOMY

2.1.1. ZULULAND IN THE PROVINCIAL CONTEXT

The Zululand District is located on the northern regions of the KwaZulu-Natal Province and it covers an area of approximately 14 810 km². Approximately half of the area is under the jurisdiction of traditional authorities while the remainder is divided between commercially-owned farms and conservation areas. The local municipalities forming part of the Zululand District are Ulundi, Abaqulusi, eDumbe, uPhongolo, and Nongoma (IDP 2012/2013).

DIAGRAM 2.1: LOCATION OF ZULULAND IN THE KZN CONTEXT



The socio-economic reality in Zululand does not differ substantially from that found elsewhere in South Africa, however, in most instances the current reality represents the extremes of general trends found elsewhere. Most significant in terms thereof are high HIV/AIDS infection rates, high levels of poverty and high levels of unemployment.

The Zululand District Municipality, due to its location in relation to transport routes and its distance from major centres, is relatively isolated from the national economy. Further to this, access to basic factors of production such as raw materials, skilled labour and infrastructure is generally limited. Raw materials available in the area relate to coal mining and agricultural activities including maize, beef, timber and sugar production. Local beneficiation of raw materials is limited.

The area reflects the disparity in access to resources evident in all areas of KwaZulu-Natal where poverty stricken traditional authority areas border on well-established commercial farming areas. The five municipal centres, or key towns, are the focus of economic activity in each of the local municipalities and here the resource split between urban and rural areas are evident.

Despite the above the area has unique characteristics offering a range of opportunities for economic development. Most importantly the area of the Zululand District Municipality is viewed as the symbolic core, also referred to as the "warm heart", of the wider area referred to as Zululand. This represents specific marketing opportunities. The District is home to a rich cultural diversity and numerous sites of historical significance, specifically relating to the Zulu nation. It has historically been and is still the home of the Zulu monarch. Further to this, the town of Ulundi, the base of the Zululand District Municipality, historically served as the capital of KwaZulu and as the joint capital of KwaZulu-Natal until 2003/4.

2.1.2. SPATIAL ECONOMIC FEATURES

The Zululand District Municipality includes five local municipalities, viz. Nongoma, Ulundi, Abaqulusi, eDumbe and uPhongolo. Of the approximately eight hundred thousand people in the municipality more than 50% resides in Nongoma and Ulundi in mainly traditional settlement areas (Ulundi town being the one exception). The Ulundi and Nongoma Municipalities are regarded as two of the poorest rural municipalities in South Africa.

In terms of land-use the District is divided nearly equally between commercial agriculture (west and north) and traditional settlement areas (mainly to the east). Added to this, a key spatial feature of the District is its location relative to key nature and heritage areas in the province. These include the Ithala Game Reserve, the Pongolapoort Dam and Reserve, the Hluhluwe-Umfolozi Game Reserve and the eMakhosini Heritage Park.

Historically the Zululand District has been isolated, in some respects referred to as a cul-de-sac, because of limited linkages to both the coast and the north. This relative isolation is being addressed by the development of the P700/701 rural link road between Ulundi and Empangeni, the establishment of a surfaced link road between Nongoma and Hlabisa, and the current (albeit delayed) construction of the link road between Nongoma and uPhongolo.

2.1.3. ACCESS ROUTES

Within the Zululand District Municipality key road infrastructure includes:

- the N2 stretching from Piet Retief through Pongola south towards Richards Bay,
- the R33 entering Zululand north of Paulpietersburg, passes through Vryheid and links up to Dundee (associated with the Coal Line Corridor),
- the R34 entering Zululand to the west of Vryheid, passes through Vryheid and links up to Melmoth in the south (associated with the Coal Line Corridor),
- the R66 linking Ulundi with the R34 stretching northwards through Pongola, and (5) P700 linking Ulundi with the Umfolozi Nature Reserve.
- P700 linking Ulundi with the Umfolozi Nature Reserve.

The Coal Line, the railway line transporting coal from Mpumalanga mines to the Richards Bay Harbour, runs through the District in a north south direction passing through Vryheid and Ulundi.

2.1.4. THE TOWNS

Compared to other rural District Municipalities in the province, and nationally, Zululand is blessed with at least one vibrant commercial centre per local municipality, viz. Paulpietersburg, Vryheid, Ulundi, Nongoma and Pongola. These centres vary substantially in terms of population size and type of economic activity. In terms of population size Ulundi is the largest town, followed by Vryheid. Nongoma, on the other hand, only has an urban population of approximately 3 800 people which does not reflect the importance of it as a service centre in the District economy.

Each of the major towns in the District has a distinct character and therefore unique potentials to be exploited. Ulundi is viewed as the administrative centre for the District with a substantial number of provincial, district and local administrative functions located in the town. However, due to its unique location in relation to natural resources, cultural attractions and transport infrastructure it presents a range of other opportunities to be exploited. Vryheid, as a regional service centre, does not only serve the District, but also large portions of neighbouring districts. It is estimated by some that it is a service centre for close to a million people. Although negatively affected by the closure of mines in the area it would appear as if the local economy is robust enough to withstand such pressures. Paulpietersburg as a town is the most rural in character and is primarily a service centre for the agricultural and rural communities located in eDumbe. The pleasant rural character of the town presents unique opportunities for tourism and investment promotion. As stated earlier, Nongoma, although small in terms of population, is a vibrant centre serving a substantial rural community. It has the distinct character of a market town and the vibrancy related thereto is an attraction in its own right. The town and its surrounding area also hosts a range of cultural and economic activities of provincial significance, e.g. the Reed Dance and the monthly Royal Cattle Show, that places it apart from all other rural areas in KwaZulu-Natal. Pongola, as is the case with Vryheid, serves a much wider area than the uPhongolo Municipality. Its location on the N2, together with a strong agricultural industry and numerous game farms further adds to the potential of this town.

2.1.5. THE NATURAL RESOURCES

The Zululand District Municipality is blessed with a range of natural resources that has to a large extent formed the basis for economic development to date. The natural resources available in the District include major rivers, dams, proclaimed nature areas, private game reserves, other natural areas, indigenous forests, coal reserves and gold reserves.

- **The Rivers:** The Water Services Development Plan notes that the District is "well endowed with natural water resources". Some 82% of the population is depended on these resources for its water supply. The water resources include at least five major rivers, viz. the Pongola River in the north, the Mhlatuze River in the south and the Black Mfolozi, the White Mfolozi and the Mkuze rivers in the central areas. The scenic river valleys and the natural areas surrounding them presents opportunity for tourism development, whereas the available water presents substantial potential for irrigation farming.

- **The Dams:** Two dams of regional importance, viz. the Pongolapoort and the Bivane dams, are located within the District. These dams have been built primarily for irrigation purposes although it presents a range of other opportunities to be pursued.

- **The Proclaimed Nature Areas**: Proclaimed nature areas in the District includes the Ithala Game Reserve, the Pongolapoort Dam, Ntendeka Wilderness Reserve (Ngome Forest), and the Ophathe Game Reserve. The Emakhosini Heritage Park development also represents a substantial future asset for the District.

- **Other Nature Areas:** Due to the conversion of many farms in the District from beef to game the nature areas in the District has substantially increased over the past decade. The most substantial development of game reserves has occurred in the uPhongolo Municipality, specifically the Magudu area, and privately owned game farms where good conservation practices is adhered to now outstrips formally proclaimed areas by far. The Bivane (Paris) Dam also presents a substantial nature area in a unique setting. The possible establishment of community conservation areas, specifically to the north of the Ithala Game Reserve, will further extend the natural areas of the District.

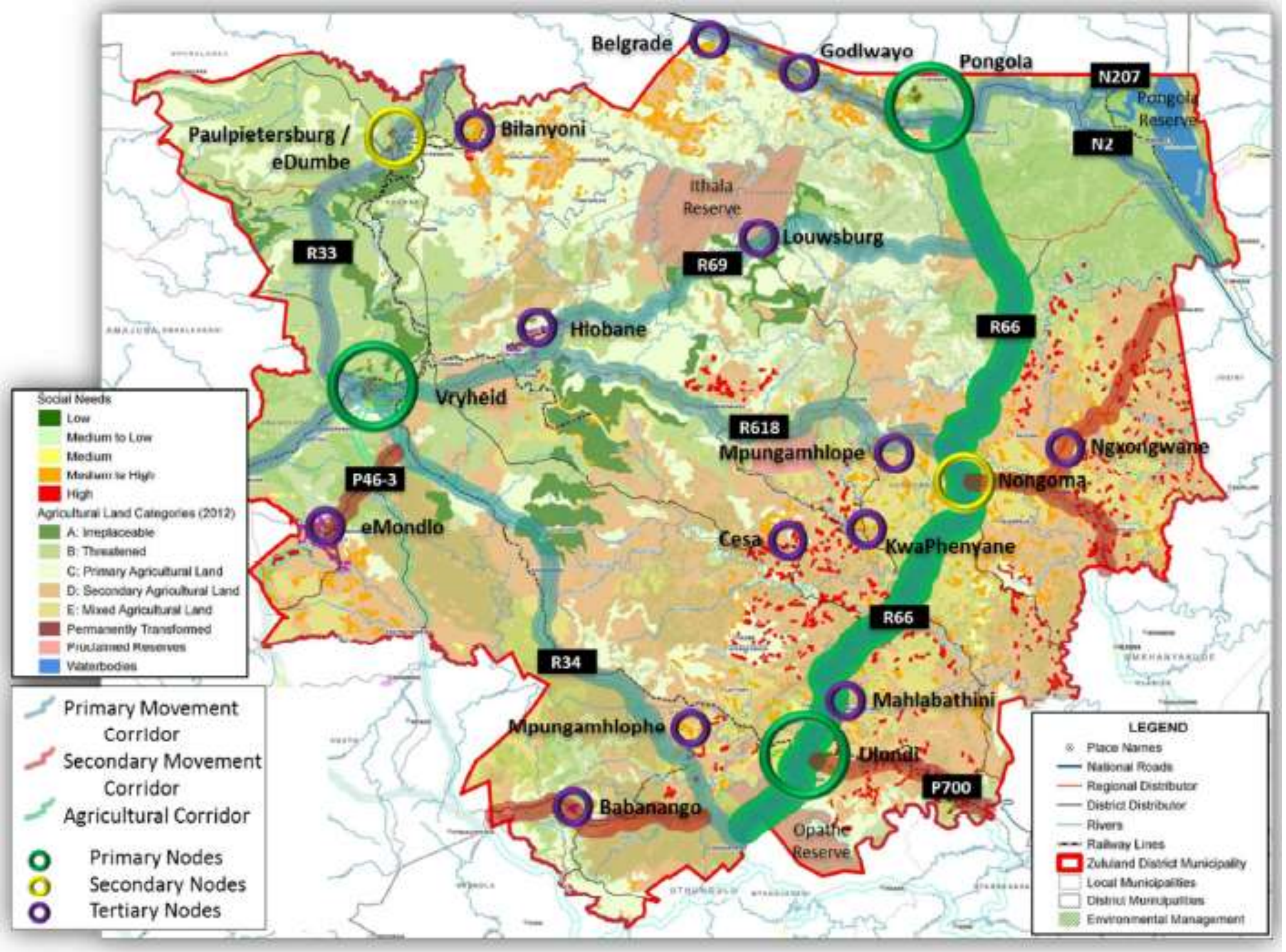
2.1.6. THE CURRENT DISTRICT SDF

The map below reflects the most recent version of the Spatial Development Framework (SDF) of the Zululand District Municipality. The SDF clearly identifies:

- Primary, secondary and agricultural corridors;
- Primary, secondary and tertiary nodes;
- Areas of social need; and
- Agricultural land categories.

The LED Plan to be developed in the next phase of this process will both draw on the SDF and inform future SDF planning in the District.

MAP 2.1: ZULULAND DISTRICT MUNICIPALITY – CONCEPT SPATIAL DEVELOPMENT FRAMEWORK (SDF)



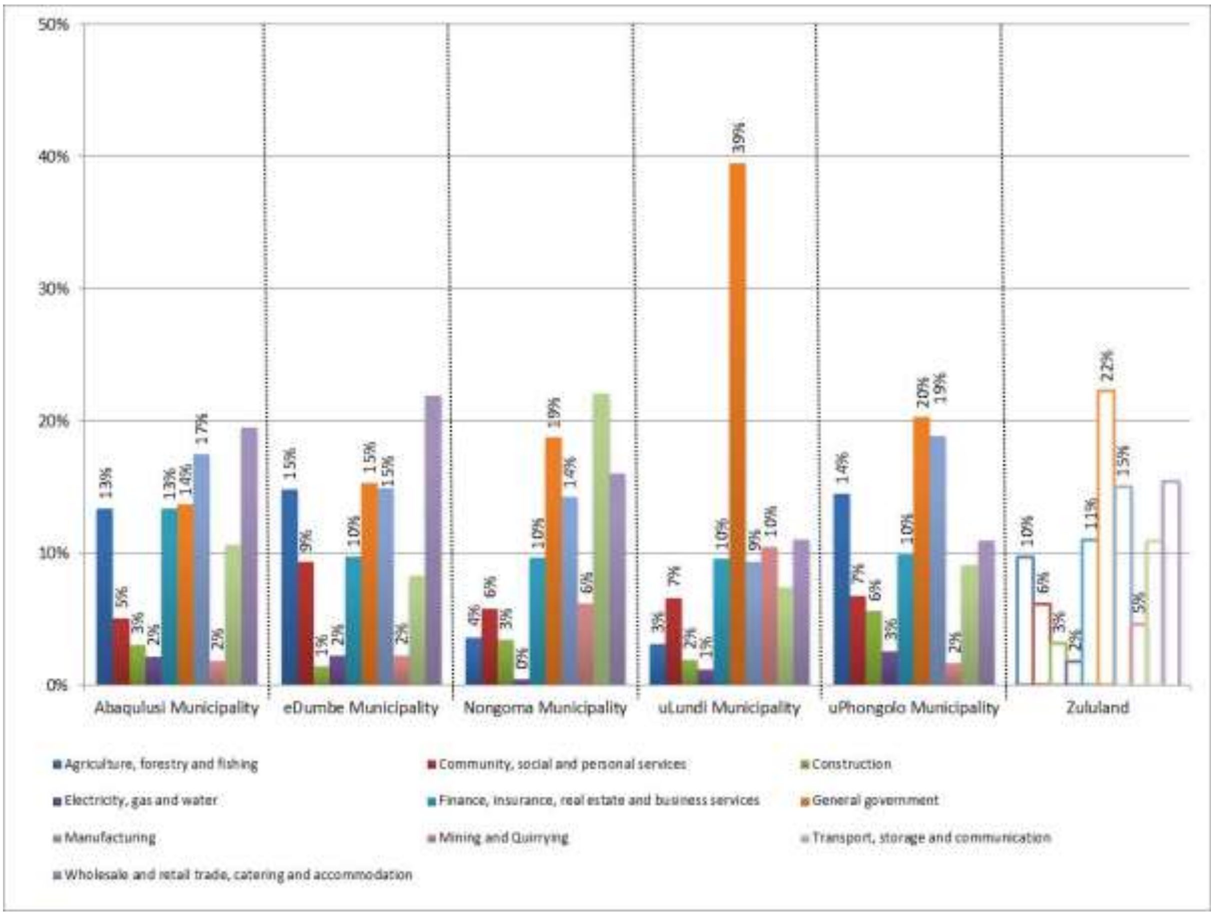
Source: Vuka 2013

2.2. THE DISTRICT ECONOMY

2.2.1. ECONOMIC STRUCTURE

In overall terms the Zululand District makes a limited contribution to the economy of KwaZulu-Natal, with in 2011 a GVA contribution of R11.603 billion of a total of R279 billion or 4% of the provincial economy. The diagram below suggests that the government sector, with a 22% contribution to 2011 GVA, makes the most significant contribution to economic output. This is followed by the manufacturing sector and the wholesale and retail sector both making a 15% contribution. Agriculture only makes a 10% contribution to the output of this District, despite the District being largely dependent on the sector for employment. The contributions of other sectors range between 11% and 2% of the value added in the District.

DIAGRAM 2.2: STRUCTURE OF THE ECONOMY BASED ON GVA CONTRIBUTION PER SECTOR



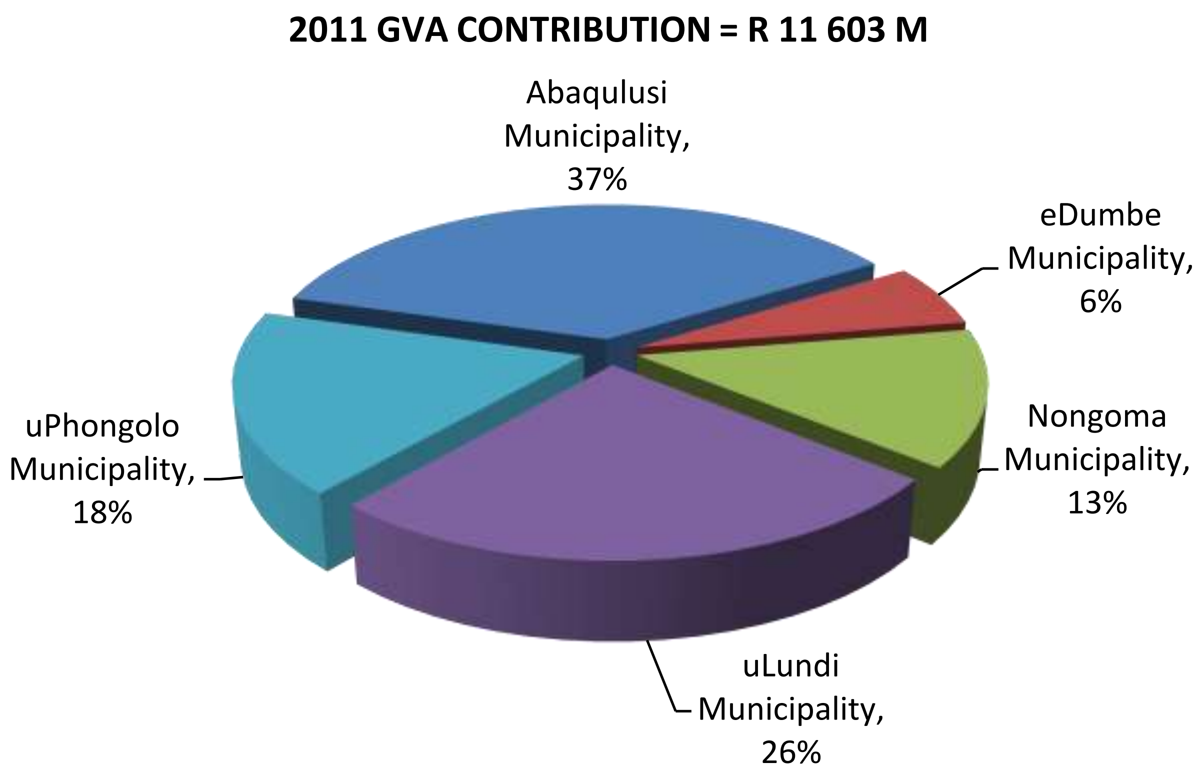
Source: Quantec 2012

The above diagram confirms the important contributions of the government and wholesale and retail sectors to the economies of each of the municipalities, specifically the government sector in the case of Ulundi where the sector is responsible for 39% of the gross value added. Also evident is the relatively high contribution of the agricultural sector in Abaqulusi (13%), eDumbe (15%) and uPhongolo (14%), but the limited contribution of this sector in Nongoma (4%) and Ulundi (3%).

2.2.2. ECONOMIC CONTRIBUTION

The overall contribution of municipalities to economic output range between 37% for Abaqulusi, and 6% for eDumbe. In Abaqulusi the economic contribution relates primarily to the established commercial farming sector and historic mining activities. In Ulundi, contributing a quarter of the economic output of the District, the government sectors makes the most substantial contribution.

DIAGRAM 2.3: 2011 MUNICIPAL CONTRIBUTIONS TO GVA



Source: Quantec 2012

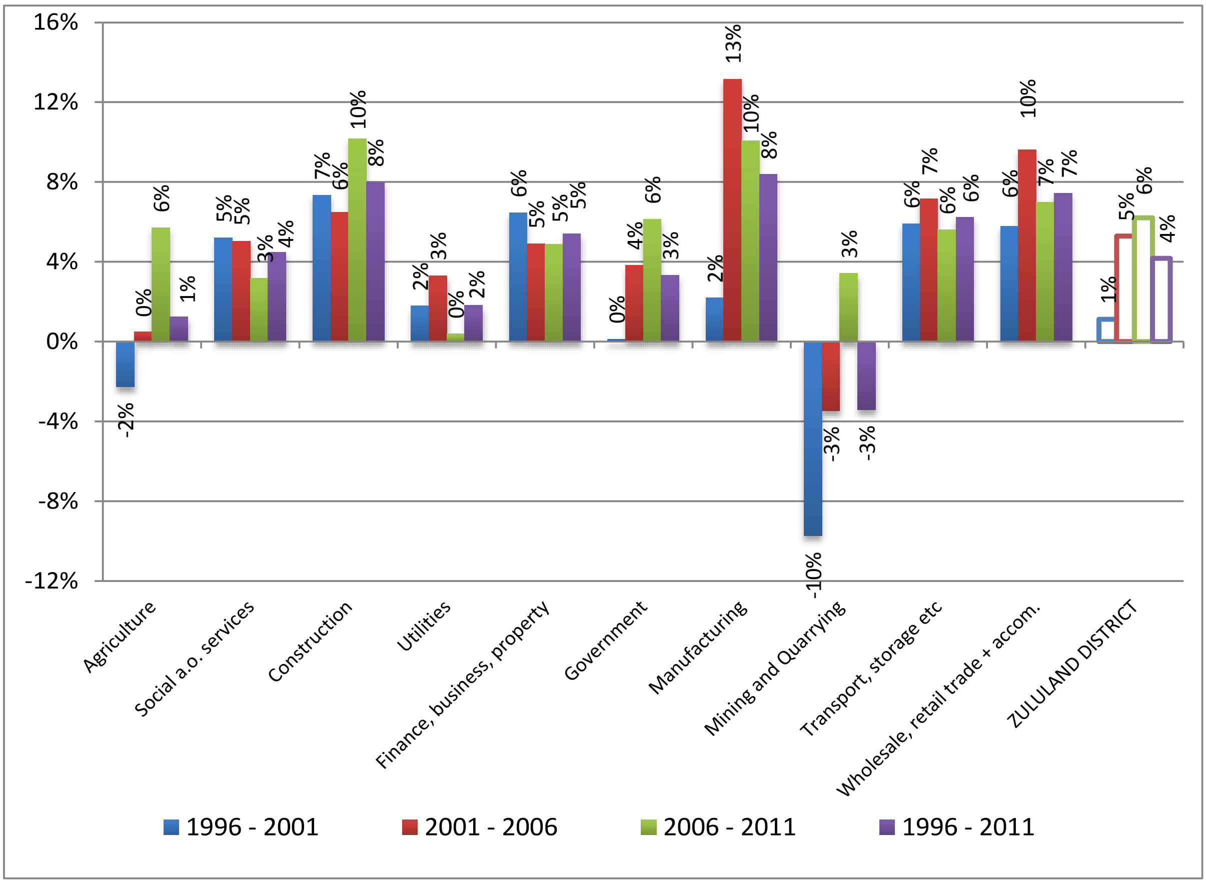
2.2.3. ECONOMIC GROWTH

The diagram below reflects on average annual growth rates in the District economy over the 1996 to 2001, 2001 to 2006, and 2006 to 2011 periods, and then finally over the full period 1996 to 2011 timeframes. Surprisingly, the District economy has grown at an average rate of 4% per annum over the past 15 years (see 1996 to 2011 column). Sectors that have grown at above average rates over this period were transport and construction (8%), manufacturing (8%), transport, wholesale and retail (7%) and storage (6%).

Of some concern is the fact that the agricultural sector showed limited growth over the period. The agricultural sector, a key sector in the District economy, only recorded a 1% per annum growth rate over the period 1996 to 2001.

As would be expected, as a result of the closure of a number of mines over the past two decades mining and quarrying sector to the economy has contracted by 3% per annum over the period.

DIAGRAM 2.4: ANNUAL GVA SECTOR GROWTH RATES FOR SELECTED PERIODS



Source: Quantec 2012

2.2.4. DISTRICT ECONOMIC ACTIVITIES

Interactions with stakeholders involved in LED planning in Zululand confirmed the importance of a number of District level initiatives for future local economic development planning. The initiatives include:

- The annual allocation of Ward Poverty Alleviation funding by the District;
- The Greater North Initiative underway involving three northern Districts, Lohnro and the Department of Economic Development;
- The proposed establishment of District Development Agencies as supported through a recent Cabinet Lekhotla (based on the iLembe model);
- Various initiatives relating to the airport and current major investment into attracting flights to the airport;
- ALEDI (Abaqulusi Local Economic Development Initiative);
- The Foreign Investment Plan of Trade and Investment KwaZulu-Natal.

The following major projects underway or to be established are also to be considered in future LED planning:

- Nongoma Chicken Project;
- Mona Market Project;
- Pongolapoort Initiative;
- P700 Nodal development;
- Aloe processing facility;
- Agricultural equipment available at the District; and
- Seedling nursery.

2.2.5. MAJOR PRIVIATE SECTOR COMPANIES IN THE DISTRICT

Considering the major private sector companies present also provides an indication of the diversity and extent of the economy of the District. A 2012 assessment of economic drivers identified and considered the following major companies present in the District. The detailed District Profile prepared as part of this initiative presents a more detailed analysis of the characteristics of these companies.

TABLE 2.1: COMPANY DISTRIBUTION IN LOCAL MUNICIPALITIES

COMPANY NAME	LOCAL	PRODUCT CATEGORY
Arthurs Woodcraft	Abaqulusi	Timber Products
Build-It	Abaqulusi	Hardware
Cranes & Hydraulics	Abaqulusi	Cranes and Hydraulics
Ithala Game Reserve (KZN Wildlife)	Abaqulusi	Wildlife Tourism
Morkels Furniture	Abaqulusi	Furniture Retail
Vryheid Burglar Bars & Gates	Abaqulusi	Metal Products
Vryheid Central Workshop	Abaqulusi	Engineering Services
GNG Pine Products CC	eDumbe	Coffins
Natal Spa & Hot Springs	eDumbe	Tourism Accommodation +
Val Aqua	eDumbe	Mineral water
Kwa Mngandi Group	Nongoma	Hardware
Nongoma Lodge & Inn	Nongoma	Tourism Accommodation +
Mvutshini Estate	uPhongolo	Sugar and Related
Mvutshini Farm	uPhongolo	Sugar and Related
Pongola Toyota	uPhongolo	Vehicles Sales and Services
Pongola Country Lodge	uPhongolo	Tourism Accommodation +
Shayamoya Game Lodge	uPhongolo	Tourism Accommodation +
Sugar Cane Farm	uPhongolo	Sugar and Related
TSB SUGAR	uPhongolo	Sugar and Related
White Elephant Safari Lodge	uPhongolo	Tourism Accommodation +
Zululand Hunters	uPhongolo	Tourism Services
Legalwise	Zululand	Financial Services
Space Construction	Zululand	Construction Services

Source: Isikhungusethu 2012

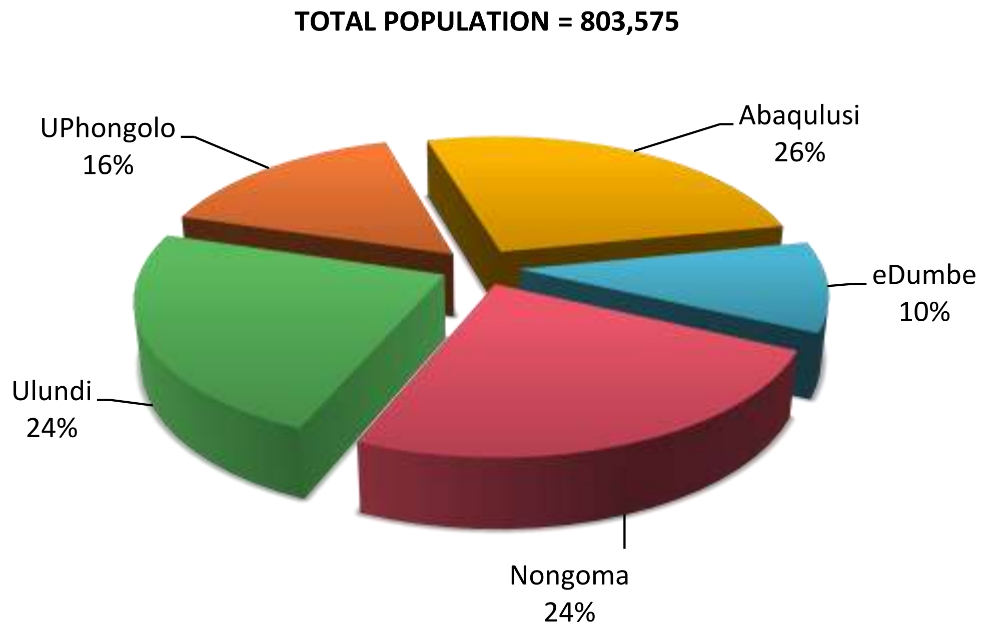
Based on interviews with selected companies the study (Isikhungusethu 2012) concluded that agriculture is a major employer in the Zululand District, specifically on those estates producing sugar cane and fruits (in this case citrus). TSB Sugar in Pongola represents the only major agri-processing facility in the District, but confirms the importance of sugar cane production in the north eastern parts of the District. The tourism sector also already makes a major contribution to employment, and there is substantial potential for this contribution to be increased with the appropriate development of the natural and cultural assets of the region (Isikhungusethu 2012).

2.3. SOCIO-ECONOMIC OVERVIEW

2.3.1. POPULATION DISTRIBUTION

The 2011 Census results placed the population of the Zululand District at 803 575 people. This population is evenly distributed between the larger municipalities of Abaqulusi (26%), Ulundi (24%) and Nongoma (24%). uPhongolo and eDumbe with smaller land areas are also home to lower percentages of the population.

DIAGRAM 2.5: 2011 MUNICIPAL POPULATION DISTRIBUTION IN DISTRICT



The tables below illustrates where, in terms of settlement types, the population of the Zululand District Municipality is located.

TABLE 2.2: ZULULAND DISTRICT MUNICIPALITY SETTLEMENT PATTERN

CLASS	SETTLEMENT TYPE	NR OF SETTLEMENT	TOTAL HOUSEHOLDS
URBAN	Urban – Ex Homeland Town	13	9 349
	Urban – Formal Town	4	4 852
	Urban – Former Township	4	14 308
	Urban – Service Centre	11	1 438
	Urban Squatter Camp	1	336
	Urban – Working Town	6	1303
RURAL	Urban – Fringe – Informal Settlement	19	9 573
	Per Urban – Squatter Camp	1	232
	Rural Formal Dense <5000	35	9 484
	Rural – Formal Dense >5000	2	2 940
	Rural - Scattered Dense	6	2 319
	Rural – Scattered Low Density	51	7 690
	Rural – Scattered Very Low Density	969	81 727
	Rural – Scattered Farming households	N/A	12 303
TOTAL		1122	157 854

Source: WSDP Review 2013

It is noted from the above that more than 50% of households reside in 969 settlements (of a total of 1 122 settlements) classified as "Rural – Scattered Low Density". The majority of these settlements are then also located on Traditional Council or Ingonyama Trust Land as reflected on below.

TABLE 2.3: SETTLEMENT LOCATION ON DIFFERENT LAND TYPES

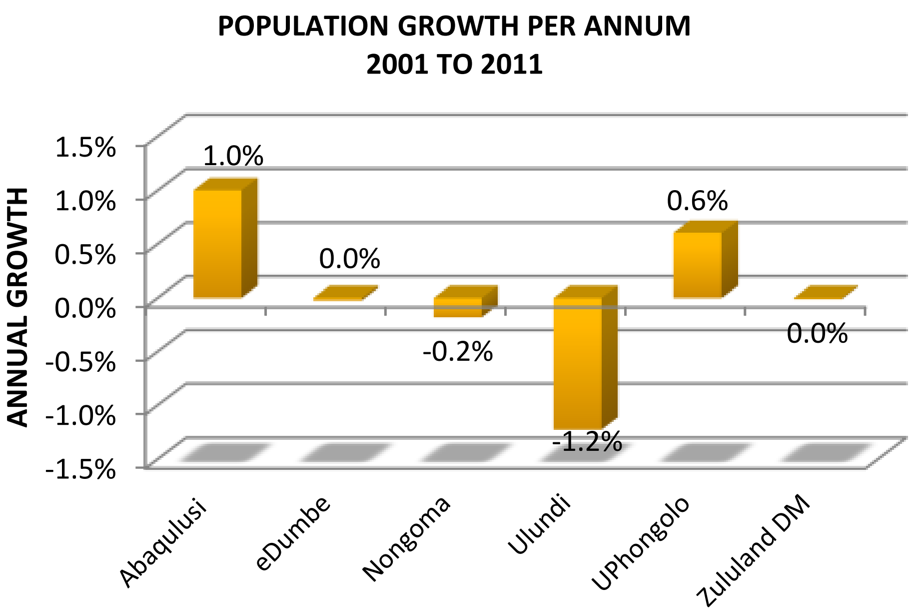
SETTLEMENT LOCATION	NO OF SETTLEMENT
Urban	27
Communal Property	27
Land Reform Areas	75
State – owned	26
Tribal Areas	857
Private Land	233
TOTAL	1245

Source: WSDP Review 2013

2.3.2. MUNICIPAL POPULATION GROWTH

The statistics, reflected in the Diagram below, suggest that the Zululand District did not grow in terms of population over the past decade. The three municipalities with established urban economies and commercial farming sectors, however, experienced higher population growth rates, but rates still below the national natural population growth rate of around 1%. Ulundi and Nongoma, with vast traditional settlement areas, both experienced a decline in population over the period 2001 to 2011.

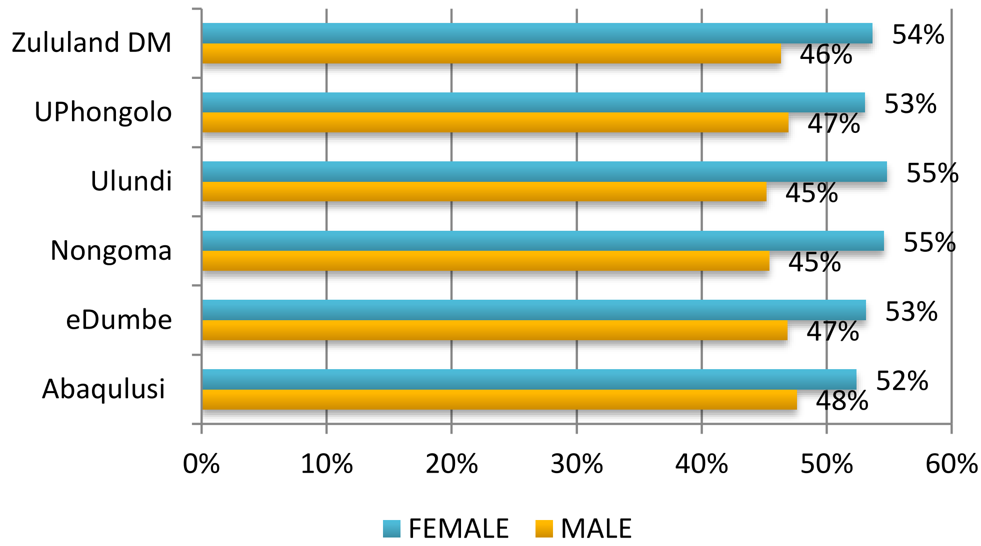
DIAGRAM 2.6: MUNICIPAL POPULATION GROWTH 2001 TO 2011



2.3.3. GENDER DISTRIBUTION

All municipalities in the District have a higher proportion of females with a District average of 54% being female. The primarily rural municipalities, Nongoma and Ulundi, have a high female to male ratio at 55% to 45%.

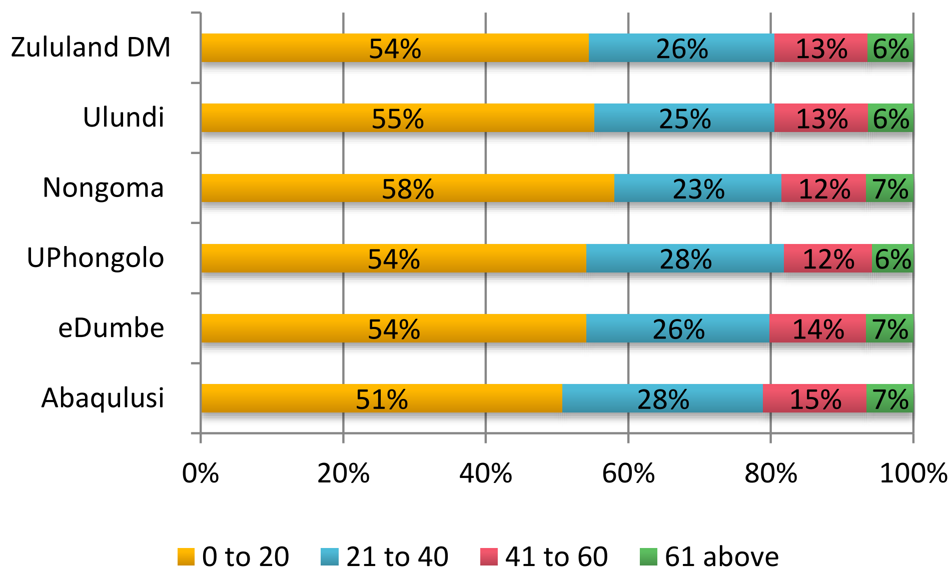
DIAGRAM 2.7: 2011 GENDER DISTRIBUTION IN MUNICIPALITIES



2.3.4. AGE DISTRIBUTION

Eighty percent of the District population is between the ages 0 and 40 years of age, with a very high 54% of the population below 20 years of age. The age profile of the population is similar across all the municipalities. In Nongoma 58% of the population is below 20 years of age, suggesting a very young population to be catered for in terms of future economic development planning.

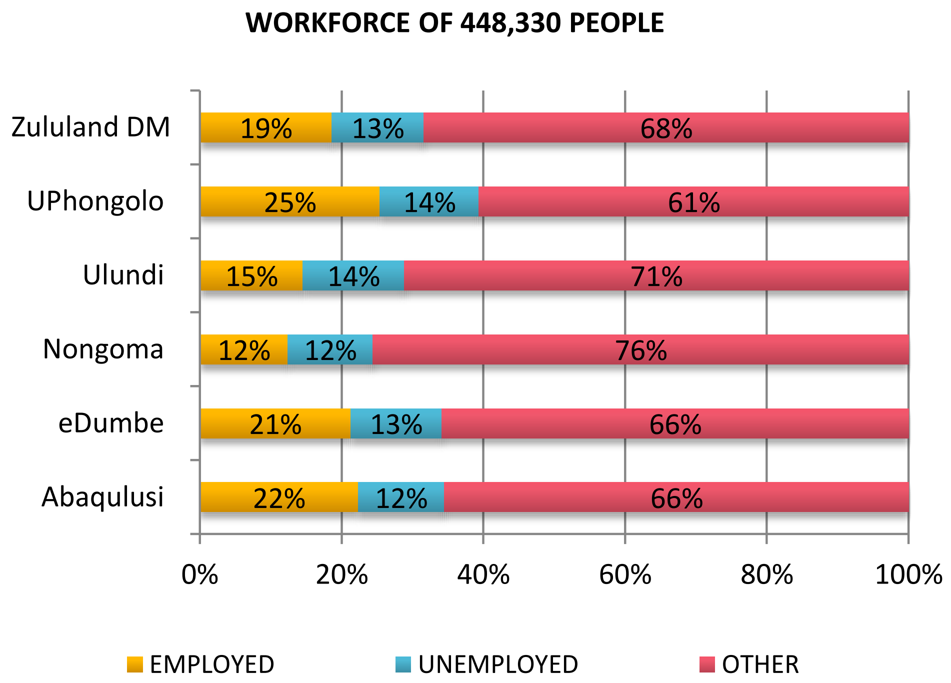
DIAGRAM 2.8: 2011 POPULATION AGE DISTRIBUTION IN MUNICIPALITIES



2.3.5. EMPLOYMENT

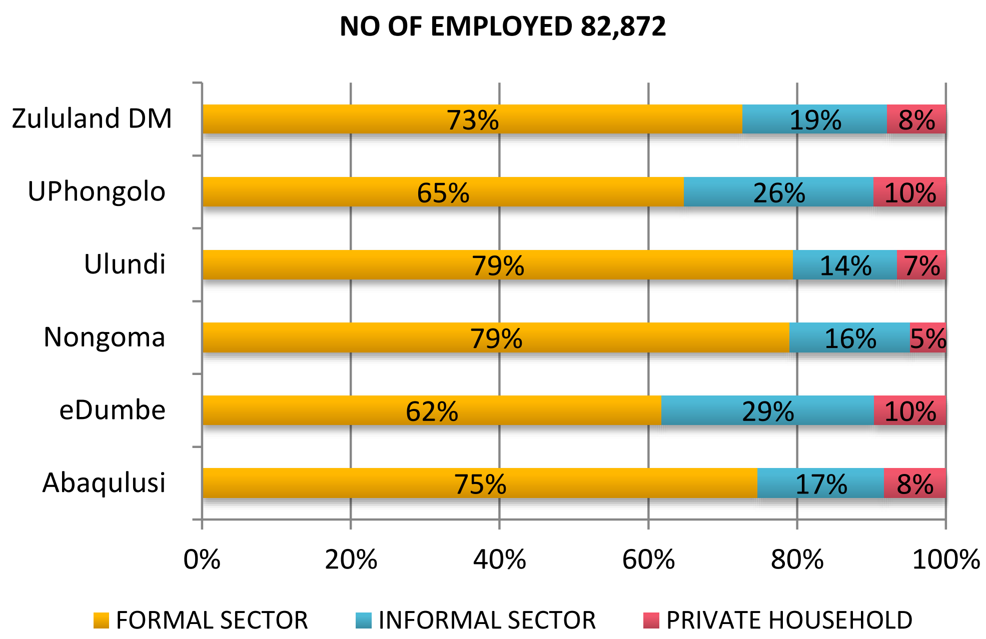
A very low 19% of the District workforce (people aged between 15 and 64) is currently employed. The employment levels are highest in the uPhongolo (25%), Abaqulusi (22%) and eDumbe (21%) Municipalities. Employment levels are a low 15% and 12% in Ulundi and Nongoma respectively.

DIAGRAM 2.9: 2011 EMPLOYMENT LEVELS IN MUNICIPALITIES



The majority of the employed (73%) is working in the formal sector with the informal and household sectors contributing 19% and 8 % respectively.

DIAGRAM 2.10: 2011 SECTORS IN MUNICIPALITIES IN WHICH PEOPLE ARE EMPLOYMENT



3. THE 2004 SIYAPHAMBILI LED STRATEGY

3.1. BACKGROUND TO THE SIYAPHAMBILI STRATEGY

The 2004 Siyamphambili LED Strategy was aimed at establishing a Coordinated LED Framework for the Zululand District Municipality. The strategic approach developed followed on the detailed analysis of the economic status quo and was intended to guide future economic development planning and implementation activities in the Zululand District Municipality.

The strategy was not intended to only inform future activities of the District Municipality relating to economic development, but also aimed to provide direction and guidance to all stakeholders in economic development in the District. The strategy developed was also not limited to economic development, but considers the relationship between economic development and other sectors, i.e. it was integrated. It acknowledged the important impact of other developmental activities on future economic development.

This 2004 Strategy Document was formulated on the basis of inputs received from the Siyaphambili Project Steering Committee, the Siyaphambili Forum, the Business, Agricultural and Tourism Working Groups of the Siyaphambili Programme, as well as consultation with a broad range of local and external stakeholders.

3.2. THE VISION

The following quote from Mayor Magwaza at the time expressed the Vision of the District for economic development in 2004:

The work that we do here in Zululand is of paramount importance. We have to make sure that we improve conditions for the people who look to us for leadership. We have to make sure that we change the legacy for the children who will come after us. There are many things that make the Zululand District quite unique. It is our task to take pride in what we have and give it exposure so that we can create a safe place where people can participate in a vibrant economy. So that people have hope. So that there is a future (Mayor Magwaza 12 May 2003).

The vision of the District Municipality for economic development had a number of components. At it's most basic level, as expressed by the Mayor, the District wished to improve the situation of the rural poor and destitute through sustainable economic development. However, the District acknowledged that this cannot be achieved through a narrow focus on community based projects only. Therefore, to improve the situation of the rural poor the economy of the area as a whole needed to be regenerated and developed. This required intervention and support for development on all levels of the economy.

3.3. THE STRATEGIC FRAMEWORK

Based on the status quo analysis and in line with the above vision, through consultation processes with various stakeholder groups, the Zululand 2004 LED Strategy identified the following strategic focus areas of the District for Local Economic Development.

DIAGRAM 3.1: SIYAPHAMBILI FRAMEWORK 2004

These strategies are further unpacked in the pages that follow. These strategies will serve as the basis for the current review of the LED framework.

DIAGRAM 3.2: SUMMARY – STRATEGY MATRIX

	INSTITUTIONS	FUNDAMENTALS	MARKETING	ACCESS	DELIVERY
OVERALL	Establishing LED Institutions and Processes	Changing Attitudes Addressing the Fundamentals	Raising the Profile of the Region	Improving and Promoting Access	Visible Delivery
BUSINESS	Institutional Structuring for Business	Capacity Building and Training	Raising the Profile of the Region	Improving and Promoting Access	Establishing/ building agri-industries Establishing Small Scale Mining
AGRICULTURE	Institutional Structuring for Agriculture	Sustainable Land Reform	Raising the Profile of the Region	Improving and Promoting Access Market Access for Agricultural Produce	Visible Agricultural Delivery
TOURISM	Institutional Structuring for Tourism	Making Tourists Feel Safe and Welcome	Raising the Profile of the Region Tourism Information Outside District	Improving and Promoting Access Tourism Information Inside the Region	Visible Tourism Delivery Community Tourism

SUMMARY : STRATEGY MATRIX

TABLE 3.1: ESTABLISHING LED INSTITUTIONS AND PROCESSES

THE STATUS QUO:

To date economic development to the benefit of the broader Zululand community has not been high on the development agenda. Existing institutions, representing specific constituencies, focus on their own objectives often not contributing to "local economic development". Further to this the focus of municipalities and communities have to date been on basic needs fulfilment not linked to economic development. Such attitudes limited the impact made on developing the local economy to date.

THE OBJECTIVE:

To change the attitudes of local stakeholders in the economy with a specific focus on aspects such as (sectors to be focussed on indicated in brackets):

- Local buying (communities, business and government)
- Local investment (business)
- Welcoming new investment (all)
- Cooperation in implementation of economic development (all)
- Entrepreneurship (communities, business)

COMPONENTS:

SIYAPHAMBILI (we are moving forward): To date the Siyaphambili Programme has established a basis for the promotion of local economic development in the District. The programme will in the longer term be utilised to promote local economic development and to generate excitement around projects and achievements relating thereto in the District.

INFORMATION DISSEMINATION: **The continued dissemination of information relating to economic development to all stakeholders in the District is viewed as essential. Various approaches to achieving this could be adopted, including the Mayor's talk show on uKhozi FM, press releases, unpaid media publicity, newsletters and direct information dissemination. The information to local stakeholders will be aimed at generating excitement relating to economic development, promoting the establishment of small businesses, encouraging local buying etc.**

LOCAL BUYING AND INVESTMENT: **A key objectives of local economic development in Zululand is to promote local buying and investment by local people/business. Specific approaches to achieving this are to be identified and may include the establishment of a regional radio station.**

GRASS ROOTS CAPACITY BUILDING AND AWARENESS: **A culture of entrepreneurship needs to be established on the community / grass roots level. Programmes aimed at achieving this needs to be developed and implemented on an ongoing basis.**

OUTPUTS/PROJECTS

SiyAphambili marketing:

Regional "radio station":

GRASS ROOTS CAPACITY BUILDING AND AWARENESS: **Grass roots capacity building focussing on both LED in general and tourism specifically.**

STAKEHOLDERS/FUNDERS:

District Municipality (supported by PR Agency)
Local Municipalities (specifically Councillors)
The Media (uKhozi FM, local and provincial newspapers, television)
Department of Economic Development and Tourism
Business Organisations

RELATED STRATEGIES:

- District Strategy 4: Raising the Profile of the Region

TABLE 3.2: DISTRICT STRATEGY 2: CHANGING ATTITUDES

THE STATUS QUO:

To date economic development to the benefit of the broader Zululand community has not been high on the development agenda. Existing institutions, representing specific constituencies, focus on their own objectives often not contributing to "local economic development". Further to this the focus of municipalities and communities have to date been on basic needs fulfilment not linked to economic development. Such attitudes limited the impact made on developing the local economy to date.

THE OBJECTIVE:

To change the attitudes of local stakeholders in the economy with a specific focus on aspects such as (sectors to be focussed on indicated in brackets):

- Local buying (communities, business and government)
- Local investment (business)
- Welcoming new investment (all)
- Cooperation in implementation of economic development (all)
- Entrepreneurship (communities, business)

COMPONENTS:

SIYAPHAMBILI (we are moving forward): To date the Siyaphambili Programme has established a basis for the promotion of local economic development in the District. The programme will in the longer term be utilised to promote local economic development and to generate excitement around projects and achievements relating thereto in the District.

INFORMATION DISSEMINATION: The continued dissemination of information relating to economic development to all stakeholders in the District is viewed as essential. Various approaches to achieving this could be adopted, including the Mayor's talk show on uKhozi FM, press releases, unpaid media publicity, newsletters and direct information dissemination. The information to local stakeholders will be aimed at generating excitement relating to economic development, promoting the establishment of small businesses, encouraging local buying etc.

LOCAL BUYING AND INVESTMENT: A key objectives of local economic development in Zululand is to promote local buying and investment by local people/business. Specific approaches to achieving this are to be identified and may include the establishment of a regional radio station.

GRASS ROOTS CAPACITY BUILDING AND AWARENESS: A culture of entrepreneurship needs to be established on the community / grass roots level. Programmes aimed at achieving this needs to be developed and implemented on an ongoing basis.

OUTPUTS/PROJECTS

Siyaphambili marketing:

Regional "radio station":

Grass roots capacity building and awarenesS: grass roots capacity building focussing on both LED in general and tourism specifically.

STAKEHOLDERS/FUNDERS:

District Municipality (supported by PR Agency)
Local Municipalities (specifically Councillors)
The Media (uKhozi FM, local and provincial newspapers, television)
Department of Economic Development and Tourism
Business Organisations

RELATED STRATEGIES:

- District Strategy 4: Raising the Profile of the Region

TABLE 3.3: DISTRICT STRATEGY 3: ADDRESSING THE FUNDAMENTALS

THE STATUS QUO:

The Zululand District is characterised by high levels of poverty and unemployment, high HIV/AIDS infection rates, gender inequality, a youthful population and a large informal sector not receiving support. To date the negative impact of these aspects on economic development has not been confronted. It is suggested that the continued failure to do so impacts negatively on the ability and capacity of people to participate in economic development. To create an environment in which growth led economic development can be sustained these fundamentals should be addressed.

THE OBJECTIVE:

To establish a solid foundation for economic development in the District by addressing a number of key socio-economic issues in the short to medium term, which will, if not addressed, hamper the ability of communities to effectively participate in economic development in the longer term. In addressing the fundamentals the District aims to also address economic development directly by encouraging job creation and income generation.

COMPONENTS:

JOB CREATION: A continued focus on job creation and income generation through major "public works" type projects such as low income housing provision, infrastructure development, infrastructure maintenance, public facilities development and other programmes (e.g. Working for Water).
INFRASTRUCTURE DEVELOPMENT: This component will focuses on ensuring the provision of infrastructure to communities. This will increase their capacity to participate in economic development.
ADDRESSING HIV/AIDS: The major impact of HIV/AIDS on communities in Zululand, and there ability to participate in economic development is acknowledged by all stakeholders. Over and above programmes aimed at preventing the disease the impact of the disease also presents opportunities for home based care programmes that will offer a basic level of employment.
GENDER EQUITY: The important role of women in developing the Zululand economy is acknowledged. Specific attention should be afforded the identification of projects benefiting this group.
YOUTH DEVELOPMENT: Preparing the youth for entering the job market and the development of entrepreneurship skills amongst this group is promoted.
INFORMAL SECTOR SUPPORT: The informal sector represents a substantial portion of economic activity in Zululand. Support for the development of this sector, and the people engaged therein will be promoted.

STAKEHOLDERS/FUNDERS:

Sector Departments (DWAF, Dept of Transport, Dept of Housing, Dept of Public Works, Dept of Health, Dept of Social Welfare etc.)
District Municipality
Local Municipalities

OUTPUTS/PROJECTS

JOB CREATION THROUGH INFRASTRUCTURE DEVELOPMENT PROGRAMME:

LOW INCOME HOUSING DEVELOPMENT PLAN:

HOME BASED HIV/AIDS CARE:

YOUTH ENTREPRENEURSHIP DEVELOPMENT:

INFORMAL SECTOR SUPPORT PROGRAMME:

RELATED STRATEGIES:

- See District IDP
- Business Strategy 2: Capacity Building and Training

TABLE 3.4: DISTRICT STRATEGY 4: RAISING THE PROFILE OF THE REGION

THE STATUS QUO:

The Zululand District Municipality forms part of a much wider area north of the Tugela River referred to as Zululand. Reference to Zululand usually relates to the Eshowe and Richards Bay / Empangeni areas. In the national context Zululand is relatively isolated with investors generally not being familiar with the potentials which the area offers.

THE OBJECTIVE:

To raise specifically the investment profile of the Zululand District Municipality and the five local municipalities through a multi-pronged public relations and marketing programme. This marketing will be focussed on the private, public and NGO sectors. Further to this the marketing will be aimed at developing a local sense of belonging and pride with communities, emerging, entrepreneurs and existing business.

COMPONENTS:

PLANNING FOR MARKETING: An approach to the marketing of the District, supported by all local municipalities needs to be developed. Local municipalities should be encouraged to adopt the District Marketing Plan as a basis for further marketing of their own.

BRANDING THE DISTRICT: The District Brand, *The Heart of Zululand*, is to be developed and marketed. This will form an integral part of the marketing plan.

ROAD SIGNAGE: Road signage is viewed as an important component of raising the profile of the region. At present no signage exists. Although this represents an integral part of the tourism development strategy (see *Tourism Strategy 2: Tourist Information Inside the Region*) signage is expected to impact the promotion of all other economic sectors to a greater or lesser extent (see *District Strategy 5: Improving and Promoting Access*).

MEDIA PUBLICITY: Ongoing media publicity is viewed as an important component of raising the profile of the District and its activities.

MARKETING PRODUCTS: Through marketing planning relevant and cost effective marketing products will be identified. These products should be made available to all stakeholders in the District economy.

DIRECT MARKETING: The District needs to be marketed at trade fairs, shows and visits to potential investors. The marketing planning will provide guidance in this regard.

TOURISM MARKETING/AWARENESS: See Tourism Strategies

OUTPUTS/PROJECTS

MARKETING PLAN: To be prepared as part of the Siyaphambili Programme

MARKETING PRODUCT DEVELOPMENT: To be initiated as part fo the Siyaphambili Programme

APPOINTMENT OF PRO / MARKETING AGENCY:

STAKEHOLDERS/FUNDERS:

District Municipality (supported by PR Agency)
Trade and Investment KwaZulu-Natal
Department of Economic Development and Tourism
Department of Transport
Tourism Product Owners
Local Municipalities
The Media (printed and electronic)

RELATED STRATEGIES:

- District Strategy 2: Changing Attitudes
- District Strategy 5: Improving and Promoting Access
- Tourism Strategy 2: Tourist Information Inside the Region
- Tourism Strategy 3: Tourist Information Outside the Region

TABLE 3.5: DISTRICT STRATEGY: IMPROVING AND PROMOTING ACCESS

THE STATUS QUO:

Access between the District and neighbouring areas, as well as access internally within the region, has long been identified as a factor impacting negatively on economic development. Various issues impact negatively on access to the District, including the condition of major routes, the condition of secondary routes, the absence of key linkages, absence of road signage and safety and security. Access constraints impact on all sectors of the economy, e.g. limiting the number of tourists to the region, the access of communities to service centres, the movement of agricultural/ manufactured products to markets etc.

THE OBJECTIVE:

To improve access within the District and access between the District and neighbouring areas.

COMPONENTS:

DISTRICT SPATIAL FRAMEWORK: The District Spatial Framework, informed by the spatial frameworks of the various local municipalities, will guide all physical improvement to access in the District. The Spatial Framework also establishes a hierarchy of centres or investment nodes representing key areas for future investment.
ROADS UPGRADING: Improving access requires attention to be given to upgrading the road system. Upgrading of the road system should occur on four levels, viz. upgrading routes linking the District with neighbouring areas, upgrading of primary routes within the region, upgrading of routes providing access to specific economic nodes and, lastly but not the least, upgrading of routes providing access to significant areas of investment, e.g. game parks, mines, irrigation schemes etc.
SAFETY AND SECURITY: Negative perceptions of safety and security in Zululand impacts on the accessibility of the region. Perceptions regarding safety and security can be addressed through appropriate road signage and improving the marketing profile of Zululand (See *Tourism Strategy 4: Making tourists feel safe and welcome*).
ROAD SIGNAGE: (See *District Strategy 4* and *Tourism Strategy 2: Tourist Information Inside the Region*)
ROUTE SECURITY: Provide for visible security on the "highways" of the District to combat the very real threat faced by motorists on South African roads.

OUTPUTS/PROJECTS

ROADS UPGRADING PROGRAMME:

- Upgrading external linkages
- Upgrading primary routes
- Upgrading access to economic nodes
- Upgrading access to areas of investment

ROAD SIGNAGE UPGRADING: See also *Tourism Strategy 2* and *4*

ROUTE SECURITY FEASIBILITY: Initiate feasibility of privatised 'highway patrol'

STAKEHOLDERS/FUNDERS:

- District Muncipality
- Local Municipalities
- Department of Transport
- South African Police Services

RELATED STRATEGIES:

- District Strategy 4: Raising the Profile of the Region
- Tourism Strategy 2: Tourist Information inside the Region
- Tourism Strategy 4: Making tourists **feel** safe and welcome

TABLE 3.6: DISTRICT STRATEGY 6: VISIBLE DELIVERY

THE STATUS QUO:

To date various stakeholders have been involved in a range of local economic development activities in the Zululand District Municipality. A number of these activities have been successful or have the potential to be successful in future. Due to the fragmented responsibility for implementation, the lack of coordination and the slow pace of implementation the combined impact of these activities are not obvious. The perception therefore exists that local economic development is not happening in Zululand.

THE OBJECTIVE:

To focus on achieving visible delivery with regard to local economic development. This visible delivery is intended to have the following impacts:

- make stakeholders (including investors) aware that the District is actively pursuing economic development;
- encourage communities and emerging entrepreneurs to become involved in economic development;
- develop an awareness of the investment opportunities available in Zululand; and
- contribute to raising the profile of the region.

COMPONENTS:

AWARENESS OF SUCCESS STORIES: Numerous economic development success stories can already be found in the Zululand District. Such success stories need to be promoted to all local (and external) stakeholders in economic development in order to illustrate the potential which exists in Zululand. Focussing on existing success stories further contributes to illustrating that local economic development is happening. Examples of business success stories in Zululand include the Nongoma Lodge, Valpre Water, Rose's Nougat, Charcoal Exports, etc.

BUSINESS / TOURISM / AGRICULTURE LEAD PROJECTS: By focussing on the implementation of lead projects, and specifically by ensuring rapid delivery the commitment of the District and its people to local economic development will be clearly illustrated to funders, investors, communities and other stakeholders. Realistic and practical projects within each of the sectors are to be identified and implemented as lead projects. Implementation of these projects will not necessarily be the responsibility of the District Municipality, but the District will in all likelihood fulfil a facilitative and supporting role.

OUTPUTS/PROJECTS

The projects below are discussed in more detail in the sector specific strategies addressing visible delivery.

TOURISM SECTOR

eMakhosini

Phongola Biosphere

Simdlangentsha Community Reserve (Community)

AGRICULTURE SECTOR

Fruit Trees (Community)

Sesame Seed

Irrigation (Community)

BUSINESS SECTOR

Small Scale Mining (Community)

Pongola Canning

Ulundi 19

STAKEHOLDERS/FUNDERS:

District Municipality

Local Municipalities

Various (as per projects)

RELATED STRATEGIES:

- District Strategy 4: Raising the Profile of the Region
- Business Strategy 3: Establishing/Building Agri-Industries
- Business Strategy 4: Establishing Small Scale Mining
- Agriculture Strategy 4: Visible Delivery
- Tourism Strategy 6: Visible Delivery

4. POLICY ENVIRONMENT

4.1. INTRODUCTION

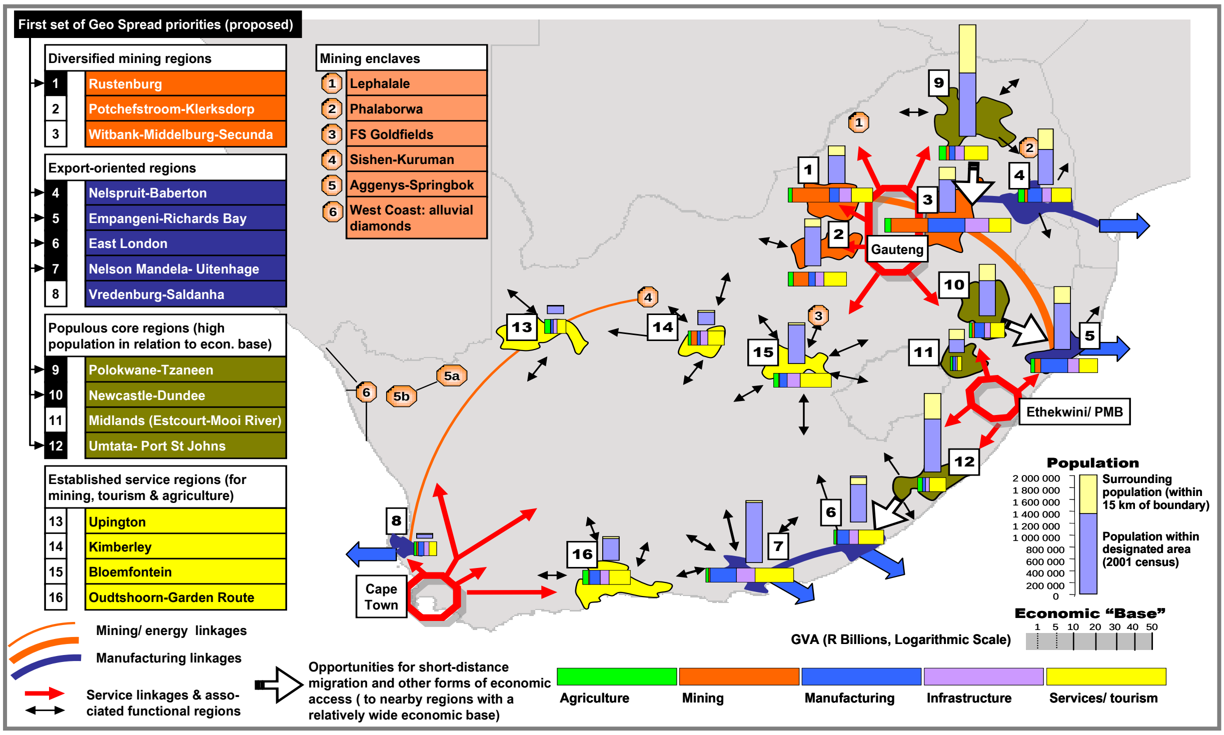
Over the past two years there has been substantial progress made in putting in place aligned national and provincial development strategies through the drafting of the 2012 National Development Plan and the 2012 Provincial Growth and Development. This section provides an overview of the implications of this and other related policies / strategies for local economic development planning in Zululand.

4.2. THE NATIONAL POLICY ENVIRONMENT

4.2.1. NATIONAL SPATIAL ECONOMIC DEVELOPMENT DYNAMICS

The national spatial economy has been considered in various reports and publications over the past decade in substantial detail. The most significant of these publications was the 2006 Spatial Development Perspective, followed by a series of national economic and industrial policies. The diagram below then illustrates that on a national level, from a spatial development perspective, Zululand is not viewed as a priority, but that it is located between and in close proximity to the Newcastle and Richard Bay priority areas. The important mining / energy link that Zululand provides is also acknowledged.

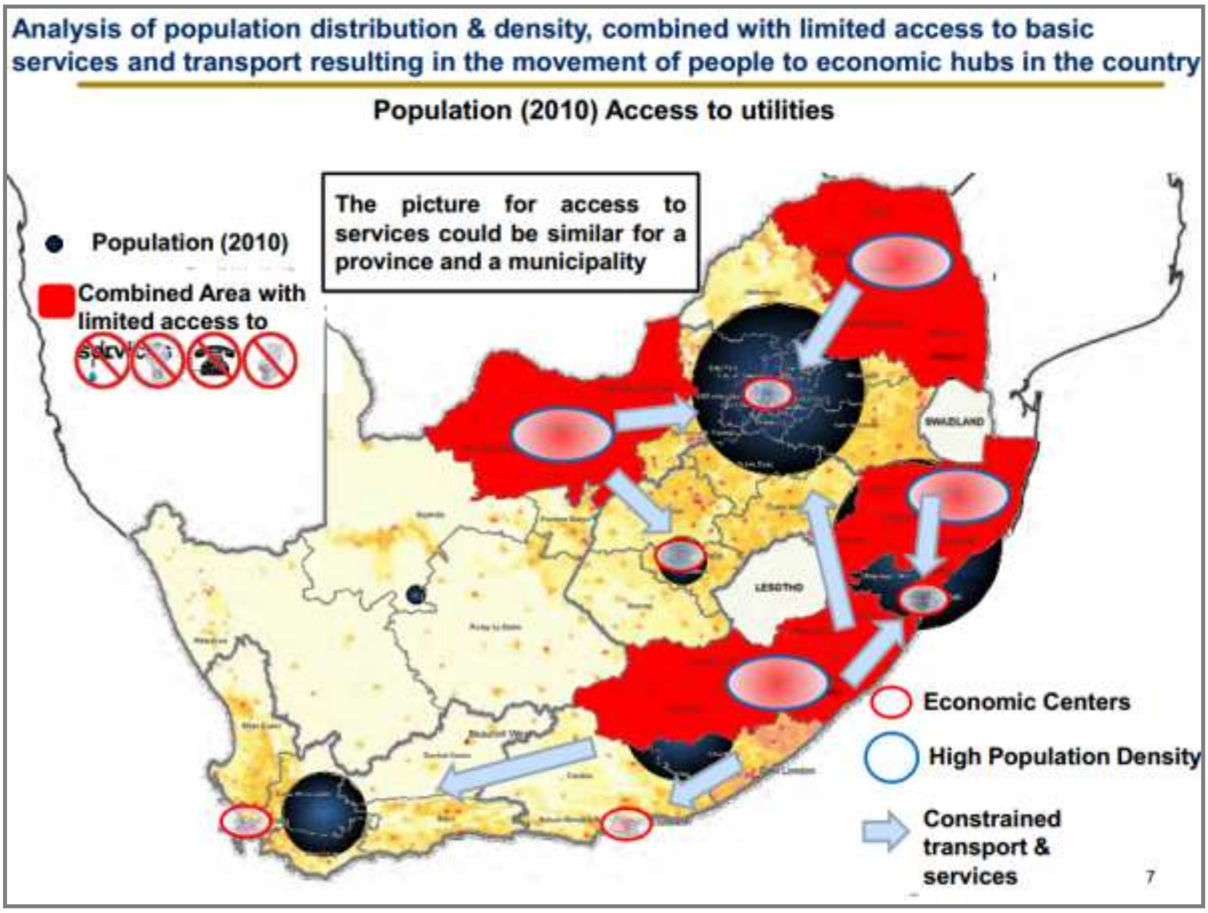
DIAGRAM 4.1: THE 2006 NATIONAL SPATIAL DEVELOPMENT PERSPECTIVE



Building on previous assessments and strategies a key feature of the South African spatial economy that has become a focus of most government strategies over the past two to three years is the Durban – Gauteng Freight Corridor and related developments. This focus is nowhere more clearly reflected than in the 2012 National Infrastructure Plan.

The 2012 National Infrastructure Plan presents the perspective reflected in the diagram below.

DIAGRAM 4.2: NATIONAL INRASTRUCTURE PLAN PERSPECTIVE ON SPATIAL DISTRIBUTION OF POPULATION



This diagram again acknowledges the vast areas in KwaZulu-Natal, and specifically Zululand, where the population has limited access to services and opportunities, the high population densities in KwaZulu-Natal and the location of a key economic centre in the eThekwini / Pietermaritzburg region. The diagram specifically notes the constrained transport and services in these areas.

4.2.2. THE NATIONAL DEVELOPMENT PLAN

The National Development Plan is a plan for the country to eliminate poverty and reduce inequality by 2030 through uniting South Africans, unleashing the energies of its citizens, growing an inclusive economy, building capabilities, enhancing the capability of the state and leaders working together to solve complex problems (NPC 2012). Over the next 30 years the National Development Plan will continue to impact on economic development in Zululand through a range of economic, social and spatial planning strategies to be supported by government.

Specifically impacting on economic development will be the Chapters of the National Development Plan addressing:

- Economy and Employment (Chapter 3);
- Economic Infrastructure (Chapter 4);
- Inclusive Rural Economy (Chapter 6); and
- Transforming Human Settlements (Chapter 8).

The sections following highlights (selects) those objectives and actions in each of the Chapters of the National Development Plan considered to be relevant to spatial economic development planning in Zululand.

4.2.2.1. CHAPTER 3: ECONOMY AND EMPLOYMENT

NDP Objectives

- The unemployment rate should fall from 24.9 percent in June 2012 to 14 percent by 2020 and to 6 percent by 2030. This requires an additional 11 million jobs.
- Total employment should rise from 13 million to 24 million.
- The proportion of adults working should increase from 41 percent to 61 percent.
- The proportion of adults in rural areas working should rise from 29 percent to 40 percent.
- The labour force participation rate should rise from 54 percent to 65 percent.
- Gross Domestic Product (GDP) should increase by 2.7 times in real terms, requiring average annual GDP growth of 5.4 percent over the period. GDP per capita should increase from about R50 000 per person in 2010 to R110 000 per person in 2030 in constant prices.
- The proportion of national income earned by the bottom 40 percent should rise from about 6 percent today to 10 percent in 2030.
- Broaden ownership of assets to historically disadvantaged groups.
  - Exports (as measured in volume terms) should grow by 6 percent a year to 2030 with non-traditional exports growing by 10 percent a year.
  - Increase national savings from 16 percent of GDP to 25 percent.
  - The level of gross fixed capital formation should rise from 17 percent to 30 percent, with public sector fixed investment rising to 10 percent of GDP by 2030.
- Public employment programmes should reach 1 million by 20 15 and 2 million people by 2030.

NDP Actions

1. Reduce the cost of living for poor households and costs of doing business through microeconomic reforms.
2. Develop proposals for an acceptable minimum standard of living and proposals on how to achieve this over time.
3. Remove the most pressing constraints on growth, investment and job creation, including energy generation and distribution, urban planning etc.
4. Position South Africa to attract offshore business services, and build on the advantage provided by its telecommunications, banking and retail firms operating in other countries.
5. Broaden the expanded public works programme to cover 2 million full-time equivalent jobs by 2020.

Economic Implications for Zululand:
With the substantial focus on job creation and economic development LED planners will have to ensure that Zululand is positioned to benefit specifically from the broadening of the Expanded Public Works Programme (EPWP). However, in order to achieve real economic growth it will also have to be ensured that economic growth can be accommodated in the District, i.e. establishing an environment conducive to economic development.

4.2.2.2. CHAPTER 4 – ECONOMIC INFRASTRUCTURE

NDP (Selected) Objectives

- The proportion of people that use public transport for regular commutes will expand significantly. By 2030, public transport will be user-friendly, less environmentally damaging, cheaper and integrated or seamless
- Competitively priced and widely available broadband.

NDP (Selected) Actions

- Consolidate and selectively expand transport and logistics infrastructure, with key focus areas being:
    - Upgrading the Durban-Gauteng freight corridor, including a new port at the old Durban airport site.
    - Building the N2 road through the Eastern Cape.
    - Public transport infrastructure and systems, including the renewal of the commuter rail fleet, supported by enhanced links with road-based services.
- Establishing a national, regional and municipal fibre-optic network to provide the backbone for broadband access; driven by private investment, complemented by public funds required to meet social objectives.

Economic Implications for Zululand:

On a more local level the focus on improving public transport infrastructure will potentially impact directly on establishing improved linkages between urban and rural areas. Through improved fibre-optic networks rural communities can also be provided with better access to a range of services.

4.2.2.3. CHAPTER 6: INCLUSIVE RURAL ECONOMY

NDP (Selected) Objectives

- An additional 643 000 direct jobs and 326 000 indirect jobs in the agriculture, agro-processing and related sectors by 2030.
- Maintain a positive trade balance for primary and processed agricultural products.

NDP Actions

Rural economies will be activated through improved infrastructure and service delivery, a review of land tenure, service to small and micro farmers, a review of mining industry commitments to social investment, and tourism investments.

Economic Implications for Zululand:

The simple fact that a chapter of the National Development Plan focuses on rural development is significant and suggests that the government acknowledges the importance of these areas in the development of the country as a whole. The current approach of government to rural development is focussed on agriculture, but it is suggested that in the case of Zululand a much broader perspective on what rural development entails should be explored.

4.2.2.4. CHAPTER 8: TRANSFORMING HUMAN SETTLEMENTS

NDP (Selected) Objectives

- Strong and efficient spatial planning system, well integrated across the spheres of government.
- Upgrade all informal settlements on suitable, well located land by 2030.
- More people living closer to their places of work.
- Better quality public transport.
- More people living closer to their places of work.

NDP (Selected) Actions

1. Reforms to the current planning system for improved coordination.
2. Develop a strategy for densification of cities and resource allocation to promote better located housing and settlements.
3. Substantial investment to ensure safe, reliable and affordable public transport.
4. Introduce spatial development framework and norms, including improving the balance between location of jobs and people.
5. Conduct a comprehensive review of the grant and subsidy regime for housing with a view to ensure diversity in product and finance options that would allow for more household choice and greater spatial mix and flexibility. This should include a focused strategy on the housing gap market, involving banks, subsidies and employer housing schemes.
6. National spatial restructuring fund, integrating currently defused funding.
7. Provide incentives for citizen activity for local planning and development of spatial compacts.
8. Introduce mechanisms that would make land markets work more effectively for the poor and support rural and urban livelihoods.

Economic Implications for Zululand:

The above objectives can all be viewed as basic principles to be incorporated in the future development of human settlements that will all impact directly or indirectly on local economic development. Incorporating the principles in LED and spatial planning in Zululand will contribute to economically sustainable settlements.

4.2.3. THE NATIONAL FRAMEWORK FOR LOCAL ECONOMIC DEVELOPMENT

The 2006 National Framework for Local Economic Development (DPLG 2006) aligns with the NSDP and specifically the notion of promoting "economic fixed capital formation" into areas that yield the highest impact in terms of economic output, employment creation and poverty reduction. However, the framework acknowledges the rural areas and the underdevelopment experienced in these areas as a result of past policies. Pro-active interventions in these areas are proposed. The framework calls for the development of innovative employment generation strategies (non-capital intensive), a focus on adult basic education and training, as well as investment in critical infrastructure to unlock agricultural potential.

The 2006 framework confirmed that the National Spatial Development Perspective (NSDP), the Industrial Policy, ASGISA and the Provincial Growth and Development Strategies (PGDSs) are the "driving force for local and hence national economic growth and development".

The Strategic LED Framework is summarised in the Table below. All of the strategies have some relevance for future LED planning in Zululand.

TABLE 4.1: SUMMARY OF 2006 LED FRAMEWORK

STRATEGY 1	STRATEGY 2	STRATEGY 3	STRATEGY 4
IMPROVE MARKET AND PUBLIC CONFIDENCE IN MUNICIPALITIES	IDENTIFY AND EXPLOIT COMPETITIVE ADVANTAGE OF 52 MUNICIPAL REGIONS	INTENSIFY ENTERPRISE SUPPORT IN LOCAL AREAS	INTRODUCE COMMUNITY INVESTMENT PROGRAMMING
Intensify support to municipalities under Project Consolidate	Analyse the 52 municipal economies	Implement the new small business development strategy (including promotion and support for cooperatives)	Promote community organisation through development trusts, partnerships, cooperatives, etc.
Monitor and Report on Implementation of MFMA and Property Rates Act	Target growth sectors and industry clustering		Encourage community or third tier banking
Finalise appropriate spatial policies in IDPs linked to a municipal- wide land-use management system	Build capability for a knowledge economy	Improve Access to Finance	Improve trading markets and market system
Improve infrastructure investment and intergovernmental coordination	Market the 52 Regions and their Products		Improve local multiplier of government spend
Support Municipal Business Forums	Establish Innovative Funding Instruments		State and Social Actor Capability and Institutional Arrangements
State and Social Actor Capability and Institutional Arrangements			

Source: RSA 2006

Strategy 4 of the framework introduces the concept of Sustainable Developmental Community Investment Programming (SDCIP) and the utilisation of innovative instruments to systematically build community competence and capacity (DPLG 2006). The aim of the SDCIP is to raise the local income multiplier by 300%. It is viewed as a "Charter for the Second Economy" and suggested to be the "quickest way to bring the poor in from the economic cold where they are effectively economic prisoners of non-working local economies".

The LED Framework proposes specific actions for implementation of the programme, including:

- Promoting community organisation through development trusts, partnerships, cooperatives etc.;
- Encouraging community banking or third tier banking;
- Improving trading markets and market systems;
- Improving local multiplier of government spending; and
- State and social actor capability and institutional arrangements.

4.3. THE PROVINCIAL POLICY ENVIRONMENT

4.3.1. PROVINCIAL GROWTH AND DEVELOPMENT PLAN (PGDS)

The 2012 Provincial Growth and Development Plan (PGDP), already aligned with the National Development Plan (2012) and the National Infrastructure Plan (2012), will also impact directly on economic development planning in Zululand as it sets more specific goals and objectives than the national plans. The table below extracts the proposed interventions, linked to specific PGDP Goals and Objectives that is of relevance to spatial economic planning in Zululand.

TABLE 4.2: THE PROVINCIAL GROWTH AND DEVELOPMENT PLAN: GOALS, OBJECTIVES AND INTERVENTIONS

STRATEGIC GOALS	STRATEGIC OBJECTIVES	ZULULAND SPATIAL ECONOMY RELEVANT INTERVENTIONS
Job Creation	1. Unleash the Agricultural Sector	Development of crop and horticultural production Development of commercial farmers Enhancement of agricultural value-adding and marketing Establishment of fresh produce markets Expedite the resolutions of land claims
	2. Enhance Sectoral Development through Trade & Investment	Establish District-level LED agencies Targeted identification of appropriately zoned and serviced land
	3. Improve efficiency of Government-led job creation programmes	Support enhanced implementation of EPWP, CWP and Jobs Fund programme
	4. Promote SMME & Entrepreneurial Development	Implement the KZN SMME and Cooperative Strategies SMME access to appropriately-located facilities
	5. Develop the Knowledge Base to Enhance the Knowledge Economy	The establishment of research institute/s focused on key sectors Create R&D sector hubs in relationship with tertiary institutions
Human Resource Development	6. Improve Early Childhood Development, Primary and Secondary Education	Efficient delivery of basic services, school infrastructure, equipment, materials
	7. Support Skills alignment to Economic Growth	Develop skills plans for lead economic sectors per District Municipality based on skills demand and implement in partnership with post-school institutions
	8. Enhance Youth Skills Development & Life-Long Learning	
Human & Community Development	9. Poverty Alleviation & Social Welfare	
	10. Enhancing Health of Communities and Citizens	Ensure equitable access to health and special facilities
	11. Enhance Sustainable Household Food Security	Developing infrastructure for local markets Support to informal economy 100ha Programme by Traditional Councils
	12. Sustainable Human Settlements	Densification of settlement patterns Develop provincial strategy and plan to address housing Gap Market
	13. Safety & Security	
	14. Social Capital	

STRATEGIC GOALS	STRATEGIC OBJECTIVES	ZULULAND SPATIAL ECONOMY RELEVANT INTERVENTIONS
Strategic Infrastructure	15. Development of Harbours	(Not directly relevant)
	16. Development of Airports	Development of Regional Airfields
	17. Development of Roads & Rail Networks	Extend rural road access and maintain secondary roads
	18. Development of ICT Infrastructure	Expand community access to broadband services
	19. Improve Water Resource Management and Supply	
	20. Improve Energy Production and Supply	Investigate renewable energy resources
Environmental Sustainability	21. Increase Productive Use of Land	
	22. Advance Alternative Energy Generation and Reduce Reliance on Fossil Fuels	Develop provincial energy strategy and alternative energy resource assessment (mapping) for wind, solar, biomass, ocean and hydro
	23. Manage pressures on Biodiversity	
	24. Adapting to Climate Change	
Governance and Policy	25. Strengthen Policy, Strategy Co-ordination & IGR	
	26. Building Government Capacity	
	27. Eradicating Fraud & Corruption	
	28. Promote Participative, Facilitative & Accountable Governance	
Spatial Equity	29. Actively Promote Spatial Concentration and Coordination of Development Activities	Focus on spatial transformation of settlement
	30. Effective Spatial Planning and Land Management Systems are Applied Across the Province	Wall-to-wall spatial planning for municipalities

The Provincial Growth and Development Plan also provides broad guidelines for spatial planning in the District that should be considered in the more detailed development of the Spatial Development Framework.

4.3.2. THE 2006 PROVINCIAL SPATIAL ECONOMIC DEVELOPMENT STRATEGY

The Provincial Spatial Economic Development Strategy of the Province of KwaZulu-Natal (PSEDS) is "intended as a guide to service and to achieve the goals set in ASGI-SA to halve poverty & unemployment by 2014" (KZN Treasury 2006). Some of the key principles underpinning the PSEDS include (KZN Treasury 2006):

- Government has a constitutional obligation to provide basic services to all citizens. Basic services include health, education, housing, transport
- All areas of the province require development
- Certain areas of the province will drive economic growth
- The PSEDS attempts to indicate where different types of investment should be directed in order to achieve development and/or economic growth

Based on these principles the PSEDS therefore sets out to (KZN Treasury 2006):

- Focus where government directs its investment and development initiatives;
- Capitalise on complementarities and facilitate consistent and focused decision making; and
- Bring about strategic coordination, interaction and alignment.

The Provincial Spatial Economic Development Strategy is currently under review and should inform future economic development planning in Zululand.

5. WARD COUNCILLOR PERSPECTIVE OF ZULULAND ECONOMY

5.1. INTRODUCTION

This section is aimed at providing a local reflection on LOCAL economic development in the Zululand District. This local reflection on local economic development provides the backdrop for the more technical discussion of the components of the Zululand economy to follow. In order to provide a local reflection on local economic development an attempt was made to consult with all Ward Councillors in the constituent municipalities of the Zululand District Municipality.

A total of 63 Ward Councillors out of a possible 89, or 74% of the Councillors, were interviewed. The number of Councillors interviewed per local municipality is reflected on below.

TABLE 5.1: NUMBER OF WARD COUNCILLORS INTERVIEWED PER LOCAL MUNICIPALITY

MUNICIPALITY	NUMBER OF COUNCILLORS	NO. OF COUNCILLORS INTERVIEWED	% OF COUNCILLORS INTERVIEWED
uPhongolo Municipality	14	11	79%
Nongoma Municipality	21	14	67%
Abaqulusi Municipality	22	18	82%
Ulundi Municipality	24	18	75%
eDumbe Municipality	8	5	63%
Zululand District	89	66	74%

The unaccounted for Ward Councillors were due to changed numbers, redeployment, death or unwilling participation.

In the interviews, the questions used to facilitate the discussion with the Councillors relating to LED in their wards were:

- Where do you believe the focus should be in terms of Local Economic Development?
- What are the specific opportunities for economic development?
- What are the challenges for the opportunities to become a reality?
- How far do people have to travel to access government services and/or retail services?
- What is the total cost for a one-way trip to accessing either government or retail services?

The responses that Ward councillors gave in light of these questions serve as the bases for this section of the report. Therefore the section at hand is a subjective reflection of the Ward councillors' views on the status, understanding and prospects of the local economy in their wards and Zululand in general.

5.2. LED FOCUS AREAS

Ward councillors came across as knowledgeable about demographic and socio economic trends, status of the local economy, the local economic challenges and the environment pertaining to their respective areas. The table below summarises the various responses received with regard to the sectors or focus areas for future local economic development in the respective wards.

TABLE 5.2: WARD COUNCILLOR SUGGESTED LED FOCUS AREAS

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
Agriculture	Agriculture	Agriculture	Agriculture	Agriculture
Retail	Craft sector	Tourism	Manufacturing	Manufacturing
Tourism		Manufacturing		
Mining		Mining		
CBD Beautification				
Private Sector				

5.2.1. AGRICULTURE

In all municipalities a number of Councillors confirmed that Agriculture should be the key focus area within their wards. Considering this on a municipal level it is noted that 76% (17 respondents) of the Ward Councillors suggested agriculture as the focus of future LED initiatives. Even more so in Nongoma and eDumbe, all the Councillors interviewed responded that agriculture is the future of Zululand. In Ulundi only one Councillor did not list agriculture as a future priority.

5.2.2. PRODUCTION / MANUFACTURING

In Ulundi Ward 7 and Ward 12 brick manufacturing was seen as an opportunity that needs to be tapped into. Substantial developments in future are expected in the vicinity of Ulundi. These developments could be either through the upgrading of roads, building of houses or even the development of shopping complexes. These anticipated developments, as well as the day-to-day renovation and upgrading of homes are viewed as potential markets. Similarly, councillors in Pongola Ward 5 and also in eDumbe Ward 2 highlighted manufacturing as a focus of LED.

5.2.3. TOURISM

Tourism is generally not viewed as a priority focus area for LED in Zululand. Tourism was mentioned as a focus area by Councillors in only two municipalities, namely: Vryheid and Ulundi. In Ulundi, more than 50% of Ward councillors interviewed view tourism as an alternative to agriculture. While in Vryheid Ward councillors in Wards 4 and 5 indicate that tourism presents an alternative opportunity for economic development. The opportunities in the tourism sector mentioned by Councillors included the building of hotels and production of sculptures and paintings.

5.2.4. MINING

As with the tourism sector, mining in Zululand is indicated in just two municipal areas of Ulundi and Vryheid. In Vryheid a reference is made to mining in Ward 4 and Ward 10. In Ulundi mining as an opportunity is only mentioned in Ward 17 as an economic sector that could boost the local economy. The suggestion for mining is around the re-opening of mines where operations were previously ceased.

5.2.5. RETAIL

The retail sector was generally viewed as an important component of a LED strategy for specific wards. It has been confirmed in the interviews that residents spend large amounts of money in transport costs due to the location of retail services further away from the rural communities. For instance, in Abaqulusi Ward 2, there are communities where households pay up to R110 for public transport to access retail services in the CBD. To curb this, councillors are of the view that communities would benefit a great deal should retail services be available near rural people. Retail services, as a focus area for local economic developed are mentioned more in Vryheid and Nongoma than in other municipalities.

5.2.6. CITY BEAUTIFICATION

In Vryheid there is also a view that the beautification of the town, which is mentioned in Ward 8, is a necessity in order to facilitate local economic development. The idea is that if the town can show its competency in garbage collection, halt littering the streets, repair potholes and also refurbish buildings; then investors will be keen to invest in such a town. The Councillor expressing this view called for the District to consider the approach of investing in the development of the town and through this ensuring investors will be attracted to invest further in Vryheid.

5.2.7. CRAFT SECTOR

In Nongoma Ward 3 and Ward 10, the craft sector was mentioned as an alternative to agriculture.

5.2.8. GENERAL

In one of the Abaqulusi Wards the view was expressed that LED efforts should focus on getting the private sector to work together with communities, civic organisations and other relevant stakeholders. As LED touches on citizen, organisation and business; all must be involved in planning for the implementation thereof.

5.3. OPPORTUNITIES FOR LED

Discussions relating to opportunities for LED were essentially an elaboration of the discussion on LED focus areas. The various economic focus sectors highlighted were expanded on, so that a clear understanding and a vivid picture can be drawn of how specific economic focus areas can be develop further.

Based on the broad focus areas identified in the previous section, the table below presents specific opportunities to be pursued.

TABLE 5.3: WARD COUNCILLORS SUGGESTED SPECIFIC LED OPPORTUNITIES

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
Fruit Production	Maize Production	Vegetable Production	Maize Production	Vegetable/crop farming
Vegetable Production	Vegetable/crop production	Poultry	Vegetable Production	Poultry farming
Tea Production	Livestock farming	Livestock	Poultry Farming	Livestock farming
Cotton Production	Dressmaking	War Memorials	Livestock Farming	Forestry
Livestock and Poultry	Link farmers with local businesses	Heritage and traditional sites	Timber	
Forestry	Poultry farming	Dams for recreation		
Coal Mining	Wheat production	Tailored traditional attire		
Building of hotel		Umfolozi Game Reserve		
Paintings		Prince Mangosuthu Buthelezi Airport		
Sculptures		Brick Making		
Brick Making		Coal Mining		

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
Taylor				
Garbage Collection				
Fix Potholes				

Some of the opportunities are elaborated on further below.

5.3.1. AGRICULTURE

Agriculture is viewed as a primary economic sector in Zululand, having potential to improve socio-economic conditions. Agriculture in Zululand is considered in all its various forms and types including vegetable production, tea and cotton farming as well as livestock farming. The crop with most potential in Zululand is viewed as maize, which also presents opportunities for beneficiation (to flour and beyond).

Agriculture is a preferred economic activity in Zululand because the land is perceived to be reasonably arable. However, the view was expressed that challenges relating to the marketing of products impacts on this potential. Access to the formal retail market was viewed as an important focus area for the future development of the agricultural sector.

In eDumbe livestock was mentioned as having potential in Wards 3, 4 and 7. Livestock farming to be further pursued in eDumbe includes goats, sheep and poultry. It is suggested that there is a strong market livestock for since residents are perceived to be "very traditional" and specifically goats are used regularly for cultural and traditional ceremonies. Poultry and sheep also play their own roles although they are not as popular as the goats.

Forestry was also mentioned as an opportunity in Ward 8 eDumbe, as well as in uPhongolo wards.

5.3.2. MINING

In Abaqulusi Ward 4 and Ward 10 mining is viewed as having a substantial potential for the development of the local economy. In Ward 10 it was indicated that both the Hlobane and Alpha coalmines are operational. Given the number of job opportunities these two mines have created, it is perceived that more attention should be paid to mining, as there seems to exist substantial room for growth in this sector. The call is therefore to resuscitate abandoned mines and expand production on the current ones.

Mining was only mentioned as an economic development opportunity in Ward 17 of Ulundi.

5.3.3. TOURISM

As indicated in previous sections, the suggested focus in Abaqulusi is on providing additional tourism accommodation and encouraging arts and crafts (specifically art such as paintings and sculptures). A couple of Councillors suggested that such initiatives will present opportunities for economic growth. From Ward 5 and Ward 19 in Abaqulusi there was as clear indication that enough tourists visit the Municipality to justify this.

In Ulundi, nearly half the Councillors interviewed were excited about the opportunities offered by the tourism sector.

Tourism did not receive much attention as an important economic sector in interviews with Ward Councillors from other Municipalities.

5.3.4. MANUFACTURING

As per discussion on focus areas, specifically brick or block making opportunities were mentioned.

5.4. CHALLENGES TO LED

In discussions with Councillors they were asked to identify the challenges encountered in the implementation of local economic development projects and programmes. The responses of Councillors as to the challenges to LED are summarised in the Table below.

TABLE 5.4: COUNCILLOR PERCEPTIONS OF LED CHALLENGES

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
Lack of funding	Shortage of water supplies	Lack of funding	Lack of water	Shortage of agricultural land
Lack of skills	Lack of fencing for gardens	High dependency on small business	Lack of irrigation systems	Lack of business skills
Improper infrastructure	Lack of training/business skills	Lack of irrigations systems	Lack of fencing	Lack of training
No established markets	Lack of access to markets	Lack of training	Lack of training	
		Political interference	Unpaved roads	
		Community apathy		

The challenges identified are unpacked in more detail in the sections following.

5.4.1. LACK OF FUNDING

The most common challenge that is mentioned by Councillors is the lack of funding for development. Twelve Ward councillors out of a total of eighteen interviewed in Abaqulusi mentioned lack of funding as a challenge that local co-ops and businesses are facing on a daily basis.

It was suggested that the funding available for co-ops and other businesses will contribute further to economic empowerment. There is thus an expectation that government support is necessary for this, and that unless government consistently supplies communities with items such as seeds, fencing for their gardens and tractors to cultivate the land, there won't be any economic development in the area.

5.4.2. HIGH DEPENDENCY ON SMALL BUSINESS

Some Councillors interviewed also expressed the view that as a result high unemployment and poverty rates in communities there is a high level of dependency on the income / profit derived from small businesses. Therefore, funding allocated to small business development is often used to address more basic needs such as food and shelter. Addressing unemployment is therefore seen as essential as it will reduce pressure on the limited income derived from supported small businesses.

5.4.3. LACK OF WATER

Nearly 50% of the interviewed Councillors in Ulundi indicated that lack of access to water remains a challenge to be overcome if local economic development is to be promoted. In Nongoma an even larger 70% of respondents highlighted access to water for agriculture as a challenge as people are generally dependent on agriculture for food security and generating an income. The same feedback was received from uPhongolo where 60% of Councillors indicated water as the main challenge farmers are faced with.

The challenge is also not just to obtain access to water for agriculture, but in many areas access to household drinking water remains a challenge. This is also seen as a higher priority to be addressed. There was a general appeal from Councillors to improve service delivery in this regard.

5.4.4. SKILLS SHORTAGE

A number of Councillors in Abaqulusi (40%) expressed the view that communities should be capacitated to better engage with the strong economic sectors in the Municipality. It was suggested that skills such as business management are crucial contributing to the longer term sustainability of cooperatives and general support for entrepreneurship development.

A Councillor in Abaqulusi expressed a concern that communities are given access to land and money and then expected to run a businesses. It was suggested that people need proper mentorship undertaken over a longer term. Communities need to be well trained and monitoring systems must be put in place so that these small businesses can be sustainable.

In Ulundi Councillors acknowledge that lack of training and monitoring systems are the reasons why it is so difficult identify really successful local economic projects in the Municipality. This view was also echoed by uPhongolo Councillors.

Furthermore, three of the four eDumbe Councillors interviewed indicated that the lack of training for the local farmers, as well as the lack of business skills, are the challenges that needs to be dealt with first if local farmers are to thrive and be sustainable.

5.4.5. LACK OF INFRASTRUCTURE

Lack of proper infrastructure such tarred roads, housing, running water and sanitation is suggested to be impacting negatively on local economic development. Abaqulusi Councillors noted that it is difficult to attract investment from donors or private sector investors in cases where basic infrastructure is not available. It is viewed as the responsibility of local government to ensure that basic infrastructure is in place. The competency of local government to achieve this is questioned.

In Pongola specific mention is made of the unsurfaced R69 continuing to impact on economic development. This is said to impact on both accessing markets and attracting investments. The responsible Councillor is of the view that the area is not attractive to investors as a result of the unsurfaced road. It is suggested that better roads in uPhongolo will attract more investment to the Municipality.

5.4.6. APATHY TO FARMING

Councillors in Abaqulusi suggest that farmers are being "disheartened" by the lack of options in terms of accessing. They suggest that agriculture will make a better contribution to economic development if improved access to markets can be achieved. Improved access to markets will even see current subsistence farmers becoming more commercial in their orientation.

Related to this a Ulundi Councillor indicated that generally the community is apathetic to farming, however, that this can possibly be attributed to a number of reasons. Some of the reasons mentioned includes a perception of "laziness", access to equipment, lack of access to water and others that can contribute to this apathy.

Some Councillors suggest that the "apathy to farming" in Zululand is the primary reason for the failure of local economic development projects. Involvement in cooperatives is viewed as a quick way to get access to subsidies or project funding and projects are not geared towards achieving sustainability. People are said to not be passionate about farming, but participate in it because of the lack of alternative income generating opportunities.

In interviews there has also been an indication that since agricultural land is not located in proximity to where people stay theft of crops is at the order of the day. This together with all the other challenges faced by farmers impacts on the willingness of people to invest in agriculture.

5.4.7. LACK OF FENCING

In uPhongolo 50% of Councillors viewed the absence of fencing as a key constraint to sustainable agriculture. In Ulundi 75% of Councillors also mentioned this as an issue. Ulundi Ward Councillors noted that specifically goats feed on and trample on the produce owing to the lack of fencing. This presents as serious deterrent to farmers. This challenge can be addressed if fencing can be provided in order livestock to be kept off crop farming areas.

5.4.8. POLITICAL INTERFERENCE

The potential negative impact of political interference on local economic development was mentioned by a couple of farmers in Ulundi. It was suggested by Councillors interviewed that an individual belonging to a specific political party not "recognised" in the area, get side-lined such that when for example when local government distributes seeds for the farmers, these farmers will not get access to it.

ACCESS TO LAND

Councillors in eDumbe indicated that there is a shortage of agricultural land or that agricultural land is difficult to access. This was one of a very few cases where land is mentioned as an issue. However, since two of the four Ward councillors interviewed in eDumbe indicated this as a problem, this should be considered.

5.5. ACCESS TO GOVERNMENT SERVICES

Access to government services can potentially impact on the local economic development in a number of ways. In order for sustainable economic development to be promoted access to a range of government services should be supported, including health services, social development services, services offered by Home Affairs etc.

According to the information accessed from Councillors government services in Zululand can be accessed in a number of ways.

TABLE 5.5: INDICATIONS FROM COUNCILLORS AS TO HOW GOVERNMENTS SERVICES ARE ACCESSED

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
Vryheid CDB	Nongoma CBD	Ulundi CBD	Pongola CBD	eDumbe CBD
War Rooms	War Rooms	War Rooms	War Rooms	War Rooms
Mobile Government Services	Buhleni	Mobile Services	Ward 5: Department: Public Works, Transport, Agriculture	Bilanyoni
eMondlo		Community Halls (Periodically)		Ward 4: Departments / Services (SASSA, SAPS, DSD)

From the above it is noted that people in the wards of the Zululand generally access government services from one of the five key town centres in the District, whichever the closest to a specific community.

It is then also interesting to note from the interviews that the War Rooms appears to also be a popular and efficient way in which government departments are accessed. However, this approach is still not replacing the need to visit towns.

The disadvantage of War Rooms is that lists of queries are noted, recorded and compiled, but that only once a substantial number of people in the same area noted a specific query will the relevant government department be called upon to address those queries in War Rooms. Councillors are, however, generally happy with the impact the War Rooms have had, but still concerned about the long distances people generally have to travel to access services. All communities also do not seem to be aware of the existence of the War Rooms.

In Vryheid and Ulundi there are indications of periodic government mobile services that are taken to where the locals live or to community halls in close proximity. The Councillors view these as useful since expenditure on transport is reduced. However, these services can obviously not be accessed in emergencies.

The Abaqulusi Councillor for eMondlo also confirmed that a range of government services can be accessed in the settlement, however, this is not a full range. Even in this case the Vryheid town centre must still be visited in order for services to be accessed.

5.6. ACCESS TO RETAIL SERVICES

The need for access to retail services is common to all communities in the Zululand District Municipality. The retail services to be accessed include grocery stores, clothing stores and restaurants and more and it is suggested that these stores are visited at weekly, fortnightly and/or monthly intervals. It is suggested that the important retail services Zululand residents access includes Shoprite, Spar, Boxer, Mr Price, Pep Stores, Edgars and others. In the table below an indication is provide where Ward Councillors indicated people in their wards will access retail services.

TABLE 5.6: INDICATIONS FROM COUNCILLORS AS TO WHERE RETAIL SERVICES ARE ACCESSED

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
Vryheid CBD	Nongoma CBD	Ulundi CBD	Pongola CBD	eDumbe CBD
	Pongola CBD	Nongoma	Nongoma CBD	
			Vryheid CBD	

Retail services as in government services are accesses primarily in the respective major towns in each of the municipalities. However, there are some interesting deviations from what will be expected to be noted. Although most Nongoma residents access retail services in Nongoma town, at least the Ward 3 residents indicated that they visit Pongola for these services. Similarly in Ulundi, Ward 1 the Councillor indicated that some community members go to Nongoma for their groceries. Also in Pongola Ward 1, Nongoma and Vryheid are mentioned as other alternative shopping areas.

The above again confirms that people are not bound by administrative boundaries, but that they will access services where this is most convenient. This is an important factor to be considered in future nodal development planning.

5.7. TRANSPORT COSTS TO TOWN/CBD

Colonial and apartheid planning has significantly impacted on specifically urban and rural settlement patterns in South Africa. Economic development policies further removed previously disadvantaged communities from access to a full range of government and retail services. This colonial and apartheid spatial structure still guides current spatial planning approaches and further entrenches the need for people to travel long distances to access social, retail and economic opportunities. For this reason the Team aimed to establish the impact of these settlement patterns on the expenditure of the poor on transport.

Considering that there are 89 wards in the Zululand District Municipality it is accepted that public transport costs will differ substantially across the wards. Although the information relating to the cost of public transport cost to access the closest town was obtained from each Councillor only the minimum and maximum expenditure on public transport in each municipality is reflected on below.

TABLE 5.7: MINIMUM AND MAXIMUM COSTS FOR WARD RESIDENTS TO ACCESS CLOSEST TOWN

VRYHEID	NONGOMA	ULUNDI	UPHONGOLO	EDUMBE
From R18 to R110 Return	From R20 to R70 Return	From R18 to R100 Return	From R16 to R130 Return	From R12 to R28 Return

In many cases transport costs are exorbitant with some Pongola residents paying as much as R130 for a return trip to the closest town. This suggests that at least for a large number of communities transport costs remain a drain on scarce household resources.

Relating to this Ward Councillors did express the view that retail outlets should be developed closer to the people and that this will also address the issue of income leakages. It was suggested that by limiting the leakage of income from local areas local economic development can be addressed.

6. THE AGRICULTURAL SECTOR

(See also Annexure A presenting a more detailed Agricultural Sector Report)

6.1. THE CONTEXT FOR ZULULAND AGRICULTURE

6.1.1. AGRICULTURE IN THE ECONOMY

Based on information extracted from Quantec (2010) the agricultural sector comprises 9% of the Gross Value Added (GVA) of the Zululand District. A further 49% comprises mining, manufacturing, commerce, transport and storage. Up to 30% of the GVA is devoted to general government, community and social services with finance, insurance and business services amounting to 12% of the GVA.

Where a sector comparison is undertaken of the Zululand District GVA with that of the province it may be noted that trade, general government, community services, agriculture and mining have a greater share of the GVA in Zululand than in the provincial GVA. In contrast manufacturing, finance, transport and utilities are stronger at provincial level.

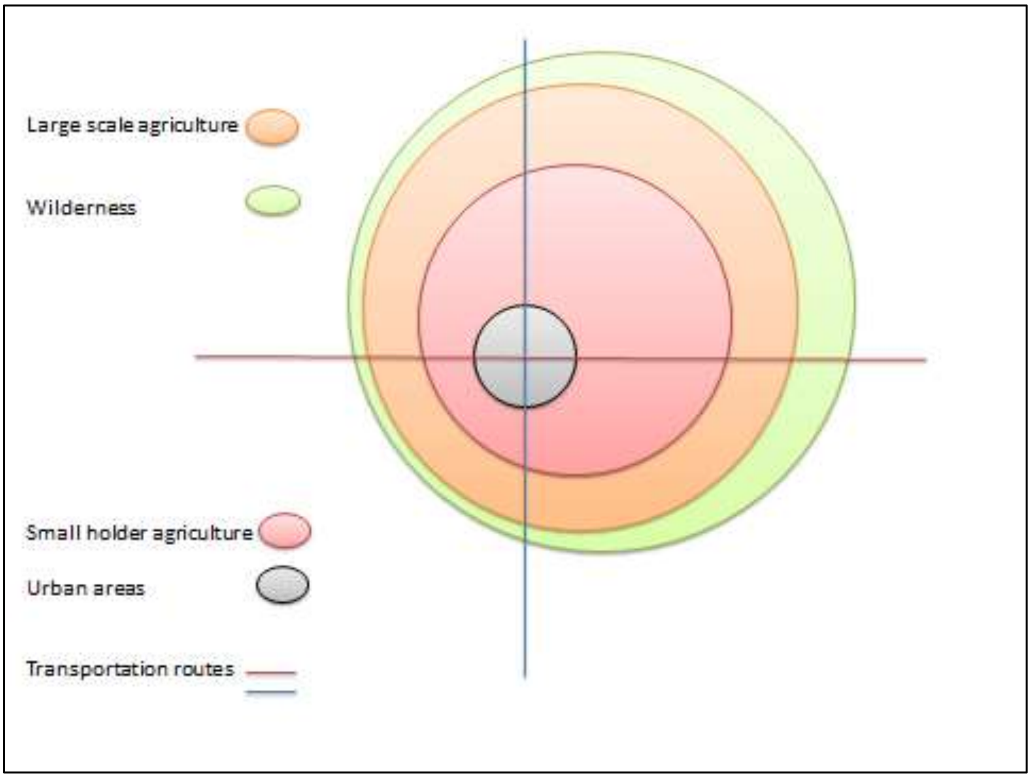
Consequently it may be argued that whilst agriculture comprises a relatively small % of the GVA, the up and downstream impacts of this sector on the economy of the District are significant. A good example is livestock. The production of livestock on a farm involves a wide range of support services such as inputs into production, veterinary services, transportation etc. Once livestock (steers) is ready for sale it involves securing a buyer, transport of animals and locating an abattoir for slaughter. This in turn leads to processing of meat and other by-products such as hides, bone etc. The products are then further processed prior to packaging and sale.
Thus it may be argued that whilst agricultural production only comprises 9% of the GVA of the District it underpins a large proportion of the manufacturing, commercial and services sectors operating in the region. Hence sustaining and growing agriculture in this sub-region is critical to its growth and development.

6.1.2. AGRICULTURAL MARKET TRENDS

Owing to the negative impacts of globalisation on regional and local agricultural sectors, the focus increasingly needs to be on some form of protection: in this case growing to meet local demand is a first priority. The rationale is that global markets are fickle and large scale growers tend to produce in bulk and in qualities and at costs that makes local producers unable to compete.

In the light of the impacts of climate change (hotter and drier in this region –UKZN Climate Change Atlas (Schultze 2010) and rising fuel and input costs the ability of the local producer to compete on international markets where large scale production is subsidised by governments (e.g. European Union), is progressively declining. Consequently it is being argued at international level that the only way that emerging market local agricultural economies will succeed is to produce for local markets as a priority. The focus should therefore be on encouraging small holder production in and around the biggest regional markets, i.e. around towns where there is access to transport, processing packaging and sales at least cost to producers and consumers (Diagram 6.1). Another strategy is cutting back on the role of the 'middle man' where possible, as this is one of the biggest 'drivers' of cost in South Africa; this strategy follows the Asian and Indian examples of producer dealing directly with the seller (farm gate sales) and consumer. The emphasis in these markets is for import substitution. Based on the status of the agricultural sector in this country, small scale mixed farming operations have to a large extent been replaced by large scale commercial operations targeting both local and international markets. These enterprises tend to specialise in mono-cropping and hence produce for specialised markets often involving offshore processing. Thus land which was historically used for mixed cropping and food production has over the last 30 years been converted to extensive timber, sugar, dairy etc. This has negatively impacted on the diversity of local economies and particularly of small towns. Consequently, and as a result of lack of protection from government, the small scale producer has gone out of business and the consumer is progressively paying higher prices for imported foodstuffs as evidenced in the recent action by the government on taxes on chicken. In the light of the above factors, the future focus needs to be on smaller scale operations closer to markets producing for local consumption. There will always be a role for the large scale producer trading on local and international markets, but these are organisations that are equipped and structured to work these sectors. This large scale sugar, timber and fruit production needs to continue, but not at the expense of the local small scale producer.[1]

DIAGRAM 6.1: SMALLHOLDER PRODUCER CONCEPT



6.1.3. AGRICULTURE IN ZULULAND

Owing to limitations on climate, soils and slope it appears as if there is limited arable potential in the District. The more arable land is confined to the wetter high lying western areas of the municipality located at eDumbe, Abaqulusi and parts of Ulundi municipalities where plantation crops such as sugar and commercial timber are produced.

The remainder of the District includes lower rainfall areas resulting in production levels being marginal, perhaps sufficient for food security under dryland production. Livestock and game operations are successful in the drier areas, although stocking rates are lower due to sparser vegetation cover than in the higher rainfall areas.

[1] Based on a lecture by Professor Dave Dewar on 14 November 2013 at the KZNCOGTA Spatial Planning Training in Pietermaritzburg.

It has been established that there are some exceptions to this general rule and these relate to the establishment of irrigation schemes on the major river systems in the District where soils, water and heat provide good opportunities to stimulate production particularly of food crops and to a lesser extent plantation crops such as sugar. Whist these schemes are an important source of food and income for the people of the District, there are relatively few of these opportunities which in turn limits benefits for the majority of the population. A further restriction on large scale irrigation schemes is that they are expensive in capital terms to construct, require high levels of skills to operate and maintain and can easily result in permanent loss of productive agricultural land if the potential of salination of soils is mismanaged. There is growing opposition to the construction of dams among the environmental lobby because of the negative impacts on downstream ecology and the continued ability of rivers to provide good quality water. Other more conservation conscious forms of agriculture are being called for to offset the need for large scale irrigation. It is further noted that owing to the lack of local skills and capital the history of irrigation schemes in developing countries as a developmental tool has not been that successful (e.g. Makathini Irrigation Scheme).

An important factor to take into account in reviewing the future of the agricultural sector is that there is a sizeable rural and urban population in the District. Education and income levels are lower than those in the province in general. However, people need to be provided with the opportunity for generating income; buying local is an important theme to follow in investigating the local economic development potential of the District.

6.2. AGRICULTURAL SECTOR PROFILE IN ZULULAND

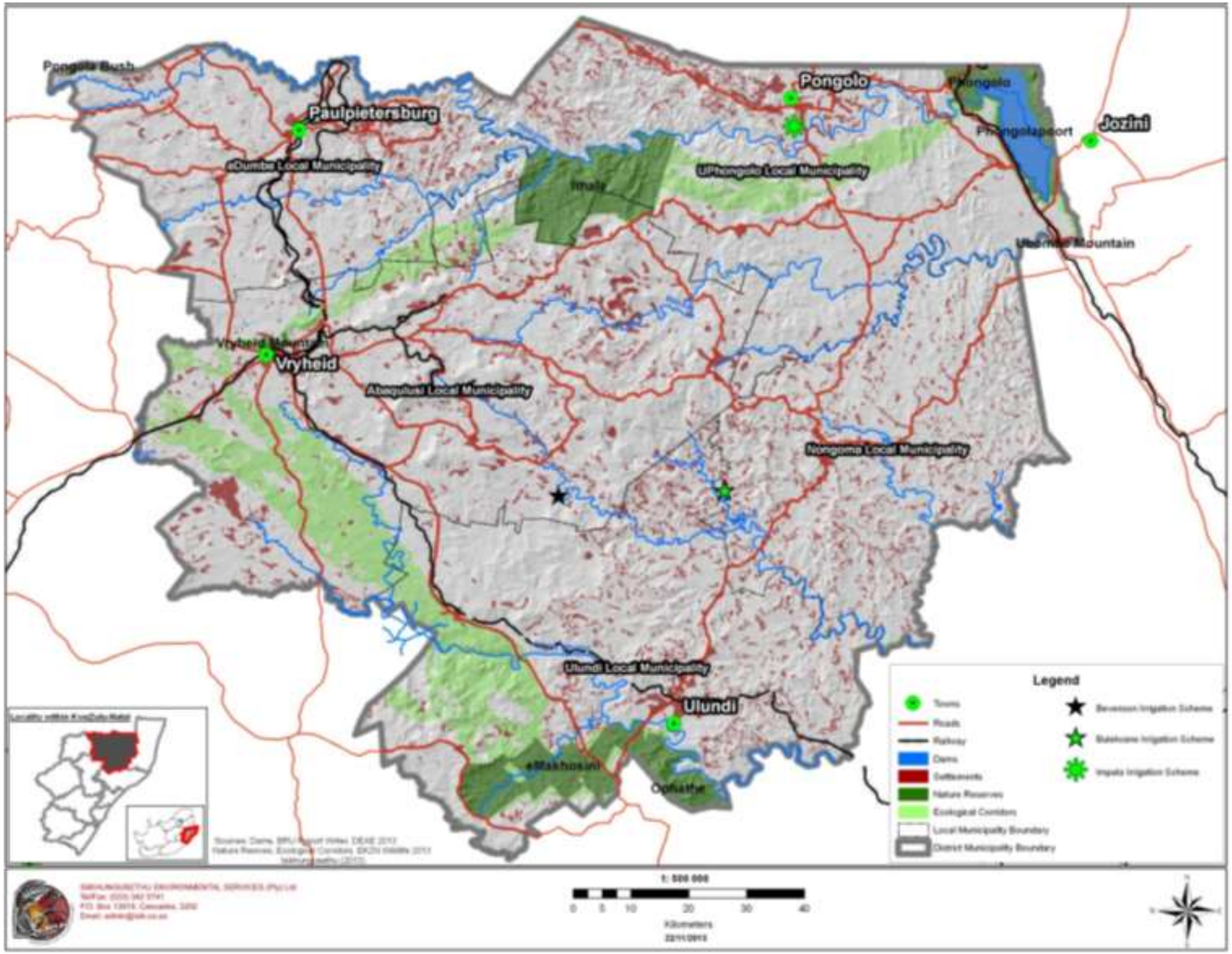
6.2.1. LOCATION

The location of the Zululand District in KwaZulu-Natal is provided in Map 6.1 overleaf which is also inclusive of: local municipal boundaries, main towns, rural settlements, roads, conservation areas and ecological corridors.

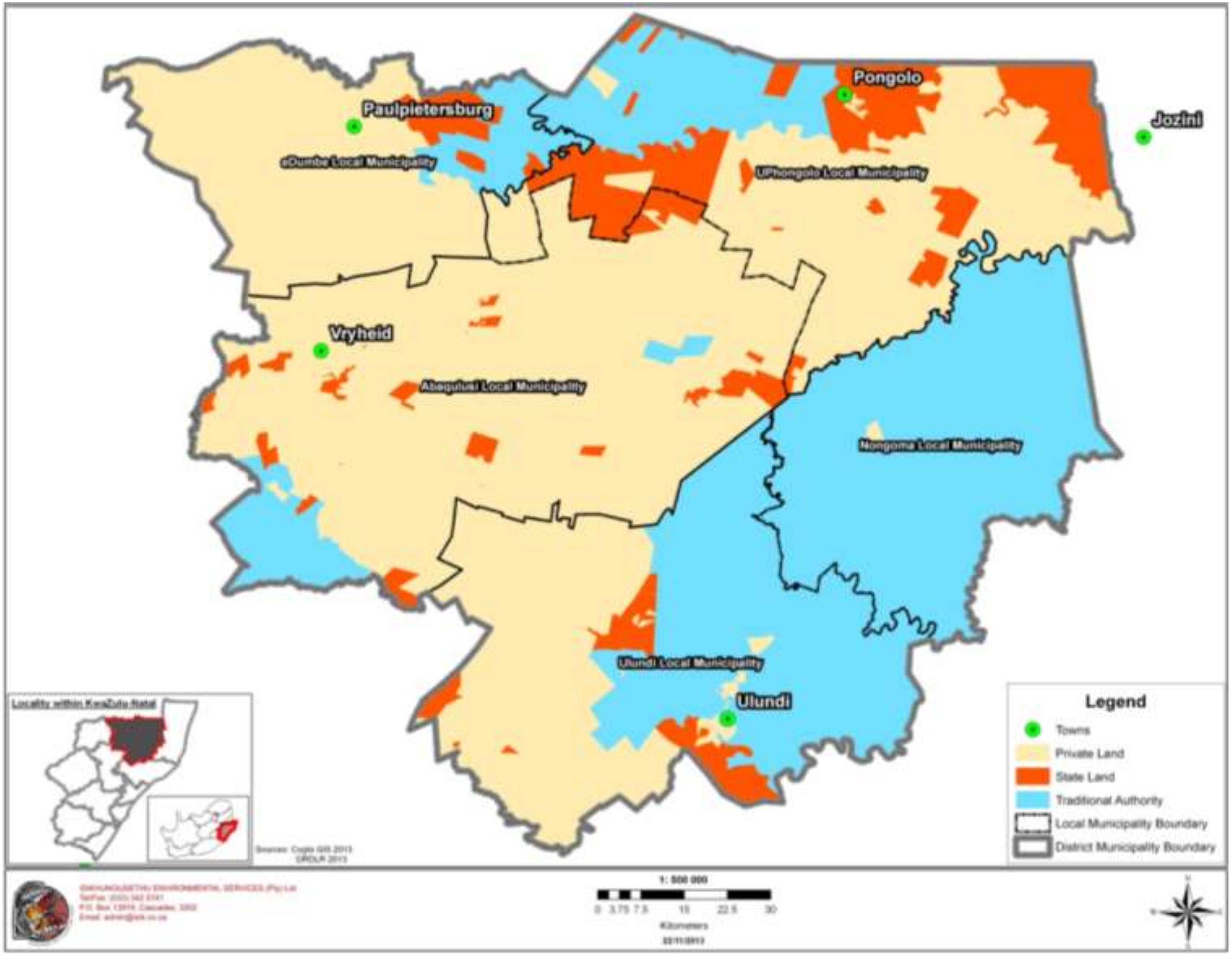
6.2.2. LAND OWNERSHIP

Map 6.2 overleaf provides an indication of the broad landownership patterns in the Zululand District with traditional areas located mainly in the east and north of the District. Privately owned land comprises the majority of the central and western area of the District with state owned land located to the north. As may be noted in Map below, rural settlement is located on traditional land (owned by the Ingonyama Trust Board (ITB)).

MAP 6.1: ZULULAND DISTRICT MUNICIPALITY



MAP 6.2: LAND OWNERSHIP IN ZULULAND DISTRICT MUNICIPALITY



6.2.3. LAND COVER

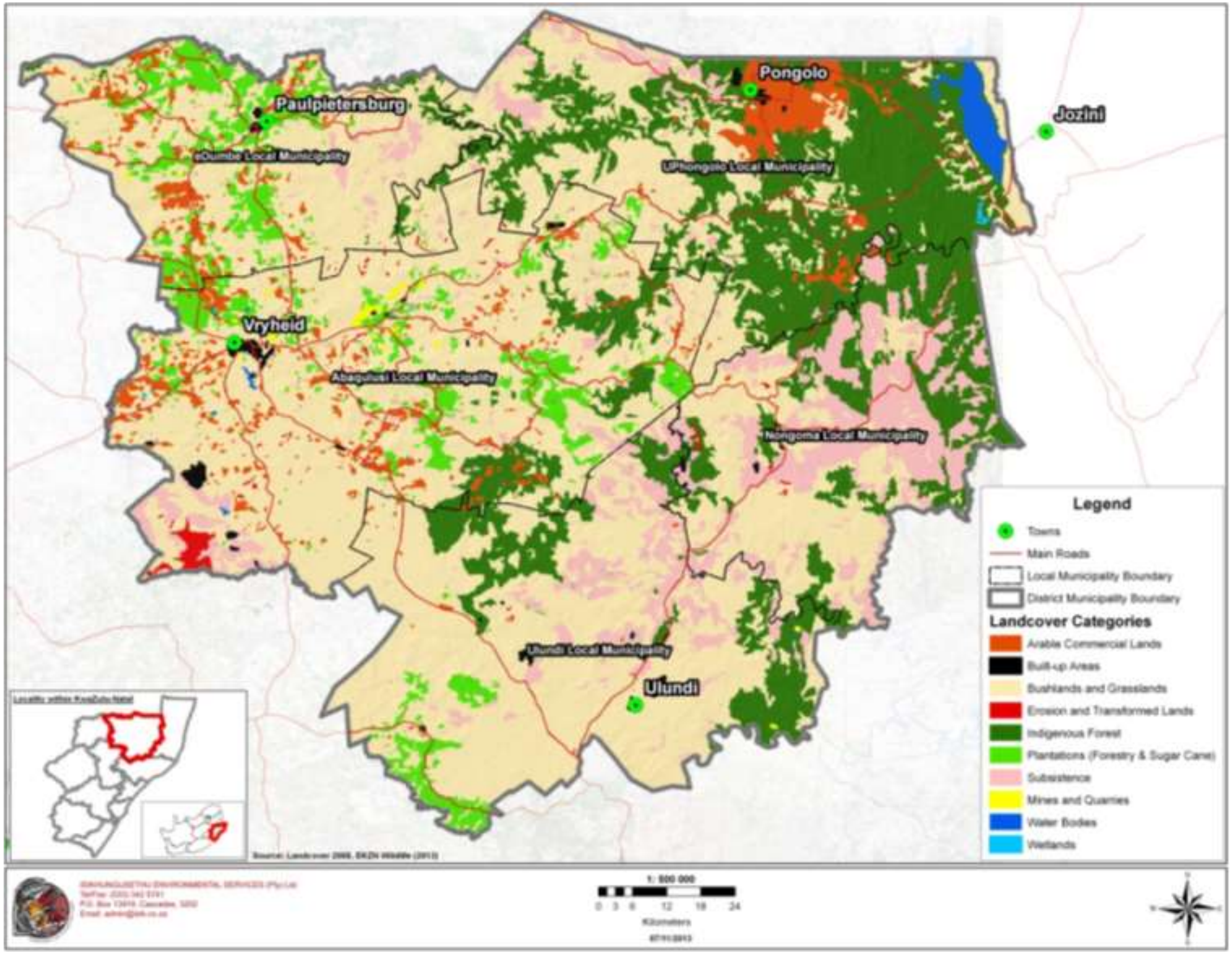
An important feature of the land cover of Zululand is that there are limited areas under cultivation (i.e. arable) and plantation owing to the climatic conditions in the District (low rainfall).

These are mainly located in the higher rainfall areas around Vryheid and Paulpietersburg and then in the drier areas around irrigation schemes such as uPhongolo. The drier parts of the District, which are also the largest areas, are under bushlands and grasslands. The eastern parts of the District are under bushveld forests and grasslands. The land cover shown in Map 6.3 demonstrates the harsh climatic conditions and the limitations on different types of agriculture associate therewith.

TABLE 6.1: LAND COVER

ORIGINAL CATEGORIES	GROUPED CATEGORIES	AREA (HA)	% OF TOTAL
Thicket & bushland (etc.)	Bushlands and grasslands	850,596	57.5%
Forest and woodland	Indigenous forest	297,458	20.1%
Cultivated: temporary – semi-commercial / subsistence dryland	Subsistence	149,269	10.1%
Forest plantations	Plantations (forestry & sugar cane)	91,212	6.2%
Cultivated: temporary – commercial dryland	Arable commercial lands	65,737	4.4%
Waterbodies	Waterbodies	10,049	0.7%
Dongas and sheet erosion scars	Erosion and transformed lands	6,850	0.5%
Urban / built-up land: residential	Built-up areas	5,813	0.4%
Mines and quarries	Mines and quarries	1,719	0.1%
Wetlands	Wetlands	249	0.0%
TOTAL		**1,478,952**	**100.0%**

MAP 6.3: ZULULAND DISTRICT LANDCOVER



6.2.4. AGRICULTURAL ENTERPRISES IN THE ZULULAND DISTRICT

This section of the report is used to indicate the areas in the District where these crops are and could be produced and the conditions affecting production. Based on the 2006 review of the 2003 agricultural report for Zululand it appears that the following enterprises were operational in the District at the time of survey.

TABLE 6.2: AGRICULTURAL ENTERPRISES

ARABLE CROPS	PLANTATION CROPS	RED MEAT PRODUCTION	ALTERNATIVE CROPS
Maize Soya Vegetables	Sugar cane Commercial timber	Beef Goat Game Chickens	Dairy Pecan nuts Sesame seed Tea

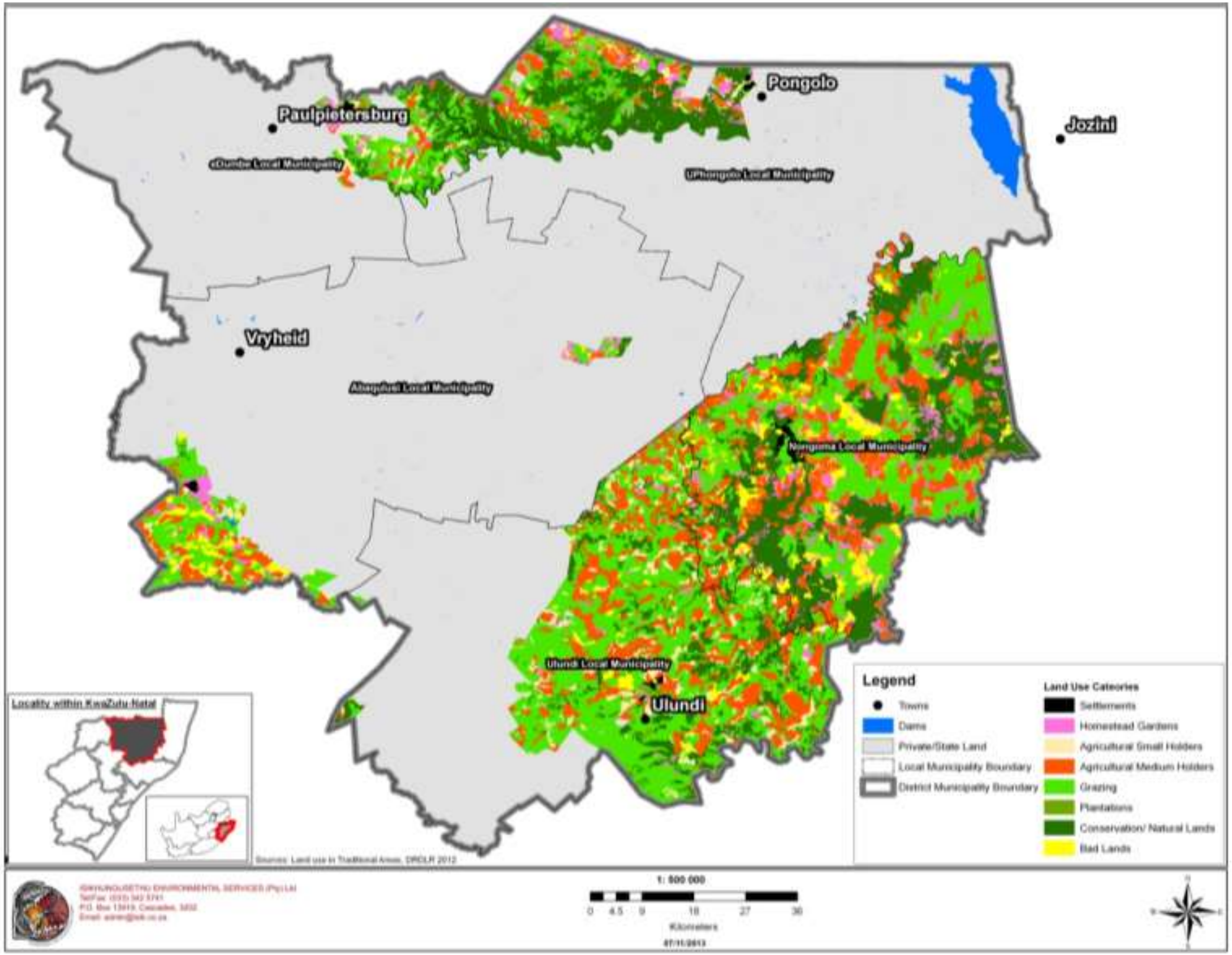
In Zululand, subsistence forms of production dominate in traditional areas involving mixed small scale farming activities and livestock production (Map 6.5 overleaf). The land areas under these different uses in Zululand are summarised in Table 6.3 that follows.

TABLE 6.3: SUMMARY OF LAND USE

DESCRIPTION	AREA (HA)	% OF TOTAL
Grazing	212,857	39.9%
Conservation/ Natural Lands	125,806	23.6%
Agricultural Medium Holders	108,032	20.3%
Homestead Gardens	30,419	5.7%
Bad Lands	26,473	5.0%
Agricultural Small Holders	24,691	4.6%
Settlements	2,685	0.5%
Plantations	2,049	0.4%
TOTAL	**533,012**	**100.0%**

Opportunities for expanding commercial production (arable and plantation) in traditional areas are limited, as may be noted in Map 6.4 (Isik; 2012). This is due to there being few undeveloped areas of land available in traditional areas which have not already been used for some form of development and hence the potential for expansion in the form of large scale agriculture is limited. As noted above, further limiting factors are the harsh climatic and poor soils conditions in most of the traditional areas in Zululand which are not conducive to arable forms of production. These areas are best suited to low-density livestock production as may be noted in Map 6.12. It is interesting to note that in mapping land use in the District in 2012 (Isik) those lands that were not suitable for traditional forms of cultivation were used for grazing of livestock or different forms of conservation. In contrast areas used for arable were mainly for homestead gardens and small and medium-holder production (under 5ha in extent).

MAP 6.4: LAND USE IN TRADITIONAL AREAS IN ZULULAND DISTRICT MUNICIPALITY



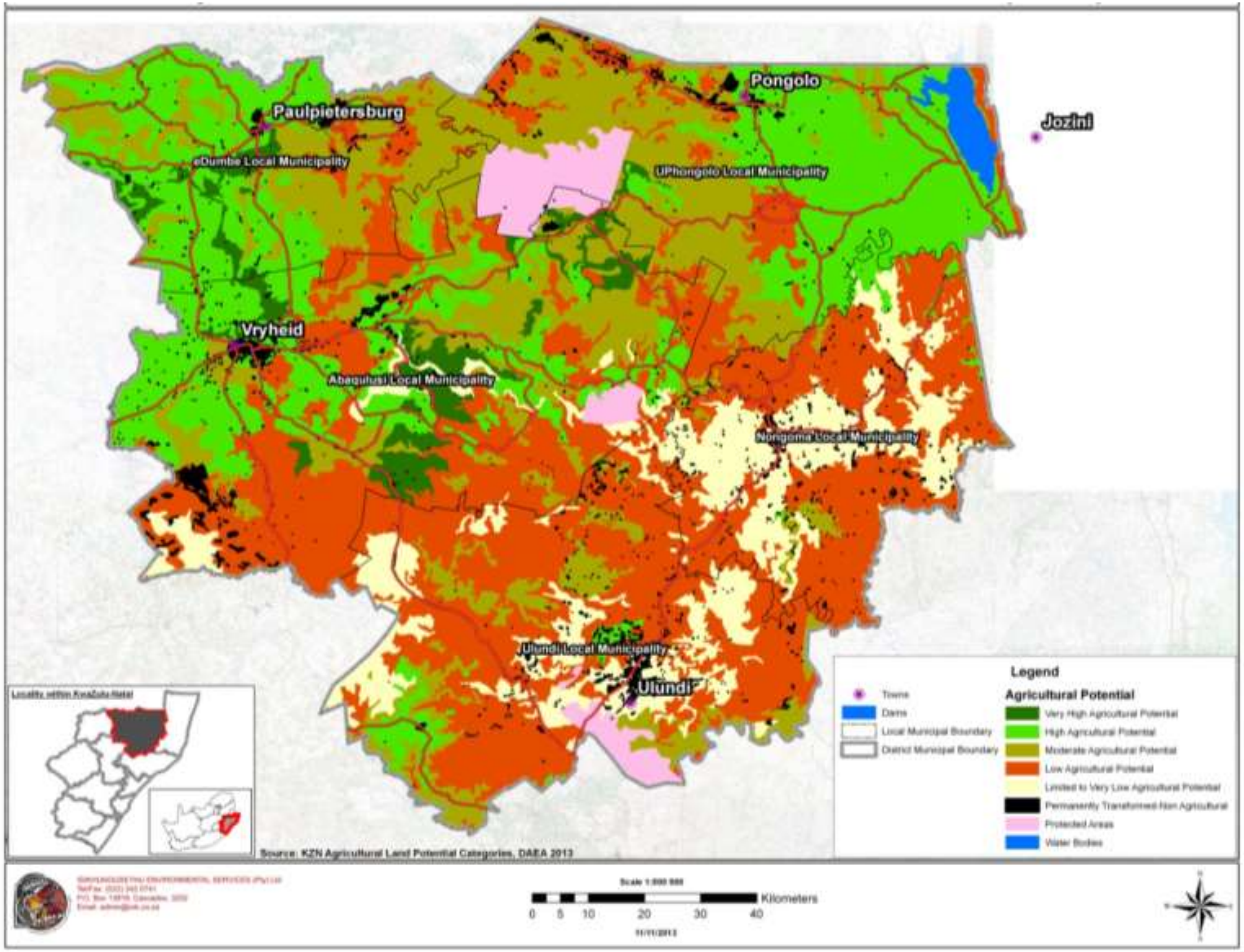
6.3. DETERMINATION OF AGRICULTURAL POTENTIAL

6.3.1. LAND USE POTENTIAL BASED ON DAFF DATASETS

The DAFF data sets are based on seven land classes, climate, slope, soils and vegetation cover. These data sets have been structured such that they integrate different types of agricultural potential in order to arrive at appropriate categorisation. Thus arable is grouped together with land suited to plantation production and land with potential for livestock production. The location of the DAFF agricultural potential categories in Zululand is outlined in Map 6.5 overleaf.

The value of the DAFF potential categories is that they can be used to protect agricultural resources in the District. The disadvantage for the Discussion Paper is that there is insufficient detail to determine location of the different types of agriculture and associated enterprises that could be considered in these areas. Consequently, reference is made to the Bioresource Group and Unit data sets produced by DAEA in KwaZulu-Natal to provide this further detail. Annexure 3 of the detailed Agricultural Sector report provides a more detailed explanation as to the differences between the Agricultural Land Potential Categories (DAFF) and the BRG-BRU System used in this report.

MAP 6.5: ZULULAND DISTRICT AGRICULTURE POTENTIAL (DAFF)

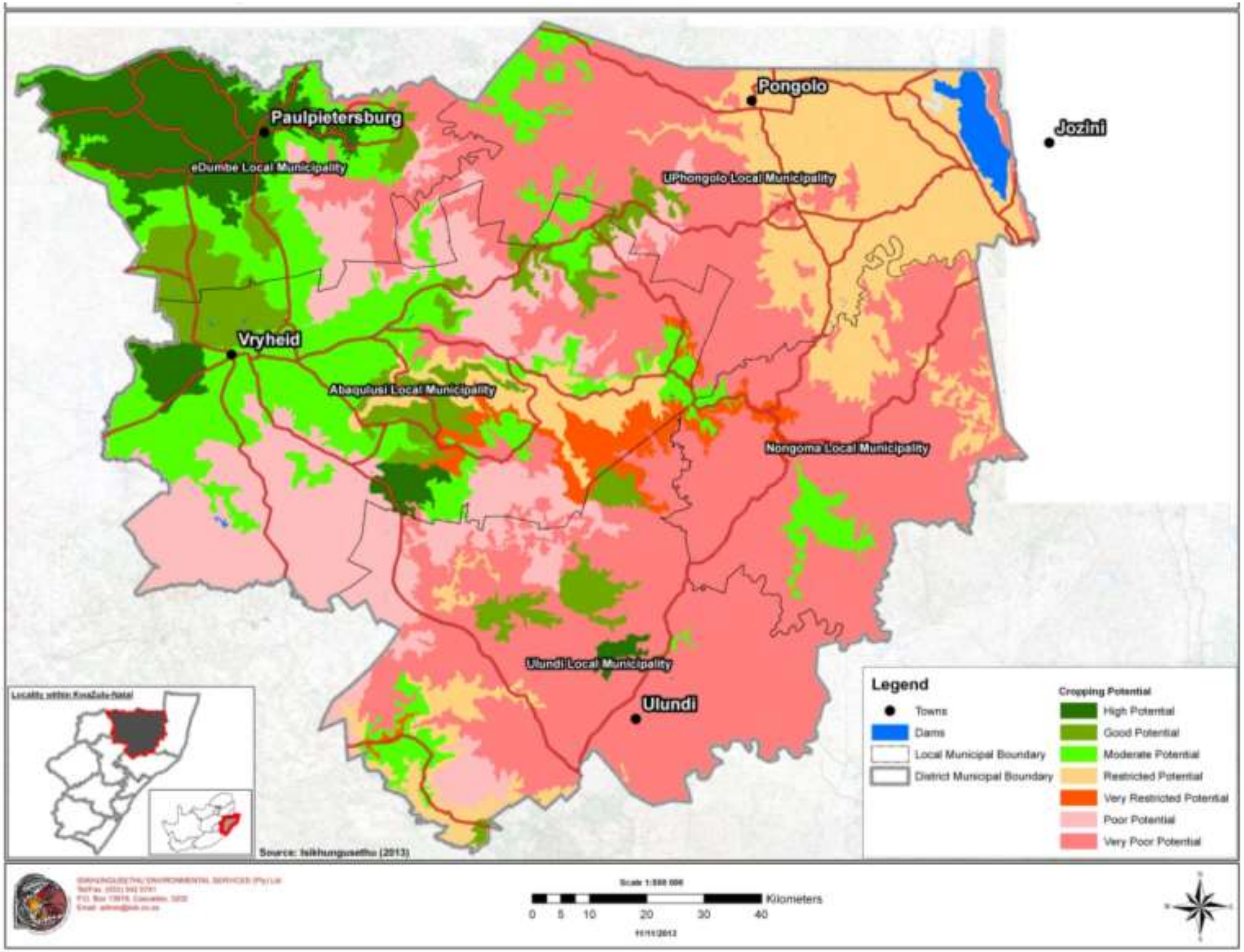


6.3.2. BROAD LAND POTENTIAL OF BRUS

A description of all the BRUs occurring in Zululand is provided in Annexure A of this report and located spatially in Map 6.6 and 6.7.

A comparison between Maps 6.5 and 6.6 provides an indication of the different interpretations of agricultural potential between the DAFF and BRU systems. Map 6.5 indicates the potential of the land with the green in the north of the District including the very high, high and moderate potential. In contrast the red and beige areas in the south indicate that the area is not suited to any form of arable production owing to climate, temperature and soils. In contrast the BRU map indicates that the majority of high value arable land is located in the north west of the District whilst the poor and restricted is located in the remainder of the municipality. In other words cropping potential is limited to higher rainfall areas. As noted above, the BRUs provide an indication of types of agriculture suited to different parts of the District whilst the DAFF interpretation combines the different agricultural resources to indicate value. Whilst the lower lying drier areas may not be ideally suited to dryland arable cropping, they are of value for livestock and game production and this type of land use is reflected in the BRGs dealt with below.

MAP 6.6: ZULULAND DISTRICT MUNICIPALITY CROPPING POTENTIAL



6.3.3. BIORESOURCE GROUPS

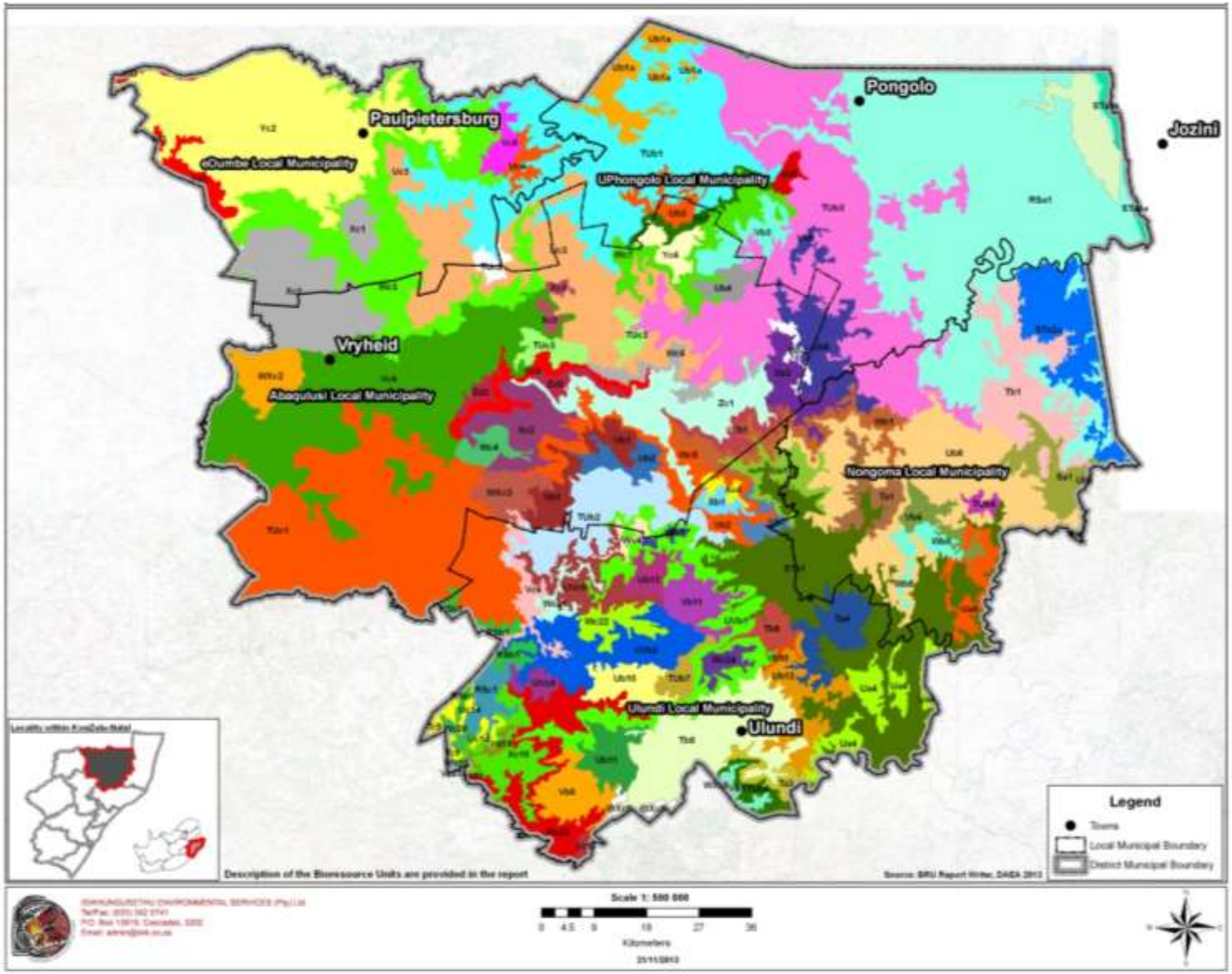
BRGs consist of BRUs which have a particular vegetation type. These may be single isolated BRUs or groups of BRUs forming a BRG. In a BRG report, the vegetation type can be described with the species composition that can be expected. A benchmark is provided for each BRG, and this gives the species composition of the most productive veld in the BRG. All veld, or grassland, is measured against the benchmark. The type of stock and veld management techniques can be defined for each BRG. The general veld condition should be taken into account and while a broad grazing capacity (hectares required per animal unit) is provided for each BRG, it is essential to adapt this to the condition of the grassland to avoid deterioration or further deterioration. Overstocking will also result in poor animal performance regarding both productive and reproductive performance.

There are 12 different BRGs in the Zululand District and these will be described more or less from the lowest to the highest altitude and include:

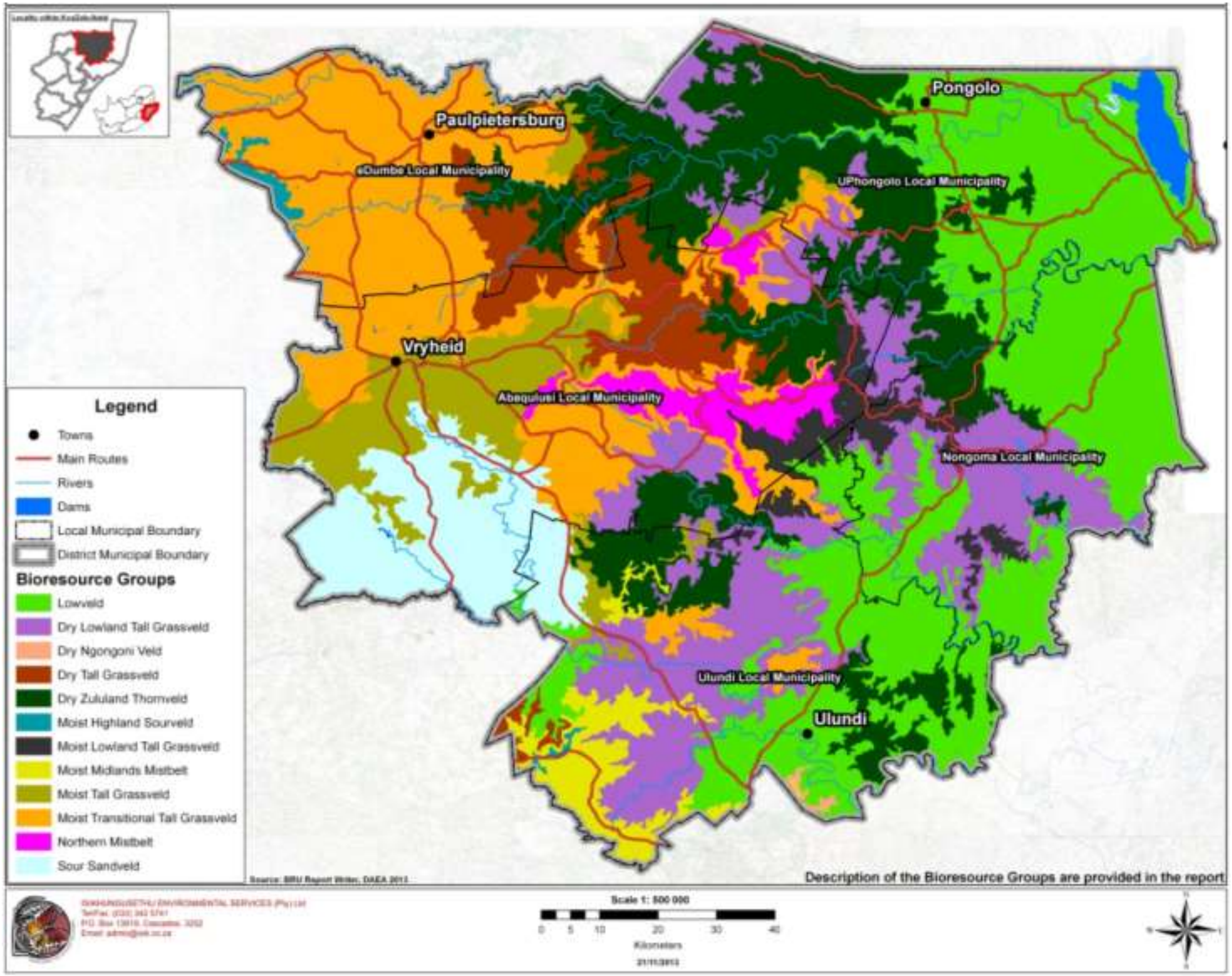
BRG NUMBER	BRG NAME
4	Dry Ngongoni Veld
16	Dry Lowland Tall Grass veld
13	Dry Tall Grassveld
20	Dry Zululand Thornveld
22	Lowveld
8	Moist Highland Sourveld
15	Moist Lowland Tall grassveld
5	Moist Midlands Mistbelt
12	Moist Tall Grassveld
11	Moist Transitional Tall Grassveld
7	Northern Mistbelt
14	Sour Sandveld

The location of these 12 BRGs is included in Map 6.8 and Annexure 2 (of Agricultural Sector report) where it may be noted that the coastal areas are mainly characterised by lowveld vegetation with limited areas of thornveld and grasslands. In contrast the lower lying areas of the District are characterised by tall grassveld, lowveld and thornveld. The higher lying areas in the District (east, west and south) are characterised by higher rainfall and therefore moist grassveld, mistbelt and sourveld. As may be noted in Map 6.8 the BRGS are fragmented in the District which is due to the effects of altitude, topography, soils and climate.

MAP 6.7: BIORESOURCE UNITS IN ZULULAND DISTRICT MUNICIPALITY



MAP 6.8: BIORESOURCE GROUPS FOR ZULULAND DISTRICT MUNICIPALITY



6.4. CROPS SUITED TO ZULULAND

6.4.1. ARABLE LAND POTENTIAL

All areas in the District with slope under 8 and 12% are shown in Map 6.9 and 6.10 respectively. In order to arrive at land potential the following criteria were then applied to slope and resulted in the identification of areas with and without potential for cropping.

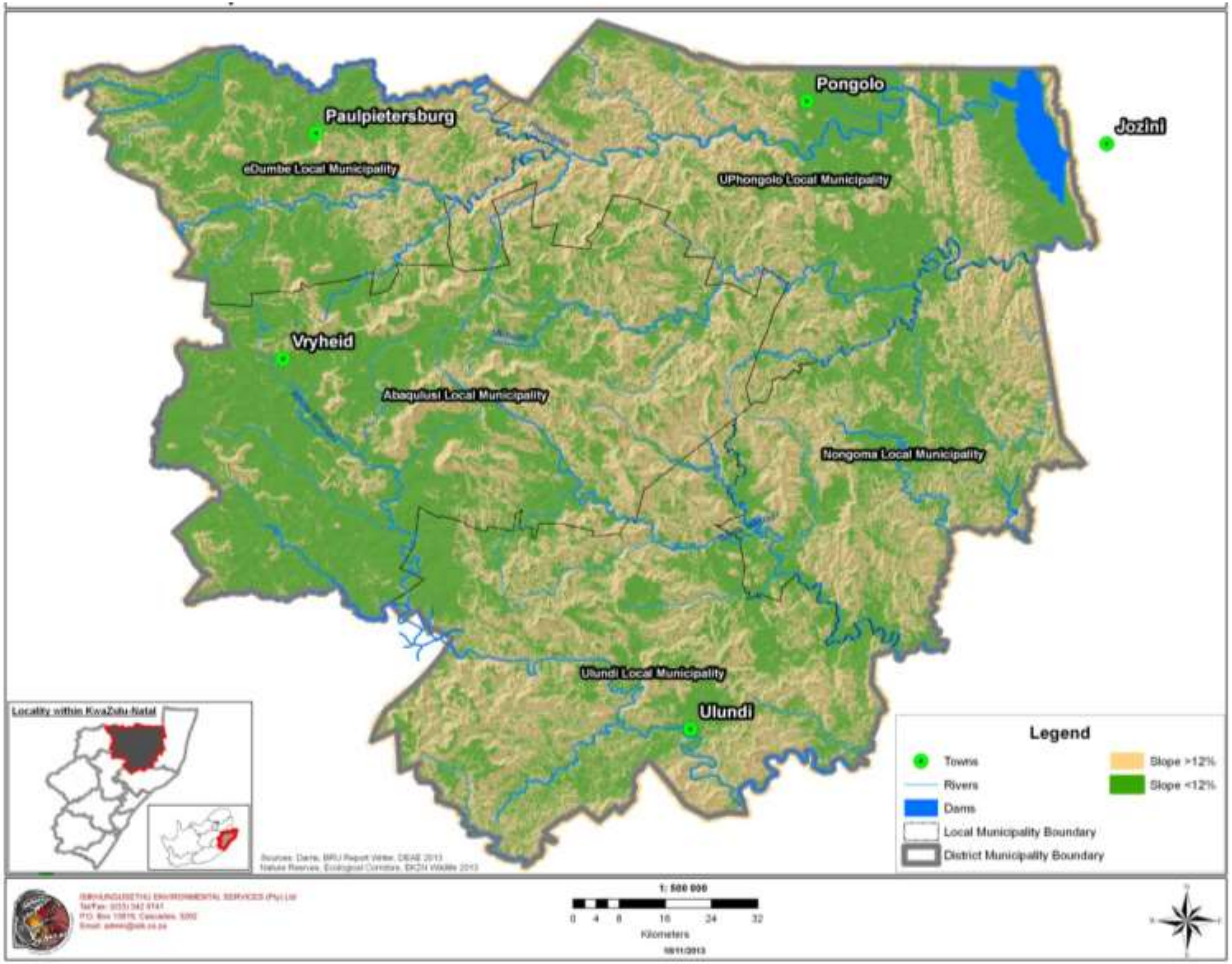
- Cultivated in the past.
- Located on BRUs suitable for cropping.
- Include slopes under 12% and 8% respectively.
- Do not have erosion problems.
- Have not been subjected to urbanisation.

At municipal scale, it is not feasible to identify the soils of these areas at a local scale owing to the variability in KwaZulu-Natal. This will have to form part of a detailed field investigation for each of the sites prioritised for production purposes. The soils identified, and the climate of the area, will determine whether the area can be developed.

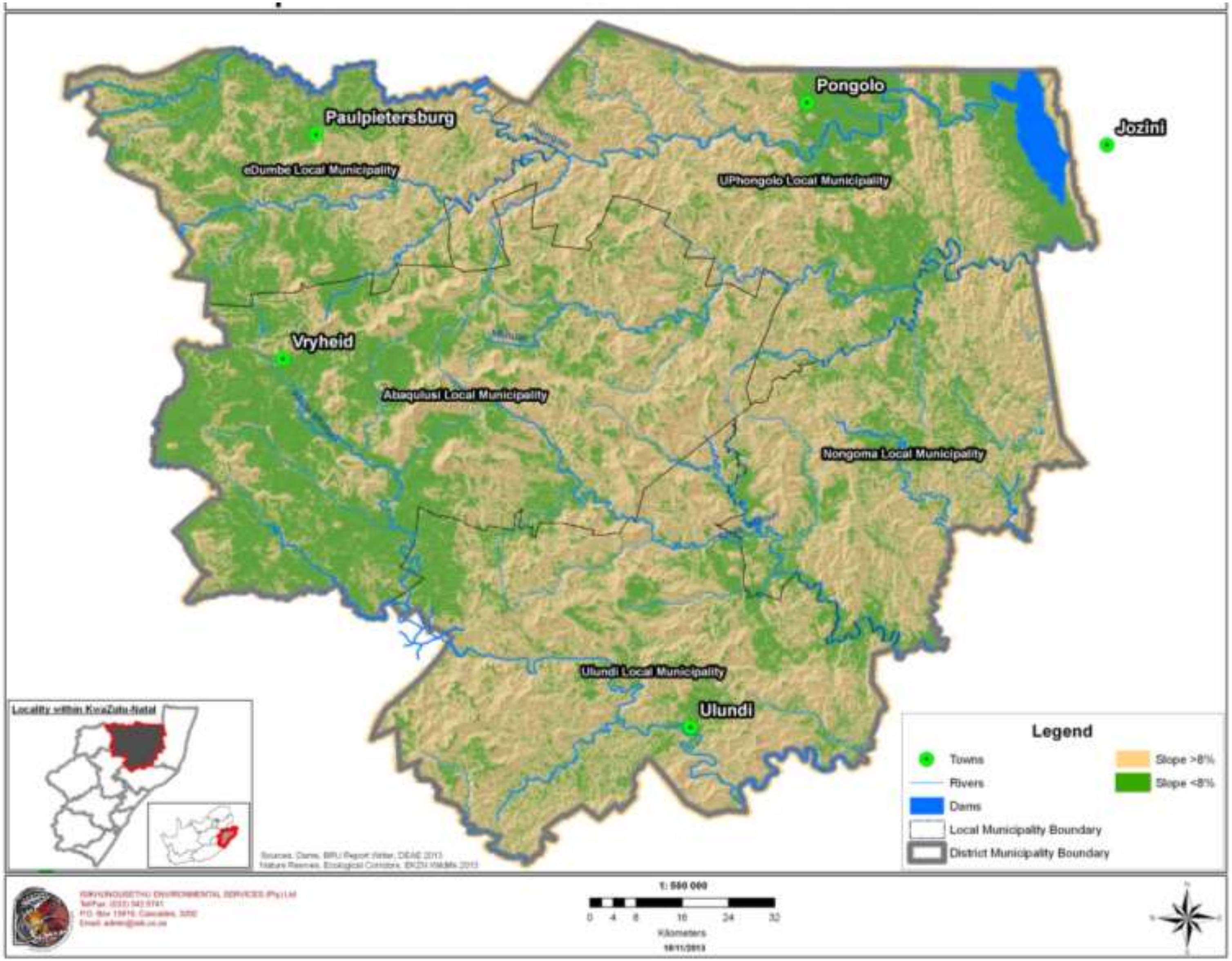
The initial land potential of these arable areas will have the same as that identified for the BRU in which they are situated. An adjustment will have to be made if the soils are found to be unsuitable for cultivation. An adjustment can also be made if it is possible to irrigate the lands. As noted, with the introduction of irrigation it is assumed that the major climatic constraints are removed and the agricultural potential is therefore raised to a higher level. Consequently it is argued in this report that the agricultural potential inherent in any given BRU could be enhanced by irrigation depending on a variety of local conditions such as soils, slope, etc. Provision for this enhancement has included the spatial location of BRUs contained in Map 6.7. However, it should be noted that the actual location (at farm gate level) of these areas of land within each BRU will need to form part of a separate and more detailed modelling exercise not budgeted for in this project.

Note : A final decision on the potential of the land can only be made after a soil survey has been carried out in the field.

MAP 6.9: LAND UNDER 12% SLOPE IN THE ZULULAND DISTRICT



MAP 6.10: LAND UNDER 8% SLOPE IN ZULULAND DISTRICT



6.4.2. CROP PRODUCTION

All crops that could be used to enhance the livelihood of the residents of Zululand District have been investigated and are listed below with further detail provided in **Annexure A of the Agricultural Sector Report**.

- **Vegetables:** Cabbages, carrots, cucurbits, green beans, onions, sweet potatoes, Swiss chard and tomatoes.
- **Field crops:** Maize, sorghum, potatoes, groundnuts, cassava, sugar cane and dry beans.
- **Orchard crops:** Avocado, citrus, pecan nuts, cherries and temperate fruits.
- **Timber crops:** Eucalypt and pines.

6.4.2.1. Vegetables

The production requirements, mainly climate and soil, have been investigated for vegetables that are considered suitable for both home garden and commercial production in the Zululand District. The Bioresource Groups (BRGs) of the District have been mapped and information regarding suitable planting dates for each vegetable can be obtained from the relevant table. It is, therefore, necessary to establish the BRG in which the site is situated before considering suitability of a vegetable for the area in question. The inventory of the relevant BRU will give an estimated production figure for each group according to the soil characteristics (ecotope).

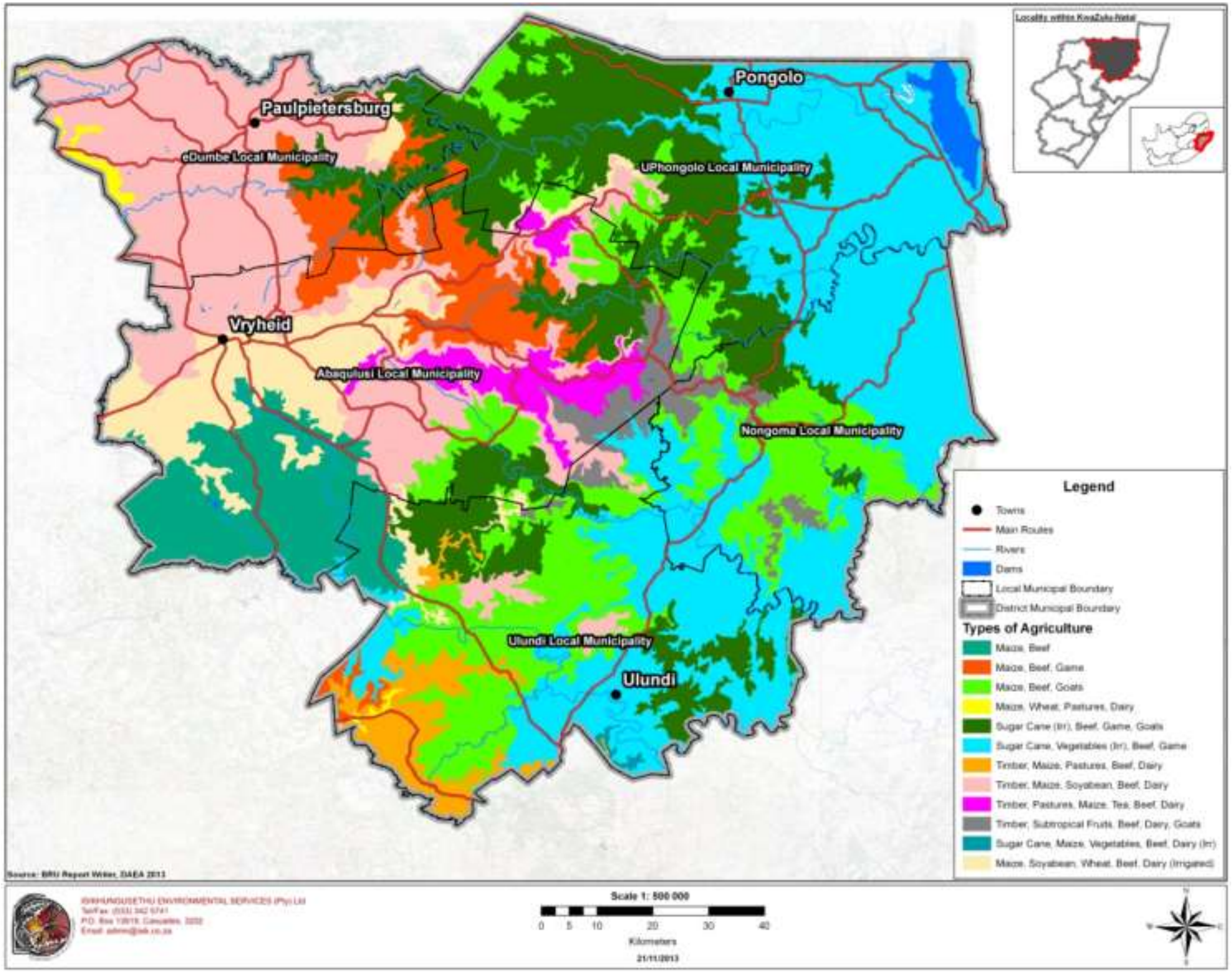
6.4.2.2. Field Crop Production

The field crops commonly grown in rural areas include maize, sorghum and potatoes. These can be grown in home gardens and on smallholdings, but potential exists where external lands could produce crops at a commercial scale. In this way close villages would benefit by receiving mealie meal for example, and any surplus could be sold on the markets.

The production requirements for these crops have been investigated and by reference to the Bioresource Groups (BRGs) of the District, information regarding suitable planting dates for each crop can be obtained. It is, therefore, necessary to establish the BRG in which the site is situated before considering suitability of a crop for the area in question. The inventory of the relevant BRU will give an estimated production figure for each group according to the soil characteristics (ecotope).

The broad location of areas suited to different types of agriculture in the District is included in Map 6.11 to provide an indication of the spatial distribution of these resources in the District. Details of each field crop are provided in **Annexure A of the Agricultural Sector Report.**

MAP 6.11: LOCATION OF AREAS WITH POTENTIAL FOR DIFFERENT TYPES OF AGRICULTURE



6.4.2.3. Plantation Crops

SUGAR CANE

Sugar cane is suited to BRGs 1, 2, 3 and 4 and lower altitudes 5 and 6; and under irrigation: 19, 20 and 22. For optimum growth it needs a mean daily temperature of 22 to 30oC and for ripening temperatures of 10 to 20oC to reduce vegetative growth and to increase sugar content.

TIMBER

Timber varieties that have been developed for special conditions could not be taken into account in the BRG mapping. Eucalypts are already growing in Zululand and can be recommended for production in BRGs 1, 3 and 5. Pinus patula in contrast needs colder conditions and can be produced in BRGs 3 and 5. Pinus teada is able to tolerate drier conditions and like Eucalypt will tolerate conditions in similar BRGs.

6.4.2.4. Orchard Crops

Orchard crops are seen as having good potential in home gardens, small holdings and as commercial enterprises.

AVOCADO

Guatemalan and hybrid avocados can be grown in subtropical climates, even where light frosts occur and are most suitable to BRGs 4 and 5. It can be seen that site selection for the trees has to be taken into account (take note of soil requirements). Growers could take advantage of existing windbreaks for example.

Yields : For average age of 20 years
Fuerte : 8 to 10 tons/ha
Hass : 12 to 15 tons/ha
Pinkerton : 15 to 20 tons/ha

CITRUS

The specifications for the cultivation of citrus according to Smith (2006) are many and varied and detailed information can be obtained from his publication. The most suitable BRG for citrus is BRG 4 for which the fruit is well adapted. An early variety of sweet orange is Naval which thrives best under cold winter conditions followed by warm summers with low humidity. Cultivars are Washington, Palmer and Bahianina. In the cool areas of Zululand lemons can be grown - cultivars are Lisbon and Eureka.

PECAN NUTS

Pecan nuts are generally considered to be best suited to warm to hot summer areas with cold winters with suitability of BRG 4. Cultivars are Barton, Bester, Moore, Ukalinga, all of which are scab-tolerant, and Shoshoni which is less tolerant of scab but gives excellent yields in subtropical areas.
Yield : Low (0.74 tons/ha); average (0.8 to 1.2 tons/ha); good (1.5 + tons/ha)

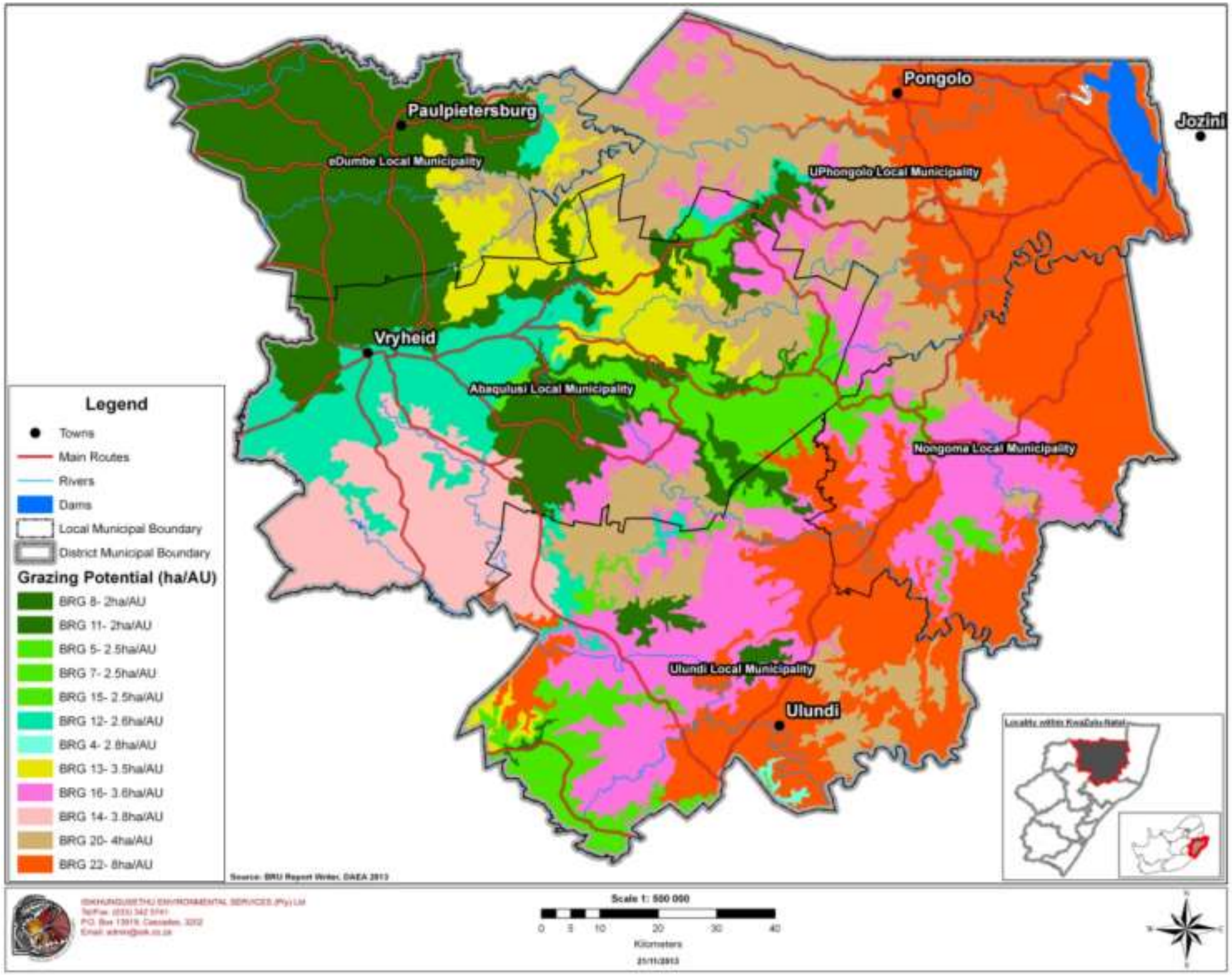
6.4.3. LIVESTOCK AND GAME

This does not take the grazing value of the rangeland, which is based on the condition of the veld, into account. Veld condition is based largely on past management, and can differ widely within a BRU and indeed from camp to camp, and even within a camp on a single farm. Only a specialist in the procedure of veld condition assessment can determine this. It is possible to give a broad carrying capacity for a BRU based on that figure assigned to a Bioresource Group as indicated in Annexure 2 of the Agricultural Sector Report. This figure must, however, be used with caution and accompanied by an explanation that a correct grazing capacity for a specified area can only be applied after a veld condition assessment has been done.

The quality of grasslands for livestock production has been determined in accordance with Bioresource Groups in this strategic assessment. This has been undertaken in order to establish likely grazing capacities in different areas of the municipality. As noted above this does not necessarily equate to the areas best suited to livestock production, but only provides a guide to carrying capacity.

Map 6.12 overleaf is also used to indicate the different grazing capacities of the BRGs in terms of hectares per animal unit. The lower the number of hectares per animal unit the greater the carrying capacity. Thus the higher lying wetter areas can potentially support a greater number of livestock than the lower lying drier areas. However, the actual grass species in each BRG and associated BRUs needs to be taken into account in the determination of quality of grazing and actual grazing capacity. The final assessment needs to be made in terms of veld condition at farm gate level. Thus whilst for example BRG 11 may be able to support the greatest number of animal units, the veld condition in BRG 15 may be such that even though the stocking rate is lower the speciation of veld is better for livestock production and hence would be favoured above BRG 11 as a livestock production area.

MAP 6.12: GRAZING CAPACITY FOR ZULULAND DISTRICT MUNICIPALITY



6.5. CLIMATE CHANGE

6.5.1. OVERVIEW OF CLIMATE CHANGE

A review of the summary on the 'Atlas of Climate Change and the South African Agricultural Sector' (Schultze 2010), indicates that changes in agriculture are inevitable. In order to demonstrate, at a broad scale, the type of changes that may be anticipated, temperature and rainfall were evaluated and the following noted:

Temperature:

- In the intermediate future it is anticipated that there will be an annual temperature increase along the east coast of 1.5-2.5oC with 3-3.5oC in the interior.
- It is anticipated that by the end of the century temperatures are scheduled to increase by 3-5oC along the coast and up to 6oC and higher in the interior.
- Year to year variability of annual temperatures will increase in the northern half of the country and decrease in the south.
- Seasonal temperatures vary in the intermediate and long term and projected differences are higher than current temperatures.
- The number and intensity of heat waves is likely to increase by 30% and more, impacting most heavily on those areas in the country that already experience high temperatures.
- The number of cold spells along the coast are shown not to change from the present. However, the interior of the country is likely to experience up to a 70% reduction in cold spells impacting on crops requiring negative temperatures for production purposes.

Rainfall:

- Under current conditions South Africa is regarded as being a semi-arid country:
  - 20% of the land area under 200mm per annum
  - 47% of the land area under 400mm per annum
  - 9% of the land area in excess of 800mm per annum.
- Projected increases in rainfall are likely to be most pronounced in the east of the country with less impact in the western areas.
- Increases in rainfall could be in the order of 200-500mm per annum, especially in the higher lying areas of the country.
- Modelling shows a year on year variability of annual precipitation in the east from 30% upwards, but declining in the west.
- The overall increase in rainfall variability has serious repercussions on the management of water sources, water storage, and therefore consistency of agricultural production.
- Changes in distribution patterns of rainfall are not uniform, but a recurring feature is a general wetting trend of varying intensity and distribution particularly in the east along the coast. The indications are that these changes in rainfall could be beneficial for agriculture, but at the same time detrimental in terms of flooding events and the hazards associated therewith.

Based on the profiling of climate change above, there are two broad aspects that could have an impact (both positive and negative) on the different types of agriculture suited to the Zululand District. These include:

i. Changes in crops and crop yields associated with temperature changes.
ii. Impact of increasing variability in rainfall and flooding events.

Each of these factors will be considered briefly below.

6.5.2. TEMPERATURE INCREASE

As a general guide (i.e. does not account for micro-climatic conditions) climatic characteristics of each of the BRGs in Zululand is provided in Table 11 that follows. For more precise temperature figures, the inventory of the each of the BRUs can be referred to Whitwell (2012). Provision is made in the BRU tables (Whitwell (2012)) for a range in temperature increases from 0.5-3 degrees Celsius associated with climate change over the next 50 years.

TABLE 6.4: CLIMATE CONDITIONS OF THE BIORESOURCE GROUPS (SCHULTZE, 2010)

BRGS	TEMPERATURE AND FROST	AVERAGE ANNUAL TEMPERATURE (^{O}C)	RAINFALL (MM)
4	Warm, moderate – light frost	17	712 to 1 159
5, 11	Cool, moderate to heavy frost	18.2	738 to 1 276
8	Cold, heavy frost	14.2	620 – 1 265
12	Cool, moderate to heavy frost	17	712 – 805
22	Warm,no frost	22.0	595 – 750

Where temperatures are adjusted to accommodate probable climate changes, the impacts on crops can be demonstrated. A selection of crops has been listed in Table 12 below to illustrate the impact of an increase in temperature of one degree Celsius (intermediary period), all other factors being constant (e.g. rainfall, soils, aspect etc.). It may be noted from the results that an increase in temperature of 10C results in an increase in yield of certain crops (bananas, sugar) and a decline in others (carrots, maize, cabbage). However, where season is introduced as one of the many possible variables, this situation can reverse, because in winter increase in heat units will benefit crops, which in summer are negatively impacted by such temperature increase. This exercise serves to illustrate the complexity associated with attempting to attribute impacts of climate change to agriculture.

The probable changes in crop yields associated with temperature change are available for all the crops included in this report. However, what makes this somewhat problematic in terms of predictability is that the microclimatic implications of each site, where crops are produced, need to be assessed independently and in relation to climate change impacts. Hence it is argued in this report that generalisations are likely to be misleading and that further detailed investigation are required at local level prior to making generalisations at a District level about the likely implications of climate change on the different facets of agriculture.

6.5.3. INCREASE IN RAINFALL

Data is not readily available on the impact of increased rainfall on the types of crops included in this report. As in the case of temperature, the impacts will vary according to local factors including, but not limited to: soils, slope, aspect, temperature, crop variety, planting season, etc. Once again, this is a complex issue requiring site specific investigations prior to commenting on the impacts on changes in rainfall patterns.

One of the aspects of agriculture associated with changes in rainfall patterns and the probable increase in flood events and dry periods is that serious attention will have to be devoted to soil conservation measures by farmers, particularly those making use of steep slopes for cultivation of plantation crops to avoid erosion and crop losses. Once again, each site will require investigation in its own right to determine likely impacts. Similarly, the construction of impoundments for storage will have to be carefully reviewed in order to accommodate greater volumes of water (flood events) over shorter periods of time.

TABLE 6.5: BRU YA12(B22) - ILLUSTRATIVE IMPACT ON A SINGLE BRU

CROP	CURRENT TEMPERATURES	GLOBAL WARMING (+1^{O}C)
Banana (Irr-Ratton)	33.0	34.4
Cabbages (May-Dry)	43.8	34.2
Carrot (May)	28.9	37.8
Eucalyptus	19.4	20.3
Sugar cane (Dry)	56.6	62.0
Sugar cane (Irr)	71.7	78.5
Maize(Dry)	4.7	4.1
Dry Bean	1.2	1.0
Groundnut	2.7	2.8

6.6. PROJECTS

6.6.1. LAND REFORM PROJECTS

The restitution projects: the restitution projects listed in Annexure 5a of the Agricultural Sector Report were obtained from the offices of DRDLR: SPLUM in Pietermaritzburg and are included in Map 6.13. Unfortunately no information on the type of agricultural activities taking place on these projects could be obtained from the Regional land Claims Commission. A table of the RLCC projects is provided in Annexure 5a of the Agricultural Sector report. Further detailed investigation is required to establish current land use related to these projects.

418 Redistribution projects: these were identified in Zululand and included in Map 6.13 and further detail provided in Annexure 5b. Table 6 below provides a summary of the type of agricultural activities taking place on the land in which these projects are located. The types of crops produced in the local municipalities are a function of the BRUs and BRGs in which they are located. It is useful to note that the smaller agricultural plots are located in areas with irrigation potential and the larger lots in the dryland areas of the District where rainfall and therefore stocking rates may be lower.

Table 6.6 provides information on the number of projects per municipality, the type of farming activities envisaged at project planning stage and the hectares involved (total and [average]) in this type of land reform programme.

MAP 6.13: LAND REFORM IN ZULULAND DISTRICT MUNICIPALITY

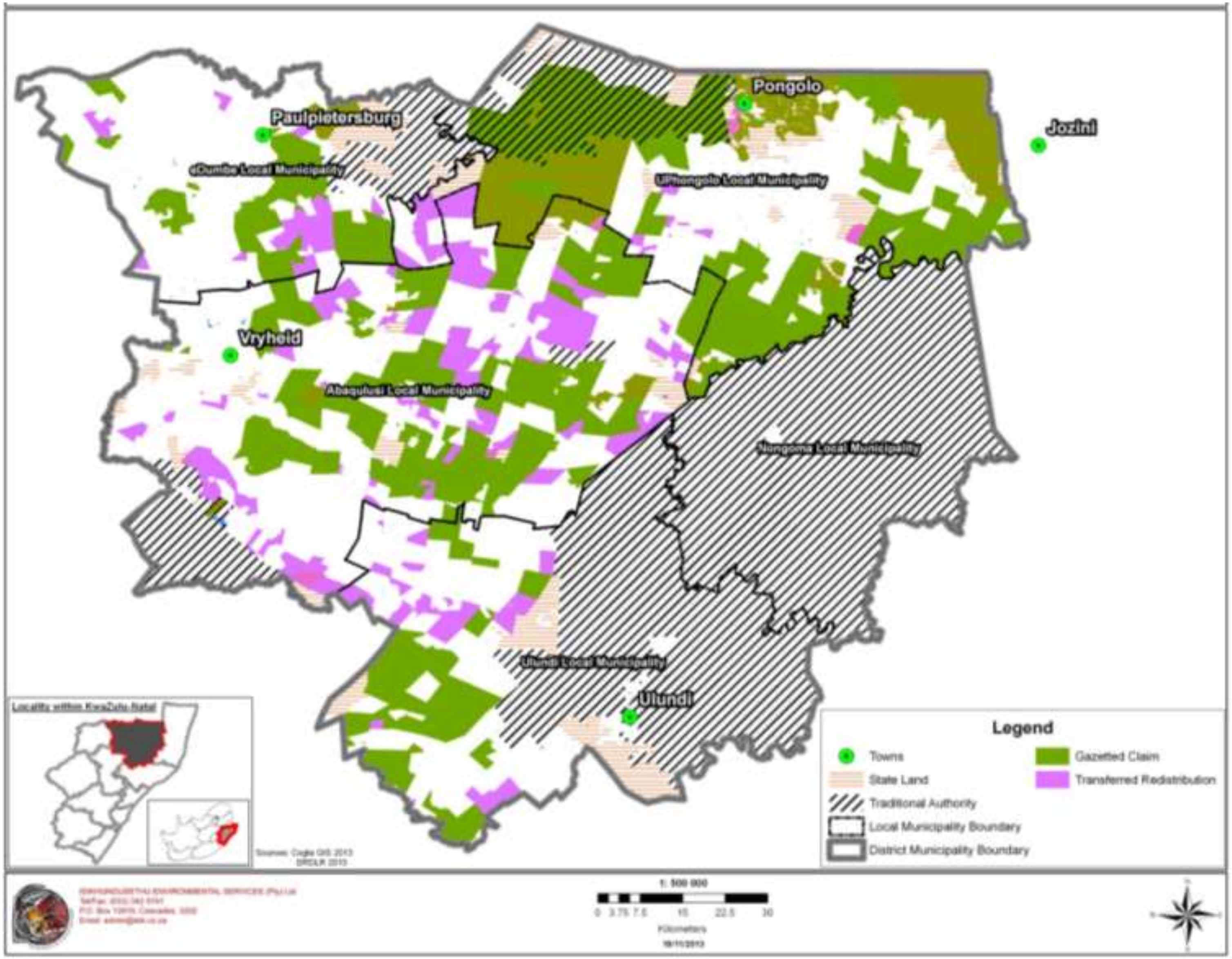


TABLE 6.6: REDISTRIBUTION PROJECT SUMMARY

NUMBER OF PROJECTS	TYPE OF FARMING	HECTARES (HA) AVERAGE PER PROJECT
Abaqulusi: 223	(i) Mixed 42 (ii) Timber 22 (iii) Game & tourism 13 (iv) Poultry 3 (v) Commercial 13 (vi) Livestock 13 (vii) Settlement & mixed 37 (viii) No info 80	(77 818) [349]
eDumbe: 44	(i) No Info 17 (ii) Maize, beef, game 27	(13 605,16) [309]
Ulundi: 31	(i) No info 6 (ii) Settlement & commercial farming 7 (iii) Livestock, game, maize 13 (iv) Food Security 5	(13 785,94) [445]
uPhongolo: 120	(i) Sugar Cane 85 (ii) Maize, soya, livestock 2 (iii) Food security 2	(13 273,49) [110]

As may be noted in Annexure 5 (of the detailed Agricultural Sector Report), limited information on agricultural projects could be provided by the RLCC, DRDLR and ADA on the land claims projects listed. Further research is required in order to resolve this lack of information because extensive areas of productive agricultural land in this District have been turned over to land reform and these areas need to be made productive as a major potential contributor to the sector in the District.

6.6.2. NON-LAND REFORM PROJECTS

A preliminary assessment was undertaken of agricultural projects that have been or are in the process of implementation in the Zululand District which are not related to land reform. The full detail of the information obtained is included in Annexure 6 and is summarised below.

Future expansion potential of the corporate sector in agriculture is summarised in Annexure 7 (of the detailed Agricultural Sector Report) where, acknowledging the impacts of the global recession, growth potential is located in the timber industry. Thus future loss of high quality timber production areas to urbanisation would seriously undermine this industry. Potential, whilst not recorded, also lies in the red meat industry and in the production of high quality vegetables in irrigation schemes.

Based on a review of these projects and interviews conducted to obtain this information, it appears that an in depth investigation is urgently required to properly locate, describe and quantify agricultural projects that are taking place in the District. In this limited survey it was established that there is a dynamic red meat industry in the region and yet very little information could be collected on red meat producers in both the commercial and traditional sectors. Similarly at least seven irrigation schemes were identified in this brief review of projects and very limited information could be obtained on these schemes from the authorities contacted (DWA, DAEA, KWANALU, Cedara, etc.). Large-scale commercial sugar and timber are also important contributors to the agricultural economy of the District. Vegetable production is taking place on the functional irrigation schemes.

There was limited information available on planned agricultural projects in the Districts in the different IDPs and from DAEA particularly in traditional areas.

6.7. STRATEGIC REVIEW OF AGRICULTURE IN ZULULAND

The following strategic interventions are noted to promote the future of the agricultural sector in the Zululand District:

6.7.1. PROJECT INFORMATION

- Effective agricultural planning depends upon the availability of good quality information on: resources, existing and planned projects, markets and marketing, institutions involved in agriculture, successes and failures in terms of projects. This review has revealed that there is information available in the District on agriculture, but that it is not easily accessible and requires substantial research to locate and record what is taking place in the sector.
- The emphasis in this further work should be on the established commercial sectors as well as on the irrigation schemes and land reform projects. There is a need in planning for agriculture to be able to link together the emerging with the established components (enterprises) of the sector in order to achieve further growth and development.

6.7.2. SPATIAL PLANNING INTERVENTIONS

- In future spatial planning, compact urban form is required to achieve densification and greater efficiency in movement and transportation in relation to burgeoning fuel price increases and the negative impacts that this has on gross margins.
- Integrate smallholder agriculture in and around urban areas –on the interface between small holder and large scale.
- Focus on the recycling of urban waste for use in different aspects of agricultural production: ex-treatment works for smallholder irrigation around towns.
- Use capital investment framework and urban and agricultural edges to encourage densification and progressively limit urban sprawl thereby protecting agricultural resources: i.e. invest in urban development in areas where agricultural and environmental resources are poor (Map 6.1) and safeguard areas where resources are good for production and biodiversity conservation.
- Promote small, medium and large-scale production in areas where climate and soils can sustain such landuse.
- Promote smallholder farming in highly accessible areas close to markets.
- Define supply lines and locate smallholder and large-scale operations along these lines to ensure efficiency in haulage for inputs and markets.
- Promote increased densification such that local economies can sustain local markets for local produce.
- Recognise the impacts of climate change and adjust agricultural planning and investment accordingly: i.e. future investment in the drier areas of the District is inadvisable in the light of the impacts of climate change.
- Planning for the future location of irrigation schemes should only be on major river systems fed by sustainable sources of water to deal with the impacts of climate change into the longer term (i.e. drying up of already hot and dry areas).

6.7.3. MARKET-LED PRODUCTION

- Experience from other Districts and other countries suggests that the emphasis by the Department of Agriculture and Land Affairs on the welfare approach to agriculture has created a dependency on the state and an inability for emerging farmers to establish themselves as viable competitors in the sector.
- The future of the emerging sector lies in government agencies adopting a hands-off approach to providing continued handouts to emerging farmers. The aim here should be to allow the agricultural entrepreneur to respond to local and regional market opportunities. All that the state needs to do is to remove obstacles to agricultural business by creating an enabling environment for all scales of producers.
- An enabling environment involves local government in creating information centres for farmers to secure market and producer intelligence that will inform their decision making in relation to crops, prices, inputs and future growth.
- A clear separation needs to be drawn by government between emerging farmers as entrepreneurs and welfare food security projects. Ongoing government support is required in the welfare sector, but a different type of support is required in the emerging farmer sector.
- The type and level of support required falls broadly into the following categories and further information may be provided upon request:
    - Securing individual land rights for the emerging farmers in traditional and land reform areas.
    - Farmer selection using carefully formulated criteria to avoid those who are non-farmers seeking access to government grants being included.
    - Farmer training in all aspects of production, marketing and business development.
    - Inputs into land preparation to reduce risk and optimise return on capital.
    - Loan finance, insurance and redemption on loans.
    - Quality and quantity assurance in crop production.
    - Securing markets for crops involving either forward selling or farm gate sales.
    - Linking producers with processing and marketing.
    - Full commercial farmer extension services which are no longer provided by DAEA needs to be re-established closely linked to agricultural research to ensure farmers constantly have access to the best information on crops, disease, climatic changes etc.

6.7.4. MARKETING INTERVENTIONS

- Differentiate between different types of market including: (i) 'B' grade reasonably priced type produce; and (ii) 'A'grade upmarket high price export grade. Make provision for 'B' grade produce to be freely available to the local consumer through a variety of farmer to consumer mechanisms (periodic markets, fresh produce municipal markets, side of the road green grocer stores etc.)
- Collective marketing by small farmers needs to be promoted based on the Umzimkhulu (StratPlan-Isik 2013) experience. This initiative, undertaken by StratPlan, has served to demonstrate the power of individual producers working together to market their produce, to create a market presence and to work together to secure better prices for inputs in terms of purchase and transportation.

6.7.5. PROCESSING

- This review of the sector has revealed that there are already established agricultural processing facilities in the District in timber, maize, red meat, poultry, fruit and game products. Expansion of these processing opportunities could be achieved through involvement of small holder entrepreneurs both on land reform and traditional lands.
- Involvement of small holders depends upon their having exposure to the processing and marketing opportunities and being given the training and mentorship necessary to enable them to respond in terms of quantity, quality and reliability.

7. THE TOURISM SECTOR

(See also Annexure B presenting a more detailed Agricultural Sector Report)

7.1. BACKGROUND

The great Zulu warrior king Shaka was born in the late 1700's in the valley of eMakhosini (or the Valley of Kings) which is situated just outside the town of Ulundi. King Shaka's forefathers 'amakhosi' (chiefs) Zulu, Phunga, Mageba, Ndaba, Jama and Senzagakhona are also buried in this valley. Senzagakhona was the father of those who are regarded as three of the most important Kings of southern Africa, namely King Shaka, King Dingane and King Mpande.[2] Thus Zululand is the birthplace of the Zulu nation – a claim that no other tourism destination can make, creating scope for a unique selling proposition based on this distinct identity. However the relative remoteness of the District from major highways and a lack of sophisticated tourism products meant that that the full potential of this cultural heritage was unrealised.

The Rural Tourism Strategy [National Department of Tourism 2011] states that:

Rural development remains a key concept which is primarily about enabling rural people to take control of their destiny, thereby dealing effectively with rural poverty through the optimal use and management of natural resources. It is a participatory process through which rural people over time, through their own experiences and initiatives, how to adapt their indigenous knowledge to their changing world and allow this particular knowledge to form part of the tourism products with the context of their own time, space and conditions.

Recognising the social and economic benefits that can be derived from tourism and that local government has a crucial role to play in providing leadership and the necessary planning to make sure that their communities and local businesses get the most out of tourism, the Zululand District Municipality embarked on a process of strategic tourism planning and infrastructure development. This began with the commissioning of a Co-ordinated Local Economic Development Framework ten years ago where tourism development was considered alongside business and agricultural development. The 2003 LED Framework was branded *Siyaphambili*, a Zulu phrase meaning – 'we are going forward'.

This section provides an analysis of status of the Tourism industry in Zululand and builds on the comprehensive analysis/guidelines contained in the original *Siyaphambili* framework It also takes into account, the guiding principles of the national Rural Tourism Strategy [RTS] [3] which prioritises the Zululand District as a spatial node with growth potential in the short-medium term [see page 12 of the RTS].

7.2. THE TOURISM STATUS QUO

7.2.1. INTRODUCTION

In this section the strategic themes for tourism development in Zululand are aligned with those outlined in the national Rural Tourism Strategy[4] which seeks to enhance the growth and development of tourism in rural communities particularly in less visited provinces. They are:

---

[2] Tourism KwaZulu-Natal Occasional Paper No. 65 June 2008
http://www.zulu.org.za/userfiles/1/Occ%20paper%2065%20emakkhosini(1).pdf
[3] National Rural Tourism Strategy, April 2012
http://www.tourism.gov.za/AboutNDT/Branches1/domestic/Documents/National%20Rural%20Tourism%20Strategy.pdf
[4] Page 56, National Rural Tourism Strategy, April 2012
http://www.tourism.gov.za/AboutNDT/Branches1/domestic/Documents/National%20Rural%20Tourism%20Strategy.pdf

- **Access** - This section reviews Tourism Infrastructure Support with a focus on road and air linkages to and within the Zululand District.
- **Market Intelligence** - This section reviews the available Tourism research and information and for the first time, provides a baseline estimate of tourist volumes in the Zululand District.
- **Anchor Attractions** - This section reviews progress of identified Anchor Attractions and other product development.
- **The Tourism Network** - This section considers skills development and the level of service standards in the Zululand District.
- **Tourism Marketing** - This section reviews the approach to tourism marketing in the Zululand District and the extent to which prior marketing recommendations have been implemented.

7.2.2. ACCESS

Tourism Support infrastructure is pivotal to tourism growth in the Zululand District. The National Rural Tourism Strategy underlines that under-development of infrastructure, including airport operations, directly affects rural tourism and restricts tourism routes and marketing.

THE R66 BETWEEN NONGOMA AND UPHONGOLO HAS BEEN UPGRADED OVER A COUPLE OF YEARS. HOWEVER 7KMS OF ROAD REMAINS UNTARRED, EFFECTIVELY DISLOCATING THE ENTRY TOWN OF PONGOLA FROM THE OTHER TOWNS IN THE ZULULAND DISTRICT.

In the 2003 Siyaphambili LED Framework, limited road and air access to the ZDM Region was highlighted as a major obstacle to tourism growth.[5] It is thus pleasing to report that a number of projects identified and initiated as part of the original *Siyaphambili* planning exercise have already come to fruition.

These include:

- The tarring of the P700 which directly links the Ulundi Airport to the southern entrance to the Hluhluwe-Imfolozi Park
- Partial upgrading of the R66 between Nongoma and Pongola
- A multi-million rand upgrade of the Ulundi Airport to bring it back up to international standards and the launch of flights between Ulundi and the major centres of Durban, Pietermaritzburg and Johannesburg

These positive developments notwithstanding, there are still critical linkages which have not been completed (see Diagram 7.1 and exploratory notes for details). The subsequent section on market intelligence shows very clearly that poor access relates directly to why the Zululand District has less than 15% of the total overnight stays in the 'Greater Zululand' region.

[5] For a detailed description of the interventions outlined to improve access see page 30, Tourism Sector Plan.

DIAGRAM 7.1: THE OBSTACLES TO ACCESSING THE REGION

❶ Everyday 5 – 8 overseas tourist busses enter Zululand District via Golela Border Post. These visitors have seen wildlife at Kruger and in Swaziland and their desire for a cultural experience is well documented.

❷ Nongoma and Ulundi offer more authentic Zulu cultural encounters than any other part of the region. However because the R66 between Pongola and Nongoma is not fully tarred, Pongola is dislocated from the rest of the towns in the District. As a result, tour busses bypass Zululand District and continue down the N2. The R66 upgrade will change Nongoma from an isolated urban area to a node linking to game reserves in the north and to cultural offerings around the Emakhosini-Opathe Heritage Park in the south.6

❸ The trend is for foreign tour busses to stop for one night along the N2 [mainly at Isimangaliso Wetlands Park] with a half day stop at Shakaland, which is relatively close to the N2. This slick, well-established cultural tourism product receives 4 -5 tour busses per day during weekdays and is marketed as 'the greatest Zulu experience in Africa'. Consequently attractions like the Emakhosini-Ophathe Heritage Park in Ulundi and the Zulu Royal Palaces around Nongoma are not considered viable by inbound tour operators as the time involved in accessing them requires building an additional day into itineraries.

❹ The tarring of the P700 is a positive development which provides direct access between Ulundi and the Imfolozi [southern] section of Hluhluwe-Imfolozi Park. During the past two years, overnight stays at the Imfolozi section of the Park have increased by approximately 25%. This growth is attributed to the rich game life found in the Imfolozi section and the high standard and affordability of the self-catering units.

❺ Tarring of the P700 link from Cengeni Gate to Richards Bay is underway and once completed will provide a direct link from the N2, skirting the Park to Ulundi.

❻ Since 2011 the start of new flight routes between Ulundi, Durban and Johannesburg has created quick and safe access into the region. The airline service provider, Federal Air, has a 20 year track record in pioneering tourism flights into rural parts of Africa and is looking to extend their cultural offerings for tourists using their shuttle flights to near-by Phinda Game Reserve and the Kruger Park.

[6] Local Economic Development Strategy May 2010 E-plan/ Stratplan

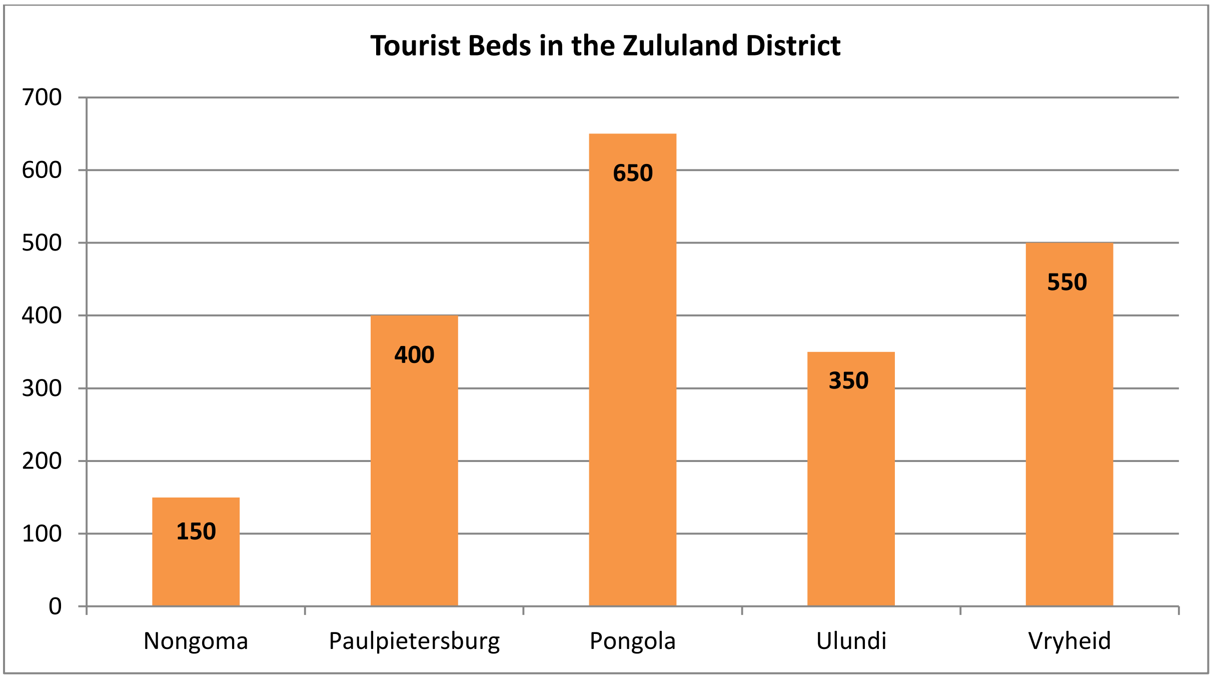
7.2.3. MARKETING INTELLIGENCE

The National Rural Tourism Strategy[7] emphasises that the lack of reliable data and statistics is a threat to tourism development in rural areas. Given the gap in the production of tourism information, the determination of national and unique methodologies will create a credible depository for tourism information.

The Siyaphambili Tourism Assessment [2003] also highlighted the importance of establishing a baseline for tourism volumes in the Zululand District in order to gauge year-on-year growth. To date this has not been initiated. All that is known is how many domestic and foreign tourists visit KwaZulu-Natal each year. While Tourism KwaZulu-Natal [TKZN] research reports provide tourism numbers for Zululand, it is not possible to extrapolate the Zululand Districts' share of business from that of uThungulu District which also falls under the broad marketing destination of 'Greater Zululand.' Websites also frequently refer to attractions in uMkhanyakude as "Zululand" – thus the confusion. This section reviews the available Tourism research and information and seeks to provide a baseline of tourist volumes in the Zululand District.

In 2008 TKZN reported that the Zululand area is visited by some 2 million domestic tourists and in excess of 200,000 foreign tourists per annum[8]. According to the KZN Tourism Authority, 50% of the [200 000] international tourists who visit KwaZulu-Natal enter the province through the Golela Border Post with Swaziland. We sought to verify this with Zululand tourism product owners who reported that some 5 – 8 overseas tour busses pass through Golela every day. This [conservatively] translates to 8700 foreign visitors per month or 104 400 per annum which correlates to 50% of the tourism volumes reported by TKZN.

DIAGRAM 7.2: DISTRIBUTION OF TOURISM BEDS IN THE ZULULAND DISTRICT



Source: StratPlan / Fuller Insight Database 2013

[7] Pages 36 and 63, National Rural Tourism Strategy, April 2012
[8] Tourism KwaZulu-Natal (TKZN). (2008). The Statistics of Our Tourism Industry.
http://www.tourism.gov.za/AboutNDT/Branches1/domestic/Documents/National%20Rural%20Tourism%20Strategy.pd

7.2.3.1. Tourism Data per Municipality in the Zululand District

The Zululand District has around 2100 available tourist beds. The only town for which reliable tourism data is available is Ulundi. This data was produced during a feasibility study for the launch of flights from Ulundi Airport[9] and has been reviewed at regular intervals. The data that follows was derived mainly from reports of tourism occupancies by accommodation providers.

Ulundi Tourism Data

Ulundi has 23 accommodation providers with a total of 350 available tourism beds. Business travel to Ulundi is split between government business, business owners, sales reps and consultants working for government. Tourism Data collection in Ulundi has combined road counts; surveys of provincial government departments and local businesses; and interviews with all accommodation providers within a 30km radius of Ulundi to ascertain the split between business and leisure visitors. Most guests are business travellers from KZN, Pretoria and Johannesburg. Of these, 1000 stays per month are made by government employees traveling between Pietermaritzburg, Durban and Ulundi. Occupancy during week nights [Monday – Thursday] runs at around 75% at the larger hotels and lodges. Leisure tourism is mainly derived from domestic visitors and accounts for less than 20% of the total visitor volumes. Correspondingly, weekend business is slow.

We estimate a total overnight visitor figure for Ulundi of around 40 000 per annum. This excludes day visitors to the eMakhosini-Opathe Heritage Park and those who fly or drive in for only a day.

Day visitors to the **eMakhosini-Opathe Heritage Park** are in the region of 600 – 800 a month. At the Spirit of the Emakhosini Memorial, Tour Guides are available every day of the week and receive around 400 visitors per month. According to AMAFA staff, not all of these visitors continue to the Multi-Media Centre which averages around 250 visitors a month. Part of the problem here relates to the rutted road which makes access difficult for tour busses. During the school term, figures are higher than during holiday periods because a large percentage of the visitor figures derive from school tours. Both Zulu and English speakers visit the Park facilities. Disappointingly, most Afrikaans visitors only visit Piet Retief's grave site and do not enter the multi-media centre or visit the Spirit of the Emakhosini Memorial. What is encouraging is that an increasing number of Zulu speakers from other parts of KZN and Gauteng are visiting these sites in family groups or with friends in a quest to learn more about their heritage.

The Ulundi overnight stay figures exclude visitors to **Hluhluwe-Imfolozi Park** as this attraction falls into the UMkhanyakude District. However, tourism travel is not dictated by municipal boundaries and as the southern entrance via Cengeni Gate to Hluhluwe-Imfolozi Park lies only 36 km from Ulundi, its potential contribution to tourism spend in Ulundi should not be overlooked.

In 2011, Tourist data for Hluhluwe-Imfolozi Park was obtained as part of a motivation document to KZN Treasury for the resumption of flight services to Ulundi[10].

During the 12 month period from June 2010 – May 2011, the Park hosted 63 000 overnight tourists running at an occupancy of 64%. In the last two years, this figure has risen to over 70 000 tourists per year. A trend that will benefit the Ulundi area is that an increasing number of tourists are opting to stay in the Imfolozi section due to its affordable self-catering accommodation and the rich game viewing in the southern part of the park.
KZN Wildlife research shows that many Gauteng and Durban clientele cite distance as their main reason for not visiting the Park. The tarring of the P700 up to Cengeni Gate from Ulundi and the flights into Ulundi are set to slowly change the way tourists access the Park, particularly once the P700 is tarred through to the N2.

---

[9] Revitalisation of Ulundi Airport: Travel and Transport Patterns, Planning Resources Africa [2008]
[10] Funding Motivation for development at the airport in Ulundi. Prepared for the Zululand District Municipality by Planning Resources Africa – June 2011

uPhongolo tourism data

uPhongolo has an equitable share of business and leisure tourism. The town has 42 accommodation providers with a total of 650 available tourism beds. The 23 hotels, lodges and B&Bs in and around the town cater mainly for business/conference tourists while the 19 private game lodges and Ithala Game Reserve [KZN Wildlife] derive their business mainly from domestic and international leisure tourists.

In the town, occupancies run on average at around 75% Mon – Thursday and then drop off to 20% over weekends. At the game lodges occupancies run at a steady 60% average between Mondays and Saturdays. Occupancies rise sharply during the months of September/October during the Tiger Fishing season and over the December, July and April holidays.

We estimate a total overnight visitor figure for Pongola of around 90 000 per annum. This excludes day visitors to Ithala Game Reserve and the significant numbers of domestic tourists who use Pongola as a refueling and refreshment stop en-route to destinations like Sodwana, Lake Jozini, Mozambique and Isimangaliso Wetlands Park.

eDumbe Tourism Data

eDumbe has 17 accommodation providers with around 400 available tourism beds. Tourism business is derived from a combination of international tourists, commercial travelers, conferences and domestic tourists. The German heritage of the area appeals to German-speaking tourists and at least once foreign coach tour stops in the town each week. This excludes F.I.T.[11] German visitors.

Average occupancies over the year run at around 80% on weekends [all leisure tourism] and 60% on week days when it is a mix of business and international tourism. We estimate a total overnight visitor figure for Paulpietersburg of around 65 000 per annum.

Abaqulusi Tourism Data

Abaqulusi has 43 accommodation providers with a total of 550 available tourism beds. The 26 hotels, lodges and B&Bs in and around the town cater mainly for business/conference tourists while the 17 farm stays and private game lodges derive their business mainly from domestic leisure tourists. During the week, almost all the tourism to Vryheid is Business/Conference Tourism when occupancies run at around 70%.

There are a few special interest French F.I.T. and coach tour visitors who come to explore the history around the French Prince, Louis Napoleon the last of the Bonaparte dynasty. This was verified by AMAFA Tour guides who host around 10 – 15 French tourists at the Spirit of the Emakhosini memorial each month. We estimate a total overnight visitor figure for Vryheid of around 55 000 per annum.

Nongoma Tourism Data

Nongoma has 8 accommodation providers with a total of 150 available tourism beds. Occupancies are highest during the week. Weekend business rises sharply when there are events at the Royal Palaces; large weddings or political gatherings. Average occupancies over the year run at around 60%.

We estimate a total overnight visitor figure for Nongoma of around 26 000 per annum.

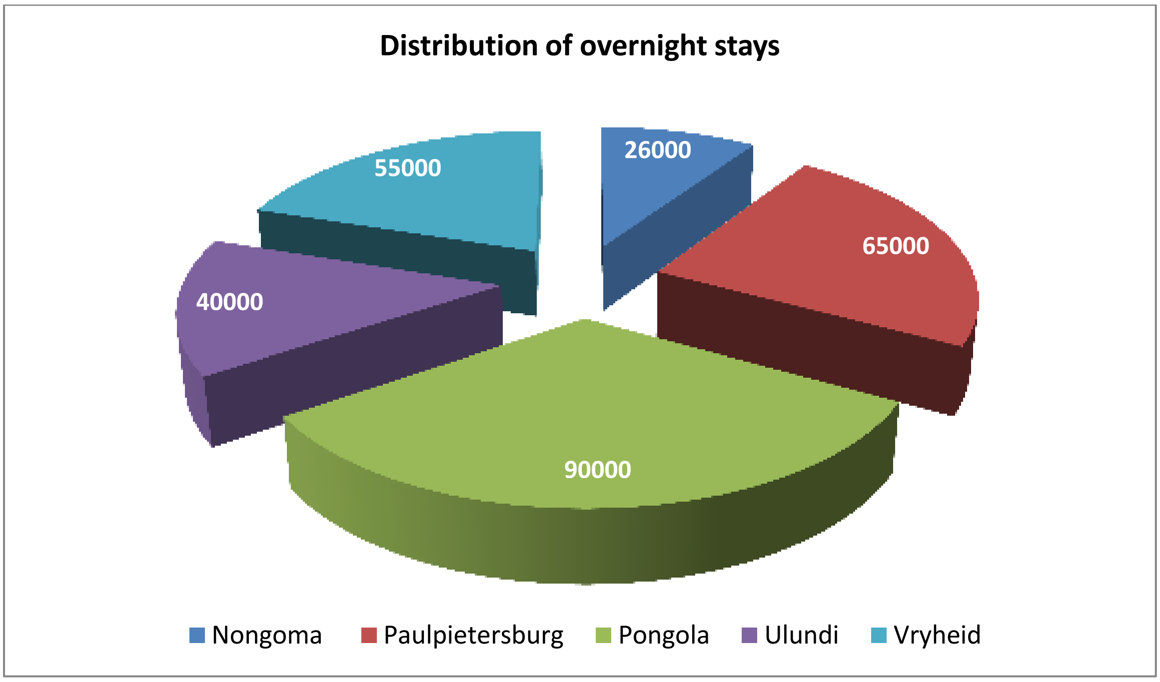
---

[11] F.I.T : Free Independent Travellers

Conclusion

uPhongolo has the highest number of tourism beds and 33% of the total 276 000 overnight stays in the Zululand District per annum.

DIAGRAM 7.3: TOURISM OVERNIGHT STAYS BY TOWN IN THE ZULULAND DISTRICT



The uPhongolo Municipal Area also attracts the highest number of international tourists because it is the first entry point from the Golela Border Post. However these tourists generally do not continue through the Zululand District due to the poor road linkages between Pongola and the other towns in the District.

If we relate these estimates to the Two million domestic tourists and Two hundred foreign tourists who, according to TKZN, pass through the 'greater Zululand' area each year, it means that the Zululand District's share of overnight stays is less than 15%.

This is a startling finding which points directly to the lack of access into the region and underlines the need for outstanding road upgrades to be completed urgently.

7.2.4. ANCHOR ATTRACTIONS AND NEW PRODUCT DEVELOPMENT

This section reviews progress of identified Anchor Attractions and the development of new products in the Zululand District.

The Zululand District Municipality Tourism Sector Plan 2006 indicated that:

The District lacks developed "must-see" tourism attractions. Where these do exist, direct access from the main routes bypassing the area is problematic or other access challenges exist. Further to this the major current tourism developments in the Province, such as the Isimangaliso Wetland Park, the Drakensberg, casino's etc are located outside the District. Sustainable community tourism development will in future be dependent on the successful establishment of major tourism attractions.

Key anchor attractions briefly considered are:

- Zulu Cultural Anchor Attractions;
- eMakhosini-Opathe Heritage Park;
- Development around the Royal Palaces in Nongoma; and
- Wildlife anchor attractions.

7.2.4.1. Zulu Cultural Anchor Attractions

According to KZN Tourism, 37% of foreign tourists who visited the province reported that they had visited a cultural/heritage attraction in 2009 while 50% reported that had visited a game park to view wildlife.[12] In a 2008 paper discussing the fast-tracking of the Emakhosini-Opathe Heritage Park, [13] the KZN Tourism Authority emphasised that cultural and heritage tourism are a component of almost 40% of all international trips taken and the UNWTO has indicated that heritage and cultural tourism is growing faster in popularity than most other tourism segments. Research regarding the nature of cultural and heritage tourists indicate that they tend to be more educated and thus have a higher socio-economic status. These tourists tend to spend more time on holiday, stay in hotels and have a greater propensity to shop.

As has been emphasised in the section relating to Access, incomplete road linkages are the chief obstacle to realising the potential of the Zulu Heritage in the Zululand District Municipality. However over the past seven years, the Emakhosini-Opathe Heritage Park has been developed to an extent that tourists are able to enjoy an authentic and original Zulu Cultural encounter and this is very positive progress.

7.2.4.2. Emakhosini-Opathe Heritage Park

In many parts of the world, areas of great historical interest have been changed so much that they cannot recapture the environment as it was centuries ago. But in the eMakhosini Ophathe Heritage Park, outside the town of Ulundi, visitors are able to experience the cultural heritage of the Zulu people within the natural environment that existed when King Shaka was building the nation into a force that inspired respect around the world. [14]

Four centuries of stirring Zulu history have been captured in a state-of-the-art, high definition and surround sound film at the uMgungundlovu Multi-Media Centre which opened in 2009. The 100-seater venue for screening can double as a conference or performance venue or a standard definite movie theatre. The centre also has a restaurant and a well-stocked curio shop.

The multi-media centre is situated just below uMgungundlovu, Dingane's vast royal homestead. This is the valley where King Shaka spent much of his youth and most of the early Zulu kings are buried in the Emakhosini valley where events like the slaying in 1838 by King Dingane's warriors of Boer leader Piet Retief and his followers took place.

In 2003, the present day Zulu Monarch, his majesty, King Goodwill Zwelithini Kabhekuzulu unveiled the spirit of the Emakhosini memorial. It is a striking and attractive monument that sits high on a lookout hill, Khumba, overlooking the valley. Its centrepiece is a huge, bronze beer pot as the centre piece. Friezes depicting everyday Zulu life surround the pot. On the outer edge of the memorial are seven large animal horns,

---

[12] KZN Tourism Authority – Statistic of our tourism industry 2009
http://www.kznded.gov.za/Portals/0/KZN%20TOURISM%20STATS%2009.pdf

[13] [13] Tourism KwaZulu-Natal Occasional Paper No. 65 June 2008
http://www.zulu.org.za/userfiles/1/Occ%20paper%2065%20emakkhosini(1).pdf

[14] Pam Sherriffs, World Wide Fund For Nature
http://wwf.panda.org/what_we_do/where_we_work/project/projects_in_depth/kwazulu/project/emakhosini_heritage_park/

symbolising the seven kings who lie buried in the valley. The memorial and the park that surrounds it are symbolic of the proud, living heritage of the Zulu people.

Tour Guides who have been well-trained and are passionate and knowledgeable about Zulu history and heritage are on hand to guide visitors to the memorial every day of the week between 09h00 and 16h00. The memorial and the multi media centre are visited by international tourists, school groups and domestic tourists. Visitor figures are discussed under the heading Ulundi Tourism Data.

7.2.4.3. Developments around the Royal Palaces in Nongoma

In June 2013, then KZN Premier, Zweli Mkhize announced that the KwaZulu-Natal provincial legislature had allocated R20.5 million for the maintenance, royal household infrastructure and refurbishing of the seven royal palaces: Dlamahlahla, KwaKhangela, Ingwavuma, Ondini, Lindizulu, KwaKhetha and Nyokeni.

Currently the planning process around the *Isibhubhu* Royal Experience at Enyokeni Palace is underway[15] and includes provision for an Amphitheatre, ablutions & change rooms, a covered Royal & VIP area, parking, an interpretive centre, arts & craft stalls, a conference centre, accommodation for 60 guests, cultural centre or village, entertainment facilities and admin offices.

The Royal Family is also driving a tourist development project at the KwaKhangela royal palace which lies on the road between Nongoma and Pongola near the Nkunzane stream. The vision is for visitors to be able to visit a Royal place and spend time in nature. Accommodation will be built around a natural pan with footpaths down to the stream.

A third project, still in its early planning stages, is the development of a cultural attraction based on a Shakaland type format which will be located opposite the KwaKhangela palace, across the stream.

7.2.4.4. Wildlife Anchor Attractions

Game farms and lodges in uPhongolo

Collectively, Ithala Game Reserve, the private game farms in the uPhongolo area and in the Pongola Game Reserve around Jozini Dam offer a wide diversity of game and excellent facilities which rival the better known game areas of Mpumalanga and the Northern Province. As discussed under Access on page 4, Pongola is the first town from the Golela border with Swaziland and has good tourist facilities in the main CBD. The top class game lodges in the area are attracting the majority of international tourists and once road linkages between Pongola and Nongoma are completed, overseas visitors who have an interest in culture and heritage can be funnelled towards Nongoma and eMakhosini. These tourists also create a market for well-crafted arts and crafts which are currently under-developed in the Zululand District.

[15] http://www.haleysharpesa.com/hssa/pics/hssacp2009.pdf

Promotion of Ulundi and the Imfolozi section of Hluhluwe-Imfolozi Park

While the Hluhluwe-Imfolozi Park falls outside the boundaries of the Zululand District its impact on the District, and particularly the town of Ulundi should not be discounted. In 2012, Zululand District Municipality and Ezemvelo KZN Wildlife signed a memorandum of understanding to jointly develop and market tourist fly-in packages. These packages will be tailored to higher-end tourists who can afford to fly and have an interest in both cultural and natural heritage attractions. Strengthening this tourism partnership will result in opportunities for local entrepreneurs to become involved in tourist shuttle services and tour guiding. The airline service provider, Federal Air is working with the local Emakhosini Chamber of Business to further this aim and grow the tourism side of their business in Ulundi. Once the P700 is completed all the way from Ulundi, via the Imfolozi section of the park to Richards Bay on the N2, the road and air networks will open up considerable new opportunities for tourism and have the potential to significantly change tourism flow through the District.

7.2.5. OTHER NEW DEVELOPMENTS IN THE ZULULAND DISTRICT

Nongoma

- The 30 bed Thokazi Royal Lodge opened for business in 2007. It is situated close to the six Royal Residences of His Majesty King Zwelithini kaBhekuzulu and the Royal Route.

eDumbe

- Gooderson Leisure purchased the Natal Spa in Paulpietersburg in 2006. Since then this well established hot springs resort has been refurbished. It now has a capacity of 290 beds distributed between the main hotel, the timeshare section and self-catering units.

uPhongolo

- In 2006 Benjamin Ntshangase established Mmeleli Lodge at Kwamlogo, 13 km from Pongola. The Lodge was devastated by a fire in 2012 but has been rebuilt. The Lodge has 10 rooms and caters for international tourists and business visitors from provincial departments who are attending conferences in the area.
- Crocodile Creek Lodge at Ncotshane Village has been expanded by owner, Edward Ngwenya and now has 25 en-suite rooms and a conference room that can accommodate up to seventy people. Guests at Crocodile Creek can enjoy a range of traditional experiences –a village tour to visit the local Sangoma (traditional healer) to observe a healing consultation or a visit to local schools. Dances by Zulu warriors are a featured entertainment item at the lodge. Guests are encouraged to interact with locals and to visit families in the village to experience the actual Zulu lifestyle.
- Pro-team Lodge was established in Pongola in 2012. Catering mainly for business team-building and meetings it has 10 rooms and a conference centre.
- The Magudu Hotel close to Pongola has been upgraded.

Ulundi

- Njabulo Dhlomo has established a conference and wedding facility within a forest area bordering the main road into Ulundi.
- Owens Camp was built by Arthur Konigkramer within the Emakhosini-Opathe Heritage Park. The Lodge opened in 2011. It comprises 10 x two-bedded huts and there are plans to expand the accommodation in 2014.
- The Prince Mangosuthu Buthelezi Museum developed with private funding is due to open in 2014. Of particular interest is the collection of personal letters written to Inkosi Buthelezi by Madiba and statesmen from all over the world.

7.2.6. THE TOURISM NETWORK

This section considers skills development and the level of service standards in the Zululand District.
The National Rural Tourism Strategy states that one of the principal hindrances to the development of rural tourism in South Africa is the lack of communication material and infrastructure.

7.2.6.1. Service standards and skills – Tourism product owners and managers

Generally accommodation providers in the Zululand District are savvy, sophisticated and provide a high level of service commensurate with their facilities and customers. The range of accommodation is also good - from 1 – 5 star.

Not all accommodation owners are aiming at international tourist markets and many have built businesses based on providing accommodation to commercial travellers, contractors and government employees. Business travellers want a quick and easy stay and are less likely to find time for cultural and wildlife attractions.

Given the current visitor volumes, neither does the District lack accommodation in regards to the leisure domestic or overseas tourist market. With the exception of game lodges and destination hotels like Natal Spa, occupancies dip sharply over weekends and December holidays whereas these are high value days for tourism stays in more established and accessible tourism regions like uMkhanyakude.

Only half an hour away from Ulundi, the Hluhluwe-Imfolozi Park, which is a three hour drive from Durban, is running at high weekend and holiday occupancies. What this indicates is that the tourism industry is really fighting against perceptions of the Zululand District being difficult to access and having little to offer.

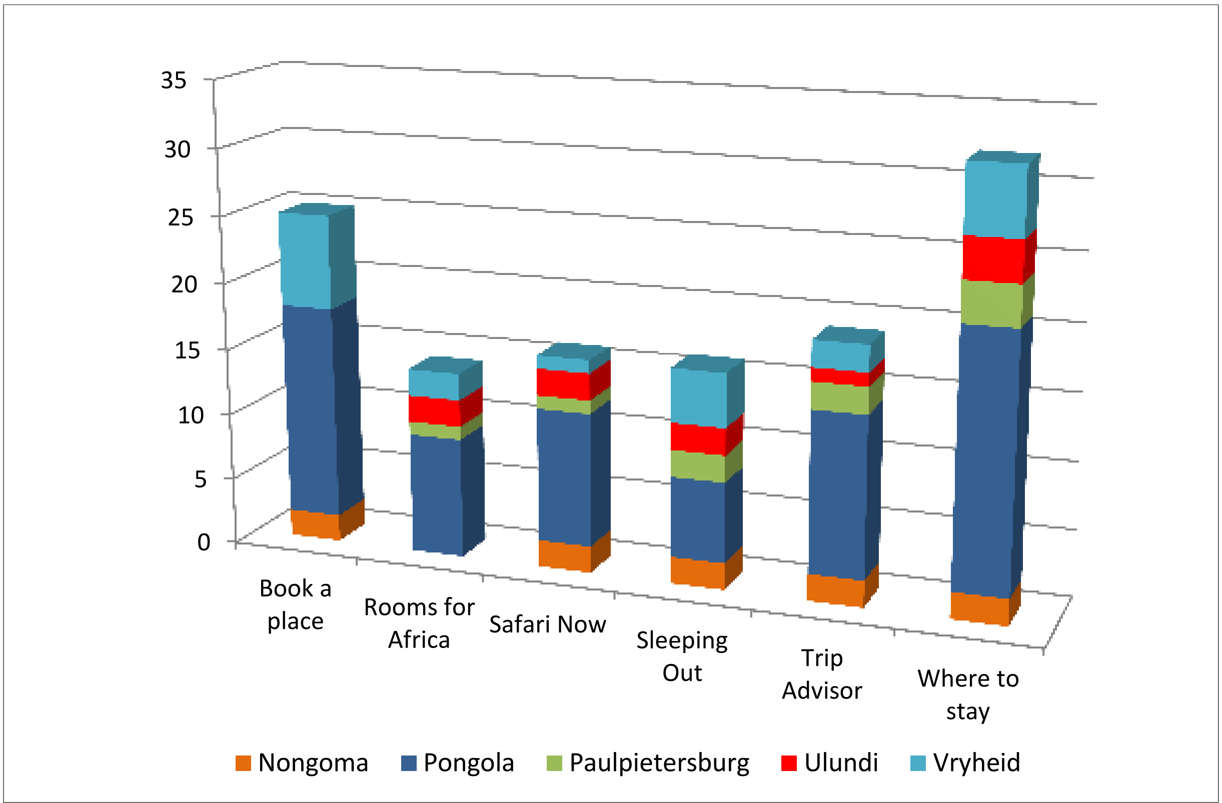
If access and awareness were improved, the private sector would naturally see tourism opportunities and create products and services to suit. The tourism industry will always be driven by the private sector but Zululand District Municipality has a vital role to play in establishing tourism management and implementation structures responsive to the current development needs of the tourism sector in the District. In fact, many of the products are already there. The authentic Zulu experience resides in Zululand. It's just not acknowledged which shows how much influence access and perceptions have on the traveling public.

From this we conclude that the real challenge lies in educating those who control the flow of tourists – the travel agents and tour operators and the media. These are the very people who always strive to be the first to offer something new, 'the secret place' the, country no one could ever go to before, the undiscovered experience no one else knows about.

Making Zululand "The Place" to visit requires collective effort - the Zululand District working in partnership with key stakeholders like AMAFA, EKZN Wildlife, Travel agents and the media to change leisure tourist's perceptions about the District.

The chart below showing the number of facilities listed on online accommodation booking sites underlines the sophistication of many accommodation owners across all the towns in the District. These product owners are well networked and use the internet effectively to market themselves. We can only conclude then, that the main reason that less than 15% of tourists flowing through greater Zululand do not stay overnight in the Zululand District has little to do with private sector standards and skills and everything to do with access and awareness.

DIAGRAM 7.4: USE OF ONLINE ACCOMMODATION BOOKING SYSTEMS BY TOWN



7.2.6.2. Human Resources Development issues that need attention by the Zululand District Municipality

In this section we turn our attention to the supporting role played by Tourism Staff employed by Local Municipalities and the District Municipality. The section on Tourism Marketing which follows next speaks to the need for Zululand District Municipality to improve tourist information and marketing throughout the District.

What should be noted here is that information service levels offered by local and District government are not functioning at optimal levels. Tourists visiting the Zululand District are unable to access information after hours and in some towns, tourist offices are frequently left unattended. Attempting to acquire tourist information via phoning tourist offices can be frustrating. All of this points to a combination of under-resourced tourism offices and a lack of tourism staff training and knowledge in some towns. A positive development is that the District Municipality is working with education institutions to involve tourism students as interns.

7.2.7. TOURISM MARKETING

This section reviews the approach to tourism marketing and information provision by the Zululand District Municipality and the extent to which prior marketing recommendations have been implemented.

DIAGRAM 7.5: TOURISM MARKETING STATUS QUO

PHYSICAL INFORMATION	CELL PHONE INFO TECHNOLOGY
▪ Information offices frequently unstaffed or telephones ring unanswered ▪ Information offices not open on weekends ▪ Presence of AMAFA tour guides at Spirit of the Emakhosini Memorial every day of the week is enhancing tourism ▪ Tourism staff lack local tourist knowledge – need for upskilling and a district tourist maual persists ▪ New airport hub set to improve tourist information in Uundi – needs bold signage	▪ Urgent need for Tourist Information Technology system accessible through cell phones. ▪ Prior recommendation for Cell phone information technology in partnership with a national cell phone network ▪ National Department of Tourism is considering implementation of the START-Net virtual market concept ▪ The START-Net system allows micro-entrepreneurs to participate with the use of the simplest cell phones thus making it accessible to virtually anyone worldwide.

ELECTRONIC INFORMATION	CELL PHONE INFO TECHNOLOGY
▪ Zululand Tourist website has good information but is infrequently updated. No information about scheduled flights into Ulundi. ▪ Very few accommodation and attraction facilities are linked to the top online booking websites ▪ Tourist Information on TKZN website and Zululand District website infrequently updated ▪ Need reciprocal information on popular travel websites www.southafrica.net www.kznwildlife.com www.tripadvisor.co	▪ Urgent need for Tourist Information Technology system accessible through cell phones. ▪ Prior recommendation for Cell phone information technology in partnership with a national cell phone network ▪ National Department of Tourism is considering implementation of the START-Net virtual market concept ▪ The START-Net system allows micro-entrepreneurs to participate with the use of the simplest cell phones thus making it accessible to virtually anyone worldwide.

7.3. STRATEGIC INTERVENTIONS

While the Zululand District has a wealth of attractions that are authentic and different, it is self-evident that the key obstacles to tourism growth lie in lack of awareness and information, lack of accessibility and the failure to package these assets in an attractive way that distinguishes from the other two districts forming the greater Zululand: uThungulu and uMkhanyakude. These two districts currently attract the overwhelming majority of tourists travelling north of the Tugela.

These infrastructural and informational obstacles will inform the strategic interventions to follow this Status Quo Assessment.

8. THE BUSINESS SECTOR

8.1. INTRODUCTION

The Business Sector, as defined for the purpose of this project, does not relate to any established industrial sector classification system. The Business Sector does, however, include a number of generally recognised industry sectors including commerce, manufacturing, construction, transport and mining. By establishing the Business Sector it was attempted to group all those sectors functioning on the same basic set of business principles together in order to facilitate discussion and participation. Most of these sectors are generally represented by established business organisations/associations, whereas farmers associations are in place for the agricultural sector and tourism associations for the tourism sector.

An overview is provided below of the activities included in each of the industry sectors forming part of the Business Sector.

- **Commerce:** Including retail and wholesale sales, private sector services (e.g. medical, financial, property and others).
- **Manufacturing:** Including all types of factories, engineering works, arts and crafts and agri-processing.
- **Construction:** Including the construction of facilities, housing, infrastructure
- **Transport:** Including road freight, rail transport, air transport and public transport
- **Mining:** This sector is primarily focused on the coal mining sector, although attention should also be afforded gold mining and quarries.

8.2. BUSINESS CENTRES IN ZULULAND

A total of five established urban centres exist with the Zululand District Municipality. The fact that the local government demarcation process ensured that at least one established urban centre is located in each of the local municipalities is important for the future development of the economies of each of the municipalities. The municipalities and the urban centres relating to them are:

- Ulundi Municipality – Ulundi town;
- Nongoma Municipality – Nongoma town;
- uPhongolo Municipality – Pongola;
- Abaqulusi Municipality – Vryheid; and
- eDumbe Municipality – Paulpietersburg.

It was confirmed in the interviews conducted with Councillors that the above towns are the primary service centres in each of the municipalities. Limited business opportunities are located outside of these towns.

Although each of the towns listed above has been identified as the municipal centre for the specific municipality they vary considerable in terms of size, functions and character.

Ulundi

Ulundi historically served as the capital for KwaZulu and in the period 1994 to 2004 as the capital of KwaZulu-Natal (shared with Pietermaritzburg). However, in 2003-4 the town lost its capital city status to Pietermaritzburg and the focus is now on Ulundi as a fulfilling a major administrative function in the District context. As a result of the strong administrative capacity located in the town it has a sizeable resident population with secure incomes.

The town further serves as service centre for the large rural population of the Ulundi Municipality and to a lesser extent the Nongoma Municipality. The town is served by a large number of taxis and a substantial informal sector complementing the established retail sector in the town.

The town remains undersupplied in terms of professional, business and personal services. It was previously reported that the lack of suitable office accommodation in the town is a constraint to the town developing its commercial potential and this situation has not improved over the past decade.

All the town has a planned industrial area this is largely undeveloped.

Nongoma

Nongoma town is the only urban centre within the Nongoma Municipality, a municipality with s a population of approximately 200 000 people. The population of the town itself is only approximately 4 000 people. The town is a hive of activity throughout the week offering this large population access to formal and informal retail services, social services and government services. The general characteristic of Nongoma is that of large rural market town.

There is no significant industrial development in the town.

Pongola

Pongola is located on the N2 between Piet Retief and Richards Bay. The town has a well-developed commercial sector and CBD which straddles the N2. A comprehensive range of business in the town serves the population of the town and the commercial farming sector and rural population of the municipality, as well as the wider region and the through traffic on the N2. A key characteristic of the town centre is its orientation towards the passing traffic on the N2.

The Illovo Sugar Mill located in proximity to the town is a major employer and also one of the only major beneficiation activities currently underway in the District. A number of service industries are located in the town.

Vryheid

The town of Vryheid operates as a service centre for a large rural population, including areas such as eMondlo, Hlobane, and Coronation and areas further afield such as Ulundi and eDumbe. However, its economic base and reason for existence historically was, and is still to some extent, as a service centre for the primary sector activities of mining and agriculture. This economic base has, however, been eroded in recent years with the closure of major mines in Hlobane and Coronation.

Although it is suggested that the town held up reasonably well after the closure of the coal mines, it has been adversely affected by national economic conditions. It has previously been indicated that the town lack the "pre-conditions" for becoming a major industrial centre, i.e. it is located in a peripheral area without strategic raw materials or a metropolitan sized market.

Paulpietersburg

The local economy of Paulpietersburg is based on the provision of services to the agricultural sector and the surrounding rural population. The town offers a range of commercial and social services, but retains a strong rural town character. The town further has a strong German heritage.

Major economic developments in the vicinity of the town include the Natal Spa recently acquired by Gooderson Leisure and refurbished. Previously it was suggested that the tourism sector presents a number of opportunities for economic development in Paulpietersburg. These opportunities relate to key activities such as annual paragliding events and the timber marathon, the German heritage and other eco-tourism opportunities.

OTHER BUSINESS CENTRES

Besides the municipal centres discussed above the only other urban complex of note is eMondlo which have a distinct urban character due to the historic levels of development. Other rural settlements such as Louwsburg, Magudu and Mahlabatini at present only provide rural dwellers access to basic commercial services. With this in mind the spatial development frameworks of the District and Local Municipalities are of strategic importance.

The Spatial Development Framework of the Zululand District Municipality (Vuka 2013) highlights the following objective relating to spatial economic development:

- To discourage settlement and development sprawl;
- To promote and develop residential and employment opportunities in close proximity to each other;
- To promote diverse combinations of land uses in support of each other; and
- To ensure that rural and urban development are in support of each other.

The Spatial Development Framework (Vuka 2013) then proposes the nodal hierarchy for the Zululand District Municipality as reflected in the Table below.

TABLE 8.1: ZULULAND SDF PROPOSED NODES

MUNICIPALITY	PRIMARY DEVELOPMENT NODES	SECONDARY DEVELOPMENT NODES	TERTIARY DEVELOPMENT NODES
aBaqulusi Local Municipality	Vryheid		eMondlo Hlobane Louwsburg
Ulundi Local Municipality	Ulundi		Babanango Ceza Mpungamhlophe Nqulwane
uPhongolo Local Municipality	Pongola		Belgrade Godlwayo
Nongoma Local Municipality		Nongoma	Kwaphenyane Maphophoma Mahashini Ngxongwane
eDumbe Local Municipality		Paulpietersburg / eDum be	Bilanyoni / Mangosothu

Source: Vuka 2013

The levels of existing development in the tertiary centres vary substantially and a specific strategy will need to be developed for the development of each of the centres. However, the intention is that each of these centres provides rural residents with access to a range of basic social and commercial services. The viability of this will depend to a large extent on the improvement of the road infrastructure as well as the appropriate planning of each centre. Other than the provision of basic social and commercial infrastructure at these nodes it may also present the opportunity for the development of higher density fully serviced low income housing and middle income housing aimed specifically at public servants employed in the rural areas.

8.3. COMMERCIAL

8.3.1. OVERVIEW OF THE COMMERCIAL SECTOR

The Commercial Sector in eDumbe

The Paulpietersburg / Dumbe node is the primary commercial node within the eDumbe Municipality. Indications are that there are no major gaps in the commercial sector servicing the eDumbe Municipality. The IDP does, however, propose the establishment of rural service centres which implies the need for amongst other things decentralised commercial services which rural communities can access.

The Commercial Sector in Abaqulusi

Vryheid, the main commercial centre within the Abaqulusi Municipality, is generally viewed as a regional service centre. This is ascribed to the increasing interaction with neighbouring towns and settlements, as well as with neighbouring regions. The dominance of Vryheid within the municipal economy has historically been mentioned as one of the factors to which the underdevelopment of nodes such as eMondlo, Louwsburg and others can be ascribed.

Commercial enterprises in Vryheid are primarily locally owned interspersed with some national chain stores, specifically in the food and clothing sectors. The users of the commercial centre are primarily from the Abaqulusi Municipality area, but it is also suggested that because of the high quality educational services available its catchment area is much wider (including Pongola, Richards Bay and Dundee). Some sources go further to suggest that Vryheid has a catchment area of in excess of one million people. In general it can be stated that Vryheid offers users a comprehensive range of services and, within the context of the Zululand District, the most comprehensive range of commercial services available.

The health of the Vryheid commercial sector is generally dependant on that of the larger economy. The condition of the primary sector (i.e. mining and agriculture) specifically impacts on the commercial sector in Abaqulusi. The closure of mines more than a decade ago, together with high levels of uncertainty in the agricultural sector, is impacting on this sector.

The Commercial Sector in Ulundi

Development in the commercial sector of the Ulundi Municipality is limited to the town of Ulundi. The retail sector is dominated by large wholesale and bulk "Cash & Carry" stores. Historically the most important concentration of retail activity was located in the Ondini Centre of the Ulundi CBD, an Ithala development. However, the recently developing King Senzangakhona Shopping Centre, a regional shopping centre with a gross lettable area of 22 325 square meter, provided an alternative shopping node for the people of the Municipality. The new shopping centre includes among its tenants Super Spar as an anchor, with Cashbuild, Beares, Ellerines, Shoe Zone, Exact, Studio 88, Pep, Tops, Multiserv, Jetmart, FNB, Mr Price, Sheet Street, Legit, John Craig, Price 'n Pride, Barnetts, Nando's, Chicken Licken, Game, Debonairs and KFC.

A further shopping centre anchored by Shoprite has also recently been established in Ulundi.

Business and financial services is concentrated in the Ulundi CBD. These services remains a main reason for people to visit the CBD and thus LED strategies should focus on retaining these businesses in the CBD.

The Commercial Sector in Nongoma

Nongoma town is the only urban centre within the Nongoma Municipality and offers the approximately 200 000 residents of Nongoma access to a wide range of commercial, retail, government and social services. As a result of the substantial population catchment of Nongoma Town the businesses in the town has over the past two to three decades continued to expand with the newest addition to the town being the Checkers Centre that became operational in 2009.

The town, being located on a ridge, is now "bursting at its seams" and requires urgent intervention in terms of traffic and user management, as well as the provision of infrastructure. Without the necessary intervention growth of the town will be severely constrained. The Neighbourhood Development Grant has made funding available for such a process and implementation of the plan is currently receiving attention. This potentially represents the most significant LED opportunity for the Municipality.

A survey of businesses conducted in 2010 established that some 114 formal businesses currently exist in Nongoma. In the table that follows these businesses are categorised in terms of the Standard Industrial Classification codes.

TABLE 8.2: DISTRIBUTION OF BUSINESSES IN NONGOMA (SIC LEVEL 1)

SIC CODE LEVEL ONE CLASSIFICATION	NUMBER OF BUSINESSES	PERCENTAGE OF BUSINESS
Wholesale& Retail Trade; Repair of Motor Vehicles, Motor Cycles and Personal & Household goods; Hotels & Restaurants	62	54%
Financial Intermediation, Insurance, Real Estate and Business Service	35	31%
Community, Social and Personal Services	14	12%
Construction	2	2%
Transport, Storage and Communication	1	1%
TOTAL	114	100%

Source: StratPlan 2010

The majority of businesses in Nongoma can however be described as tertiary sector businesses that sell goods or services to the vast population of the Municipality.

The Commercial Sector in uPhongolo

Pongola town represents the only major concentration of business in the uPhongolo Municipality. As is the case for eDumbe and Ulundi, Pongola also offers a wide range of services to the local and surrounding rural population. The table below provides an indication of the number of businesses located in the uPhongolo Municipality

8.3.2. COMPETIVENESS OF THE COMMERCIAL SECTOR

Factor conditions

Established commercial centres (+): Each of the local municipalities in Zululand have an established commercial centre offering residents a wide range of commercial services, viz. Paulpietersburg, Vryheid, Ulundi, Nongoma and Pongola. The range of commercial services available includes financial institutions, retailers, wholesalers and supporting services. Of these commercial centres Vryheid offers the widest range of services and are the best established.

Lack of developed Rural Service Centres (-): Residents of the District are dependent on the main commercial centres for commercial services. Limited concentrations of commercial activity exist outside of the main commercial centres. Secondary service centres such as Louwsburg, eMondlo and Babanango offers limited commercial services. Through the spatial frameworks developed in the 2002 and 2013 a number of Rural Service Centres or Tertiary Nodes has, however, been identified. A focus in the development of these rural centres will be the establishment of more locally orientated commercial services.

Primary Road infrastructure (+): All commercial centres have good primary road access. Pongola is located on the N2, linking Mpumalanga with the coast of KwaZulu-Natal. Paulpietersburg and Vryheid is accessed via the R33 and R44 which also serves as an alternative route between Mpumalanga and the KwaZulu-Natal coast. At present Ulundi and Nongoma is not located on a through road as a 7 kilometre section of the R66 between Nongoma and Magudu has not been surfaced.

Secondary Road Infrastructure (-): Although primary road access to commercial centres is well-established internal road networks within each of the local municipalities can be said to be underdeveloped. Most communities access the primary roads through gravel roads and tracks. This situation specifically impacts on the Nongoma and Ulundi Municipalities, as well as the Simdlangentsha area, where the largest concentration of the rural population of the District resides.

Lack of planning frameworks (-): Planning frameworks for the primary commercial nodes are generally available and land/space for future extension of commercial activities are available within these centres. Limitations for the expansion of the commercial sector appear to be most severe in Nongoma. Planning frameworks for the Tertiary Nodes as identified in the 2013 Spatial Development, guiding and coordinating commercial development in the rural centres, is generally not available.

Firm structure and strategy

Small locally owned formal businesses (+): The majority of businesses in the primary commercial centres are small and locally owned. This suggests a substantial local capacity in the commercial sector which can potentially serve as a basis for the future extension of the sector. However, over the past decade major national chain stores have expanded in most of the major towns and the impact of this on local business may be substantial.

Large informal sector (+): A large and growing informal sector exists within the Zululand District. The sector provides an important basis for the future development of the commercial sector. Developing a better understanding of this sector, its linkages and opportunities, will therefore be important. Components of these sectors include street traders, the so-called "bakkie" industry (linking rural areas with established wholesalers), informal financial services, taverns and spaza shops.

National chains (+/-): A number of national chain stores specifically in the clothing and furniture retail and wholesale sub-sectors are established in the main commercial centres. The national chain stores offers an important service to the residents of the District, but the potential impact of attracting major retailers to the area, on smaller local businesses, needs to be established. This impact can potentially be either positive, in that it creates further opportunities for local entrepreneurs linking to these stores, or negative, in that it is difficult for local business to compete with established retail and wholesale chains.

Markets

Large local markets (+): The Zululand District Municipality have a total population catchment of close to one million people which represents a substantial market for local business. Due to the location of Zululand in relation to other major provincial and regional centres, i.e. Durban, Richards Bay/Empangeni and Newcastle, the level of income leakage from the District is estimated to be low. Income leakage is, however, expected to be higher in the high income category.

Low local income levels (-): Income and employment levels in the Zululand District Municipality are notoriously with this impacting directly on the extent of opportunities in the commercial sectors. The key opportunities relating to the local market is anticipated to be in basic household goods such as food, clothing and furniture.

Regional markets (+): Some of the commercial centres in Zululand, most notably Vryheid and Pongola, serve larger regional markets falling outside of the District. In the case of Vryheid its market area extends outside of the Abaqulusi area to the west. Pongola serves a wider market to the east with people as far east as Sodwana and north to Ingwavuma, both located in the uMkhanyakude District Municipality, using it as a regional service centre. Due to the location of these centres it is anticipated that they will continue to fulfil the role of regional services centres serving the wider area. Although the growth of Jozini as a service centre over the past decade may limit this regional role of Pongola.

Potential tourism markets (+): To date there is little evidence of the commercial sector catering specifically for the tourism market. This can partly be attributed to the low level of tourism development in the area. Once appropriate tourism development and marketing strategies are in place this situation is set to change opening up a range of opportunities for local entrepreneurs. The opportunities could include travel related services, curio shops, speciality food stores, entertainment and others.

Related and supporting services/businesses

Business associations (+/-): Business associations exists but the current level of functioning of these could not be confirmed. representivity needs to be established.

Business support services (-): No dedicated business support centres in the Zululand District Municipality has been identified.

Access to finance (-): The availability of finance is most often mentioned as the major constraining factor in commercial development. This has been confirmed in the interviews with Councillors.

Government

Limited involvement (+/-): Government and more specifically local government has had limited involvement in the development of the commercial sector to date. Generally LED strategies ignore this as an important sector and development projects are focused on agriculture and tourism sectors. Local government can and should in future fulfil a key role in establishing an environment conducive to economic development.

Support for SMME establishment (+): Government policies support the development of Small, Medium and Micro Enterprises in all sectors of the economy, this includes business development and funding support through various programmes.

Lack guidelines for the development of the informal sector (-): No guidelines for supporting and developing the informal sector exists within the District. As this sector makes up a major part of the local economy it is essential that clear guidelines for supporting and the developing the sector is established.

Appropriate planning frameworks (-): Appropriate planning frameworks for the development of the commercial sector in rural service centres needs to be established by local municipalities.

8.3.3. SYNOPSIS: COMPETITIVENESS OF THE COMMERCIAL SECTOR

The commercial sector is well established in the towns of the District, however, is not easily accessible for the majority of the rural population. A number of potential commercial markets exist. The lack of business support services will, however, limit entry of emerging entrepreneurs into these markets. Pre-requisites for the development of the sector include the development of planning frameworks, the provision of business support and informal sector support.

8.4. MANUFACTURING

8.4.1. OVERVIEW OF MANUFACTURING ACTIVITY IN THE DISTRICT

Manufacturing activity within the District is low, at an estimated 11% contribution to the GGP for the area. The only agri-processing of note in the District is the Illovo sugar mill in the uPhongolo Municipality. Despite the lack of large scale manufacturing in the District a number of interesting ventures have historically established in the District.

Manufacturing activity within the District is low, with the sector contributing 15% to the Gross Value Added in the District in 2011. Abaqulusi makes the most significant contribution to this sector, but it is suggested that the manufacturing industry in the Vryheid area can only be viewed as a service sector for mainly the mining and agriculture sector and is not an exporter of goods. The only agri-processing of note in the District is the TSB (previously Illovo) sugar mill in uPhongolo Municipality.

Local economic development and integrated development plans make limited mention of manufacturing activities. In Ulundi it has previously been indicated that the manufacturing sector is "dominated by small scale activities including metal work and furniture production". For both Ulundi and Abaqulusi the agri-processing opportunities relating to niche markets linked to agricultural activities are promoted. Nearly all plans (integrated development and local economic development) prepared in the District supports a future focus on agri-processing, beneficiation and local value addition. These proposals, however, usually remain general (some of the more specific opportunities are discussed in a later section).

Despite the lack of large scale manufacturing in the District a number of interesting ventures have been, or are in the process of being, established. These activities generally relate to the raw materials and skills available in the District. The ventures include (1) arts and crafts production and marketing, (2) taxidermy, (3) mineral water and (4) charcoal manufacturing for export.

- Arts and Crafts Production and Manufacturing: It is not possible to quantify the extent of the arts and craft sector, as activities in this sector are generally of an informal nature. There are, however, various attempts throughout the District to provide a more formal base for the production and marketing of arts and crafts.
- Taxidermy: A further manufacturing industry, directly related to the tourist industry in KwaZulu-Natal, is taxidermy. A taxidermy operation in the uPhongolo Municipality, focussing on the preparation of trophies for the professional hunting industry, creates some 30 jobs. The target market of this business is both international and national hunters although it would appear as if a large percentage of current business is international (Taljaard pers com April 2003). The increase in the number of upmarket game farms in the area and the establishment of a stable hunting industry in the area will set to increase such opportunities.

Other manufacturing smaller manufacturing concerns are located throughout the District.

8.4.2. COMPETITIVENESS OF THE MANUFACTURING SECTOR IN ZULULAND

Factor conditions

Land available for industrial development (+): Land available for industrial development is not viewed as a major constraint on the development of the sector (it is also indicated in previous sections that the majority of smaller scale manufacturing activity is conducted on farms). Industrial sites and land is generally available in Vryheid. It is estimated that 50% of the available industrial land in Vryheid is serviced. Currently the possibility of sub-dividing these sites is being considered to make it accessible and appropriate for smaller manufacturing concerns. In the Ulundi CBD development plan provision is made for the establishment of industrial sites. The location of the land, which requires access through the already congested CBD, is viewed as one constraint for manufacturing development. The land in Ulundi also forms part of the Ingonyama Trust and freehold ownership is therefore not available. As financial institutions are reluctant to finance development on Ingonyama land this places a further constraint on industrial development.

Cost of services (+/-): It appears as if the cost of municipal services within the various localities are in line with that in similar localities elsewhere. Although this is suggested to be positive the fact that the District has limited other comparative advantages in terms of location, availability of raw materials etc. this does little to attract new investment, i.e. the same is available elsewhere in areas with greater comparative advantages.

Lack of comparative advantages (-): As indicated above, the District has limited comparative advantages in terms of the manufacturing sector. Some aspects mentioned as presenting a comparative advantage includes the (1) location in relation to transport routes, the (2) location of the area in relation to the major east coast ports and Gauteng, and a (3) primary sector related to both mining and agriculture. Its location between the ports of Durban and Richards Bay and Gauteng presents opportunities but cannot be viewed as a comparative advantage as various locations such as Harrismith, Ladysmith and Newcastle offers the same advantages. The availability of land for industrial development is of little benefit if it can only be offered at prices similar to that on offer in similar areas.

Raw material availability (-/+): The primary sector, including mining and agriculture activity, provides the region with access to a limited range of raw materials. Economic regeneration studies have shown substantial opportunities, specifically in the agricultural sector, for diversifying the range of raw materials available in the District. At present the level of beneficiation undertaken within the District is limited, exceptions being the charcoal/briquette production in eDumbe, venison processing in uPhongolo and the carcass and blood meal plant in Abaqulusi.

Large unskilled workforce (+/-): There is no doubt that the District has access to a large workforce, however, due to the current lack of economic activity the workforce is generally unskilled and does not present the region with a comparative advantage.

Location (+/-): As mentioned the location of the District in relation to the east coast ports presents an advantage, but this is expected to have a limited impact on attracting industrial investment to the area.

Availability of transport infrastructure and services (+): This is viewed as a comparative advantage for the District, specifically its location in relation to the Coal Line, as well as generally good road infrastructure and air transport facilities. Specifically industries dependent on rail for accessing the export market (potentially through the port of Richards Bay) will benefit from a location in towns such as Paulpietersburg, Vryheid and Ulundi.

Firm structure and strategy

Manufacturing linked to declining sectors (-): The manufacturing sector in Vryheid, where the only major concentration of manufacturing activity is located, was and is dependent on the mining and agricultural sectors respectively. Both of these sectors have in recent years been in decline due to a range of factors discussed elsewhere.

World class industries (+): A number of historic examples, viz Valpre Mineral Water, the charcoal production and Roses' nougat ventures, illustrated that it is possible to establish world class industries within the District. It is interesting to note that the majority of current manufacturing initiatives are dependent on the available local raw materials. This provides a clue as to the types of industries with potential in the area. These industries should be used as examples of what can be achieved within the region.

Small manufacturing concerns (-): At present the majority of manufacturing concerns are of a small scale nature, viz. engineering works, metal work, furniture production etc. These smaller concerns have limited upstream or downstream linkages and therefore contribute little to the overall growth of the economy. The establishment of larger scale manufacturing concerns or the growth of small manufacturing concerns will potentially have a snowball effect on the economy of the District.

Lack of any form of clustering (-): To date there is no indication of the development of competitive industrial clusters within the District. Industrial clustering is viewed as important as cluster formation presents both vertical and horizontal opportunities. Continued efforts should be made to identify possible clusters to be nurtured and developed in the District.

Markets

The local market for manufactured goods (+): With a large local population the local market presents possibly the best opportunities for industrial development in the District. It is generally easier for emerging entrepreneurs to access and produce for the local market. This presents a basic opportunity for the development of an industrial sector which can grow into a globally competitive sector. Products for the local market would include basic household and consumer items such as food, beverages, clothing, textiles, footwear, furniture, building materials, appliances and others.

Access to export markets (+/-): At present limited production in the District is undertaken for the export market, the charcoal initiative being the exception. A number of potential opportunities for accessing export markets exists, but for this to be realised a number of pre-conditions exists. The pre-conditions would include the availability of capital for the establishment of appropriate production facilities, well-trained labour, effective quality control and appropriate capacity. It is important to note that production for the export market should generally not be endeavoured on until such time as a secure market for the product has been identified.

Related and supporting services/businesses

Lack of business support services (-): As noted in the discussion on the commercial sector, no dedicated business development support services exist within the District.

Access to finance (-): Although various funding sources support the establishment of new manufacturing businesses, local people generally do not understand the range of funding available or the appropriate routes for accessing the funding. Lengthy bureaucratic processes are often mentioned as one of the reasons for entrepreneurs not accessing the available funding sources.

Lack of supporting industries (-): Due to the small scale of current manufacturing activities in the District supporting industries for the establishment of a healthy manufacturing sector are severely lacking.

Government

Support for agri-industries (+): Within government there is general acknowledgement of the importance of agri-processing in economic development in the rural areas of KwaZulu-Natal.

Support for black economic empowerment (+): Black economic empowerment and SMME establishment is promoted and supported through various government departments and institutions. This ensures that a range of resources, both institutional and financial, is available to support new business establishment and entrepreneurial development.

8.4.3. SYNOPSIS: COMPETITIVENESS OF THE MANUFACTURING SECTOR

The manufacturing sector is underdeveloped in the District, however, a number of very competitive small industries relating to the natural resources in the District have been established (illustrating that this can be done). Lack of skills and business support services are viewed as major constraints in the development of the sector. The District does, however, have certain comparative advantages in terms of location, raw material availability and the extent of the local market.

8.4.4. OPPORTUNITIES IN THE MANUFACTURING SECTOR

A number of manufacturing sector opportunities have to date been identified in integrated development plans and economic regeneration studies undertaken for the municipalities in the District and include:

- Agri-Processing: Charcoal, venison and sugar production already undertaken in the District represents examples of successful agri-processing activities. Agri-processing opportunities generally promoted in the region include traditional medicines, venison production for export, leather production, and vegetable and fruit processing. The diversification of agricultural production in the District will lead to further potential for agri-processing.
- Arts and Crafts: Although there is substantial activity in the arts and crafts sector this is generally of an informal nature focussed on production of objects for local home use. Opportunities exist for the diversification of the products of the District and the improvement of marketing systems that will open up new local, national and international markets. The substantial international investment in game farms in specifically the uPhongolo Municipality and the focus on attracting international tourists to these areas is only one of the markets to be further explored. Other markets for arts and crafts include curio shops in national parks, curio shops in private game reserves, arts and craft centres in the District, as well as established marketing agents focussing on the national and international markets.

- Building materials manufacturing: A greater focus on benefiting from the subsidies available from the Department of Housing presents a range of opportunities in the building material manufacturing sector. Opportunities potentially include block-making, window frame and door manufacturing and roof construction.
- Clothing and textiles: Although competitive advantages for this industry are limited entrepreneurship is often the key ingredient needed for the establishment of ventures in this sector. The potential of exploiting specifically the local school clothing market should be considered.
- Other specialised manufacturing: Entrepreneurs in the District are identifying manufacturing opportunities on an ongoing basis. These opportunities are often unique and products could be marketed nationally. Local support for such entrepreneurs is required to ensure that production relating to these opportunities is undertaken in the District. Mechanism to support local entrepreneurs should be developed.

8.5. MINING

Coal mining historically provided a major impetus into the local economy of Northern KwaZulu-Natal. However, over the past 15 years a number of mines in the area ceased operation impacting negatively on the regional economy. The Abaqulusi Municipality was particularly affected by the closure of the Coronation and Hlobane mines in 1997 and 1998 respectively. Zululand Anthracite, a mine owned by an off-shore company, is located some 50 kilometres from Ulundi. In 2002 the following "Operating and Developing Coal Mines" in the Zululand District were identified, viz. Hlobane Colliery, Heritage Colliery, Vryheid Coronation Colliery, Natal Anthracite Colliery and Nyembe Colliery. The Nongoma Municipality listed KwaZiphethe and E-Sinkonkonko mines as being inactive, whereas the eDumbe Municipality indicated that the Longridge mine in its area is inactive. The current status of these mines could not be confirmed.

A paper prepared by Mr Rod Whyte (2003), a consulting geologist active in the Vryheid area for a number of years, provides an understanding of the coal mining industry in northern KwaZulu-Natal. He notes that coal mining has been undertaken in the area since the late 19th century, but that the coal reserves has been largely depleted. Only a few mines in the area are therefore still in full production. Historically the full range of coal, from high volatile bituminous through coking and lean bituminous, to anthracitic coals, has been mined in northern KwaZulu-Natal.

Whyte (2003) distinguishes between a number of coal fields (or subsidiary basins) in northern KwaZulu-Natal, viz.

- the Klip River Coalfield (Newcastle/Dundee area);
- Utrecht Coalfield;
- Vryheid Coalfield;
- Zululand Coalfield (Nongoma area);
- Somkele/Msebe.

The so-called Vryheid and Zululand Coalfields listed above are located in the Zululand District Municipality area. The Vryheid Coalfield stretches from west of Vryheid in a broad band to the east of Louwsburg and is further divided by Whyte (2003) into the Zuinguin Mountain area, the Hlobane/Matshongololo area, the Thabankulu/Enyati Mountain area and the Ngwibi Mountain area. The Zululand Coalfied starts to the north of Nongoma town and stretches in a broad band to the south. Portions of the eDumbe Municipality is further included into the Utrecht Coalfield.

Whyte (2003) indicates that in the Utrecht field coal was exploited at Dumbe near Paulpietersburg as early as 1889. Coal production in the Vryheid Coalfield was initiated in the Hlobane and Zuinguin Mountain area since 1898, with coal being mind at the Hlobane Colliery continuously for more than 100 years before the closure of the mine in 1999.

The Vryheid Coalfield: The Vryheid Coalfield was previously a large coal producer, but Whyte (2003) states that the coal is now largely worked out. Historically the large mines in the area, Hlobane and Vryheid Coronation, produced Coking coal. Natal Amonium, NAC and several others produced anthracite. According to Whyte (2003) a few small remnants of anthracite are still being exploited. The low phosphorous content of coal in certain areas (relating to the "Gus Seam") "encourages exploitation for metallurgical uses".

The Zululand Coalfield: The coal found in the Zululand Coalfield is high grade metallurgical anthracite. Whyte (2003) states that the Zululand Coalfield is the largest national producer of anthracite, but that this coalfield is controlled by one major company, compared to the multitude of companies in the other coalfields.

Whyte (2003) concludes his paper with a statement on the future potential of coal mining in the area which reads as follows: *"There are still mining opportunities available for small to medium sized operators in the coalfield, in areas which large companies discarded as being uneconomical. The profitability will be dependent on the cost of mining and rehabilitation, coal quality, marketability and export opportunities. A large pool of skills still exists"*

The following mining activities of note in the District have been identified by Whyte (*pers com* 2003):

- Current mining of the remnant pillars in the old Hlobane Mine for coking quality coal by a local company
- Planned mining at the Little Hlobane area if proved to be economically viable
- Brockwell mine 15 kilometres south of Paulpietersburg mined for lean/bituminous anthracite by a local entrepreneur
- Two shafts (one coking/lean coal and the other anthracite) being mined at the Ami Colliery by a local entrepreneur
- The coal in the Zululand coalfield is almost wholly owned by the company successfully operating the Zululand Anthracite Collieries (ZAC)
- A 25 million ton coal reserve at Somkele is being developed by AfriOre
- A further coal reserve of 40 million ton near Nongoma may be considered for mining in the near future (infrastructure problems needs to be resolved.
- The Klipwal gold mine in the uPhongolo Municipality is being mined successfully by an Australian company
- Dolorite quarries are in existence in Abaqulusi and Nongoma.

It is recommended that an updated assessment of the mining industry should be undertaken to verify and assess activities in this sector over the past decade. On the basis of this information an approach to supporting the sector can be initiated.

8.6. TRANSPORT

A brief overview of key transport infrastructure is provided alluding to some of the opportunities that exists for the development of the sector in Zululand.

8.6.1. ROAD TRANSPORT INFRASTRUCTURE

There are currently five main routes linking Gauteng with KwaZulu-Natal with three of these routes traversing the ZDM. These are listed in the table below.

TABLE 8.3: SIGNIFICANT LINKAGES BETWEEN GAUTENG AND THE COAST

	ROUTE	DISTANCE	MAIN COMPONENT
1	Johannesburg – Durban	578km	N3 (not in ZDM)
2	Johannesburg – Standerton – Newcastle – Ladysmith – Durban	610km	(not in ZDM)
3	Johannesburg – Vrede – Newcastle – Vryheid – Richards Bay	640km	(in ZDM)
4	Johannesburg – Piet Retief – Pongola – Richards Bay	638km	N2 (in ZDM)
5	Johannesburg – Piet Retief – Vryheid – Richards	657km	(in ZDM)

Source: Robinson & Associates 1999

Within the Zululand District Municipality key road infrastructure includes:

- the N2 stretching from Piet Retief through Pongola south towards Richards Bay;
- the R33 entering Zululand north of Paulpietersburg, passes through Vryheid and links up to Dundee;
- the R34 entering Zululand to the west of Vryheid, passes through Vryheid and links up to Melmoth in the south;
- the R66 linking Ulundi with the R34 stretching northwards through Pongola (7 km stretch between Nongoma and Pongola not surfaced);
- P700 linking Ulundi with the Umfolozi Nature Reserve (now surfaced) linking with P701 to Empangeni (still unsurfaced);
- (Vryheid – Louwsburg – Magudu)

8.6.2. RAIL INFRASTRUCTURE

The Coal Line, which started operations in 1976, links coal mines in Mpumalanga to the bulk export port of Richards Bay. The line runs from Witbank through Piet Retief, Paulpietersburg, Vryheid East, Ulundi to Richards Bay. Although initially designed to convey 21 million tons of coal exports per annum the route was upgraded in 1989 and in 1997 it conveyed 62 million tons of coal to Richards Bay (Robinson 1999). The Coal Line Study, conducted in 1999 noted that the 200 truck dedicated coal trains (of which there are 23 per day) "do not stop at stations within the corridor except to changes crews. All these trains return empty".

Further to this it was found that there is approximately 17 general freight trains on the line, transporting 30 000 tons of goods to Richards Bay, including fero-chrome, granite, chrome, steel and timber. Although most of the freight is loaded north of Zululand substantial amounts of timber is loaded in the eDumbe and Vryheid areas. The trains are reported to return with approximately 10 000 tons of goods (Robinson 1999).

8.6.3. AIR TRANSPORT INFRASTRUCTURE

Two airports of note is located in the District Municipality, viz. the Ulundi Airport and the Vryheid Airport.

The Ulundi Airport is licensed and considered to be a regional airport. The airport consists of two bituminous runways, a taxiway, apron, three large hanger, a terminal building and associated parking garages. Scheduled chartered flights between the airport and Durban / Pietermaritzburg have recently been resumed after previous government subsidised flights were ceased in the mid-2000s. The airport also caters for numerous un-scheduled flights associated with provincial government, tourism and business.

The Vryheid airport was built to Civil Aviation standards and has a tar and gravel runway. Its licensing status was not confirmed.

It should further be noted that a number of game farms have access to airstrips on private land.

8.6.4. THE TRANSPORT INDUSTRY

Within the broad transport industry in the Zululand District Municipality distinction can be made between various sub-sectors, viz. road freight transport, public road transport, air transport and rail freight transport. In terms of the "informal" sector stakeholders also identify the so-called "bakkie" industry responsible for the transport of goods from distributors/wholesalers to a range of retailers located in the rural areas.

At present the District does not benefit substantially from the well-developed primary transport infrastructure (rail, road, air). The alternative routes offered by the District should be further developed and marketed. Approaches to supporting the "informal" transport sector should be investigated. As is the case for the construction sector, this sector will benefit from development in the tourism, manufacturing and commercial sector.

8.7. CONSTRUCTION

The sector has experienced growth in recent years. Some of the major recent and current construction activities in the District would include:

- The general residential market.
- Major infrastructure construction, e.g. the Paris Dam, major roads such as the P700 and other strategic linkages.
- The building of lodges and tourism facilities, e.g. lodges to be built at Emakhosini, in areas surrounding the Pongolapoort Dam and on private game farms.
- The provision of basic services to the previously disadvantaged urban and rural communities within the District municipality.
- The provision of low income housing to the urban and rural communities of the District.
- Building of municipal and public sector buildings, e.g. the offices of the District Municipality.

9. ADDRESSING THE FUNDAMENTALS

9.1. INTRODUCTION

The previous chapter of this status quo report focused on the economic sectors and potentially a growth led approach to Local Economic Development. High levels of poverty in the District will, however, continue to limit the potential of the majority of the citizens to benefit from a growth led approach to economic development in the short to medium term. In order to establish an environment in which growth led economic development can be sustained a range of fundamental issues therefore needs to be addressed. The fundamental issues to be addressed are:

- Job creation through public works;
- Informal sector support;
- Establishing a conducive investment environment (considering specifically political stability, safety and security and environmental sustainability);
- Social service delivery supporting economic development (considering information and training, education, health and HIV/AIDS, welfare);
- Income protection; and
- A focus on the youth.

9.2. JOB CREATION THROUGH PUBLIC WORKS

9.2.1. BACKGROUND

Growth led economic development is a process which will take time and considerable resources. High levels of unemployment and low-income levels is a major obstacle for local people to become involved in economic activity in both the formal and informal sector, i.e. the resources are not available. In Zululand there are 83 361 employed people and 58 247 unemployed with a further 343 768 not economic active (IDP 2013). A focus on large-scale job creation, specifically in the rural areas, will contribute to higher levels of disposable income and the development of skills. Government has various programmes aimed at the provision of basic services and infrastructure, which can make a substantial impact on job creation and skills development.

It is essential that the dual impact of these programmes on community development be acknowledged, viz. (1) the provision of basic services and infrastructure and (2) job creation and skills development. A focus on only the basic services and infrastructure provision role of these programmes will be severely limiting on the potential impact of the programmes. In order to ensure maximum benefit accrues from these programmes to the people of Zululand the implementation of projects relating to each of the programmes should be structured to ensure:

- the employment of local people in all development programmes;
- a focus on entrepreneurial skills development, e.g. the establishment of small local contractors, building/construction material suppliers;
- the local manufacturing of building and construction materials, e.g. building blocks, pavers, building materials; and
- a focus on technical skills development.

9.2.2. INTERVENTION/OPPORTUNITIES

A number of the programmes referred to above are already being implemented in the District. The establishment of the Zululand District Municipality as a node in terms of the national Integrated Sustainable Rural Development Strategy further enhances the capacity of the District to attract funds from the various programmes. The various programmes that have a job creation focus include:

- the National Housing Programmes (specifically the People's Housing Process);
- Food for Waste programmes of the Department of Public Works which is aimed at members of the community who collect waste, that they hand over to the local offices in exchange for food vouchers;
- the Expanded Public Works Programme;
- Ilima/Letsema campaign of the Department of Agriculture which serves as motivation for communities to plough, plant and produce their own food;
- The various Working for .... Programmes: Working-on-fire which combines sound land management principles and best practised wild fire fighting expertise, with the need to create jobs and develop skill; Working for Wetlands programme of the Departments of Environmental Affairs, Water Affairs and Agriculture; Working for Water Programme of the Department of Water Affairs;
- Various road maintenance programmes of the Department of Transport ;
- The National Rural Youth Services Corps programme of the Department of Rural Development and Land Reform which is a youth skills programme directed at developing youth skills in several areas of trade that are needed in their communities;
- The national youth arts, culture and heritage youth campaign of the Department of Arts and Culture which is directed at training youths through learnerships in the arts, culture and heritage sector;
- The National Youth Development Agency which provides grant finance and business development support; and
- The Land Care programme of the department of agriculture which is a community based and government supported programme for the sustainable management and use of agricultural natural resources

Where programmes are already being implemented in the District the focus should be on enhancing the capacity of the District and Local Municipalities to implement these projects ensuring a focus on job creation and skills development. A Service Providers Forum, if it is fully operational on the District level, is an ideal vehicle for encouraging a greater focus on job creation and skills development. A clearly defined procurement, with a clear objective to support job creation, is essential in maximising the benefit of a number of the above programmes.

9.3. INFORMAL SECTOR SUPPORT

9.3.1. UNDERSTANDING THE INFORMAL ECONOMY

Development practitioners and other stakeholders still hotly debate a definition of what the so-called "informal economy" constitutes. It is generally believed that "given its heterogeneity and its evolving nature, describing the informal economy in any meaningful way is quite difficult" (Lund et al 2002). Two useful approaches to classifying the informal sector, however, are (1) by those who work in it (the workforce) and (2) by the activities which take place in it (economic units). Those who work in the informal sector can be classified as follows (Lund et al 2002):

- Non wage workers:
    - Employers, including owners of informal enterprises and owner operators of informal enterprises;
    - Self-employed, including heads of family businesses, own-account workers and unpaid family workers
- Wage-workers:
    - Employees of informal enterprises
    - Domestic workers
    - Causal workers with fixed employer
    - Homeworkers (also called industrial outworkers)
    - Temporary and part-time workers
    - Unregistered workers

As noted, another approach to classifying the informal sector would be according to the industry or sector in which the workers of the informal economy operates. Lund et al (2002) notes that the important point to keep in mind is that the informal economy has two basic components, viz. non-wage employment (referred to as independent workers) and wage employment (referred to as dependent workers).

Another raging debate focuses on the issues of the nature of the relationship between the formal and informal sectors. There are currently three schools of thought in this regard, viz. the dualists that views the informal economy as a separate marginal sector, the structuralists that views the informal sector as being subordinated to the formal sectors, and the legalists that views informal work arrangements as a rational response of micro-entrepreneurs to over-regulation by government bureaucracies (Lund et al 2002). The discussion of Lund et al continues to suggest that contrary to the dualist perspective, "most segments of the informal economy have direct production, trade, or service links with the formal economy".

There is also the view that "those who work in the informal sector are avoiding regulation and taxation and, therefore, are operating illegally". Lund et al (2002) supports an alternative view that "informal activities and relationships are well outside the criminal economy but fall on a continuum between illegal or underground activities and legal or formal activities". The definition used by Lund et al (2002) is a definition of the informal economy that includes "restricted legal operations or legal and irregular operators but not criminal operators (e.g. those dealing in illegal drugs or firearms)".

Other important views of the informal economy put forward by Lund et al (2002) to be considered in the Zululand context are:

- that there is no simple relationship between working informally and being poor, or working formally and escaping poverty;
- that a higher percentage of women than men worldwide work in the informal sector; and
- that the informal sector contributes to economic growth in at least two ways, viz. (1) the output and low wages of informal wage workers subsidise the growth of industries and (2) the output of informal enterprises also contributes to economic growth.

9.3.2. TYPES OF INFORMAL BUSINESSES

Based on research conducted primarily in KwaZulu-Natal over the past three years it has been confirmed that the informal sector is continuing to operate in all areas with limited external support.

The informal enterprises can be divided into three broad groups, viz.

- The retail / services related enterprises;
- The production related enterprises; and
- Agricultural enterprises.

The retail and service related informal businesses includes a wide range of enterprises such as general dealers, spaza shops, tucks shops, shebeens, taverns and services such as hair dressers, electronic repairs, car repairs etc. The number of these within a specific community will to a large extent relate to the urban structure and whether established activity nodes exist within the area.

Production related informal businesses include welders, wood workers, seamstresses, spray painters, artists, caterers, bakers and others. In each of the areas engaged with over the past three years between 30 to 40 production related enterprises have been identified without having to conduct detailed house to house surveys.

Agricultural groups or producers are also generally present, even in urban locations such as KwaNdengezi in eThekwini. The agriculture related informal enterprises are not considered part of this initiative.

9.3.3. CHALLENGES FACED BY THE INFORMAL SECTOR

The smaller retail and service related businesses engaged with have generally been found to be marginal (survivalist in nature with limited income generated), having limited access to formal trading space, and with limited prospects for graduation out of the informal sector. Business skills are limited, there is substantial duplication in terms of products traded in and often the informal traders are merely re-selling items purchased from nearby formal traders.

The production-based enterprises identified offer an interesting mix of business types and products. In some cases it was found that the production focus in an area relates to the (historic) focus of formal industries in the area, e.g. a strong sewing groups were identified in the Georgedale area of Mpumalanga in eThekwini which relates to the textile industry in the Hammarsdale Industrial area). Specific challenges for these businesses are access to space to operate from and connection to water and electricity. However, business skills, financial resources and access to markets present challenges.

9.3.4. THE INFORMAL ECONOMY IN ZULULAND

In general terms, following the above and discussions in previous chapters of the report, a range of economic activities in Zululand can be suggested to form part of the informal economy:

- informal small (and often illegal) mining activities in the two coal fields of the District;
- wage workers in the substantial commercial farming areas of the District;
- domestic workers in the established urban and farming areas;
- street traders primarily located in the urban centres;
- small scale home based traders (e.g. spaza shops);
- small scale farmers generally selling the surplus from subsistence production activities;
- home industries, specifically clothing and other arts and crafts manufacturers; and
- large sections of the transport industry, specifically the taxi and the so-called “bakkie” industry.

9.3.5. INTERVENTIONS/OPPORTUNITIES

As with most other issues relating to the informal sector there exists substantial debate as to whether governments (including local government) should intervene with the informal sector and why they should intervene. Economists subscribing to the view that government should intervene base their arguments on "some mix of equity, efficiency, or political economy principles" (Lund et al 2002). Those focussing on the equity principles argue that the informal sector face uneven market power and discrimination, have insufficient market information and skills, and have inadequate insurance against risk. Those arguing on the basis of efficiency principles argue "that the informal sector contributes to GDP; produces a large share of consumer goods; represents a potential source of capital goods; and provides a training ground for entrepreneurs. It is therefore suggested that governments should intervene "to promote productivity and growth in the informal economy". Those arguing on political economy principles suggest that government do intervene in markets in ways that are often biased towards large industries, and ask why policies directed or biased towards smaller businesses be singled out as distortionary.

Based on the above, it is suggested local government should intervene in a positive, constructive way in the informal sector. Historically the intervention of local government was negative through the implementation of by-laws which further reduced the potential of the informal sector. However, based on the above discussion it is suggested that some basic attitudes to the informal sector needs to be adjusted. This can be achieved through the encouragement of stakeholders in the District economy to acknowledge that:

- the informal sector makes an important contribution to economic development in the District and should not be viewed simplistically as "survivalist" or "illegal" in nature;
- there exists strong linkages between the informal and formal sectors of the economy;
- the informal economy is complex and a better understanding of the sector is to be developed in order to develop appropriate strategies to supporting it;
- the registration of informal sector businesses as a basis for developing a better understanding the sector and its contribution to the economy;
- flexible procurement procedures which will support the involvement of the informal sector in local level procurement;
- the provision of business related capacity building support;
- the development of co-operative relationships between the informal and the formal sector; and
- the provision of appropriate facilities for the informal sector.

9.4. A CONDUCIVE INVESTMENT ENVIRONMENT

9.4.1. POLITICAL STABILITY

There are various political organisations that have made inroads in the Zululand constituency. The three major political parties that have the major stake in Zululand are the national governing ANC, the IFP with traditional Zululand stronghold and the NFP from which a mayor emanates. Such a variety of political parties reflect the diversity of the population of Zululand. Political intolerance will continue to impact negatively on the investment environment and must be monitored and addressed. Any situations that may arise as a result of political interference will have a negative impact on investment the investment which directly affects the local economy.

Political education will then be an important tool to promote political tolerance. A lack of tolerance amongst the constituency from which civil conflict arises shall prove devastating for the socio-economic development of Zululand. Political education can help enlighten Zululand communities about the essence of political tolerance as well as bring attention to the impact associated with such intolerance.

It should be acknowledged that Zululand emerges as one of a very few areas that have a strong multi-party democracy. And this is beneficial for the Zululand community in that the political parties there have to work hard for votes since there is an indication that if they don't deliver according to their mandate, they will lose votes. So whoever wins the election makes sure that he pleases his constituency in fear of losing a stronghold to other political parties if they don't deliver. This is good for democracy and this is also good for the development of the local economy.

9.4.2. SAFETY AND SECURITY

It is a desire of any community that they should live in an environment that is safe for them as a people and also for their personal belongings. This safety need is required at home, at schools, on the roads, at pension pay out points and also in town where they visit often for various purposes including shopping and visiting government services. Security attracts investments and also provides a valid reason why local people should not leave their indigenous areas after they have become successful. Such prospects will have positive impact on the development of that local economy.

One of the major factors that investors look at before investing in an area is the level security. An area that has low levels of crime is more likely to attract investment than those areas that are targeted

9.4.3. ENVIRONMENTAL SUSTAINABILITY

The natural environment in Zululand is viewed as one of the key resources for future local economic development. The continued unsustainable utilisation of this resource will reduce economic potential. Unsustainable resource utilisation practices relating specifically to the agricultural and the mining sectors will also further impact on the future potential of the tourism and agricultural sectors.

The implementation of a Strategic Environmental Assessment (SEA) for the District will go some way in ensuring that environmental sustainability is considered in future development planning in the District. However, in the shorter term and in the context of specifically economic development there should be a focus on programmes contributing to environmental conservation and supporting job creation. Programmes potentially addressing this include:

- the Working for Water Programme;
- programmes aimed at limiting and addressing the impact of soil erosion; and
- general clean-up programmes.

9.5. SOCIAL SERVICES SUPPORTING ECONOMIC DEVELOPMENT

9.5.1. WELFARE SERVICES

A large percentage of rural households in the District are dependent on government pensions originating from the South African system of state social assistance for survival. This system is targeted primarily at the elderly people, people with disabilities, children and families. The following is noted regarding the effectiveness of specifically the Old Age Pension:

- **Reaching the Elderly**: It has been found that the Old Age Pension generally reaches the group for whom it is intended. The important redistributive mechanism relating to the pension is, however, also noted. The elderly applies for the subsidy as an individual, but as most elderly (specifically in rural areas) live within extended households the pension income "is typically pooled for general household expenditure". Lund

(2002) notes and then discuss what the pension does "in terms of broader anti-poverty and development goals, in the fields of household security, care, social spending, micro-enterprise formation, and the creation of local markets".

- **Individual and Household Security, and Raising Household Income**: The Old Age Pension provides security for the pensioner in the household as well as enhance the security of the whole household. Studies undertaken in the early 1990s illustrated how the "reliability of the pension enabled people to secure credit, hire equipment, buy improved agricultural inputs, and showed the importance of the regularity of the pension across the production cycle – ploughing, planting, weeding and harvesting".
- **Receiving and Giving Care**: Lund (2002) surmises that the pension ensures the right of the older person to receive care and support when he or she becomes frail. In turn the elderly fulfils an important role in caring for the younger members of the household. This caring role extends to the use of pensions for school expenses, and trips to access health services.
- **Effect on Health of Household Members**: In studies undertaken in the Western Cape by Case (2001, as reported by Lund 2002) where household pooled resources (including their pensions) pension income protected the health of all adult members in the household. The study further found that the "presence of a pensioner was positively and significantly correlated with an increase in children's height".
- **Micro-enterprise Formation and Creation of Markets**: With regard to the markets established around the pension payment points Lund (2002) notes that it is a different sort of periodic market which in many respects addresses the deficiencies in rural areas where "apartheid policies limited the growth of 'normal' urban settlements and markets". Lund concludes by stating that it is unusual for markets to be stimulated by state cash transfers, but that it "is surely important to local economic development".

Interventions relating to the welfare sector, to be considered in a comprehensive local economic development strategy for the Zululand District Municipality, will be aimed at ensuring that all persons legible for the state subsidies can access such in a safe and secure environment. Specific activities to achieve this will include:

- ensuring all communities have basic access to the offices of the Dept of Home Affairs and the Dept of Welfare (to obtain identity documents and register as beneficiaries of the welfare system);
- ensuring pension payment points are well-located and accessible for pensioners; and
- ensuring safety of pensioners when collecting pensions.

Further to this the use of pension payments points for the establishment of more general periodic markets, not only functioning on pension payment day, should be considered. Linkages with other government and private sector services, e.g. health services, could further impact indirectly on local economic development.

9.5.2. HEALTH AND HIV AIDS

Health is a basic pre-condition for an individual to become an active contributor to the local economy. In general, therefore, the promotion of health is viewed as essential in establishing an environment conducive to economic development. Zululand is seen as an area severely affected by HIV/AIDS and this will impact on economic development in a number of ways, e.g. creating higher levels of dependency, reducing productivity in the workforce, etc. The potential impact of specifically HIV/AIDS on economic development is well documented.

For the purpose of formulating an economic development strategy for Zululand it will be important to look further than the negative impacts of the pandemic to constructive approaches to reduce the impact of the pandemic linked to job creation and income generation. This principle could also be applied to addressing the impact of other health related impacts. Potential opportunities relating to this sector to be considered include:

- Home based care: Implementing pilot programmes relating to home based care where care-workers are paid a minimum salary, thus contributing to job creation and income generation; and
- Primary health care: Ensuring the coordinated provision of primary health care services, specifically focussing on the system of employing community health officers in the Zululand District Municipality.

9.5.3. EDUCATION

The positive impact education has on the development of the local economy cannot be ignored. It has been indicated in the 2013 ZDM IDP that many young people still do not have access to and education. It is recorded that 79 699 people under the age of 24 are not attending school, whereas those who have no schooling at all make 9% of the population. This lack of education is as a result of various reasons, but particularly devastating is the fact that older children in households headed by children find it very difficult to continue with their schooling, as they have to fend for their young siblings.

9.5.4. INFORMATION AND TRAINING

Substantial support for local economic development, black economic empowerment, and micro- and small business establishment is available from the public, private and NGO sectors. This support is in the form of direct and in-direct financial support, as well as capacity building support. Communities and individuals, specifically those in rural areas, however, have difficulty in accessing relevant information and support. This can be attributed to a number of factors:

- limited awareness exists of the support that is available;
- distances from major provincial centres where the relevant public and private sector stakeholders are based;
- complicated bureaucratic processes involved in accessing information and applying for support;

Appropriate approaches to the dissemination of relevant information, that will in future impact on economic development, needs be established. This will in all likelihood require high levels of cooperation between national and provincial government, government agencies, non-governmental organisations and the District and local municipalities.

9.6. FOCUS ON THE YOUTH

Forty one percent of the population of the Zululand District falls into the 0 to 14 year age category. A further 19% of the population falls within the 15 to 19 year age category. The youthful population of the Zululand District presents very specific challenges for future economic development. At present few new job opportunities are created within the District thereby limiting the opportunities of school leavers entering the job market.

The youth represents the workforce of the future and without new jobs being created other social challenges are created. Further impacting on this situation is the fact that the education system generally does not prepare the youth for gaining access to the job market.

As a starting point, in order to accommodate school leavers in the job market, new job opportunities needs to be continually created. However, parallel to this, an effort should also be made to prepare the youth adequately for the job market. A number of approaches can be followed in order to achieve this, viz.

- establishing youth entrepreneurship programmes (a number of very successful programmes have been initiated on a national level);
  - The National Rural Youth Services Corps programme of the Department of Rural Development and Land Reform which is a youth skills programme directed at developing youth skills in several areas of trade that are needed in their communities
  - The national youth arts, culture and heritage youth campaign of the Department of Arts and Culture which is directed at training youths through learnerships in the arts, culture and heritage sector
  - The National Youth Development Agency which provides grant finance and business development support
- aligning education with the economic strategies of the District, i.e. a focus on agriculture, tourism and entrepreneurship development in general;
- establishing incentives for school children to excel, e.g. a Mayor's award, private sector award systems etc.;
- establishing mentorship programmes for school leavers in which both the public and private sector can fulfil a role.
- The National Arts Council of the department of Arts and Culture is mandated to fund individuals or community organisations in various disciplines including dance, choreography, craft, music, visual arts, theatre etc.

Various funds, but specifically the National Youth Development Agency, have been established to support youth related development activities and should be drawn on. SEDA and other government agencies, as well as private sector and international donor funders fund entrepreneurship development programmes.

10. INSTITUTIONAL STRUCTURING AND LED ACTIVITIES

10.1. INTRODUCTION

This section provides an overview of the institutions engaged in local economic development and current LED related activities. The assessment of current LED related activities draws on an assessment undertaken by the Department of Economic Development and Tourism in 2012 (Isikhungusethu 2012).

10.2. OVERVIEW OF INSTITUTIONS ENGAGED IN LOCAL ECONOMIC DEVELOPMENT

In preparing an economic development strategy for the Zululand District Municipality, it is essential to integrate and draw on the support of various stakeholders in the planning and implementation of LED. The institutions/organisations include:

- local government;
- government departments with the potential to become directly involved in local economic development;
- government departments, which although not being directly involved in LED, can fulfil a role in promoting and supporting LED;
- national and provincial government institutions;
- government programmes; and
- other institutions/organisations primarily from the private and NGO sectors.

The table following provides an indication of institutions with a (potential) role to fulfil in terms of local economic development.

TABLE 10.1: INSTITUTIONS/ORGANISATION PROVIDING SUPPORT FOR LOCAL ECONOMIC DEVELOPMENT

	INSTITUTION / ORGANISATION	CURRENT/POTENTIAL ROLE IN TERMS OF LED
1. LOCAL GOVERNMENT / AUTHORITIES		
1.1	Zululand District Municipality	The primary function of the District Municipality is that of Water Services Authority for its area of jurisdiction. This function in itself should be central to future local economic development, both directly and indirectly. However, The ZDM is responsible for the facilitation and coordination of local economic development in the District.
1.2	Local Municipalities	The Local Municipalities have the mandate of promoting the concept of developmental local government as reflected on in the White Paper on Local Government. To this end each of the Municipalities have a person(s) responsible for promoting local economic development and generally have a specific portfolio committee of Council also dealing with economic issues in the municipality.
1.3	Traditional Councils	The majority of communities in Zululand fall within traditional authority areas. Traditional authorities therefore have to continue to fulfil a key role in the promotion of local economic development within their spheres of responsibility. The specific role of the Traditional Authorities needs to be further explored in the Strategy development Phase.
2. GOVERNMENT DEPARTMENTS (DIRECT)		
2.1	Dept. of Land Affairs and Rural Development	The Department of Land Affairs is the primary institution responsible for land restitution, redistribution and tenure. Most LED related initiatives have a spatial / land component and it is here where the Department can provide the most substantial support in unlocking the potential of the area. The various subsidy and grant mechanisms of the Department could provide financial support for LED.

	INSTITUTION / ORGANISATION	CURRENT/POTENTIAL ROLE IN TERMS OF LED
2.2	KZN Dept. of Human Settlements	The Department of Human Settlements is responsible for the implementation of the housing subsidy programme of government. The provision of housing and related services is viewed as a potential vehicle for kick-starting LED and projects should be structured in cooperation with the Department to achieve this. The Department currently has a strong focus on rural housing provision and this should be viewed as an important opportunity for kick-starting economic development.
2.3	KZN Dept. of Environmental Affairs, Agriculture and Rural Development	The Department is involved in a wide range of activities relating to the promotion and maintenance of agricultural activity specifically in rural areas. Historically the department focussed on the provision of extension services and the establishment of community gardens.
2.4	KZN Dept. of Economic Development and Tourism (DEDT)	DEDT is involved in supporting LED in various ways ranging from the provision of funding for LED planning to implementation support for specific projects.
2.5	Department of Trade and Industry (DTI)	The DTI identifies in excess of 30 financial incentive schemes aimed at (1) promoting industrial development, (2) black economic empowerment, (3) entrepreneurial development and (4) skills development. The Small and Medium Enterprise Development Programme of the DTI is specifically aimed at encouraging the start up or expansion of small and medium business in South Africa.
3. GOVERNMENT DEPARTMENTS (INDIRECT)		
3.1	KZN Dept. of Cooperative Governance and Traditional Affairs	The extent to which the Department is currently involved in LED in the District was not established. Various planning activities of the Department will, however, impact on future LED implementation. The Department also has an important role of an indirect nature to fulfil in LED implementation. The primary areas in which this department can support LED are in supporting and encouraging the involvement of tribal authorities in LED processes, as well as support and guidance for the implementation of the LUMS.
3.2	Dept. of Welfare	A large percentage of households in the Zululand District Municipality are dependent on grants administered by this department for survival. However, the Department has also in the past become directly involved in supporting poverty alleviation activities and projects.
3.3	Dept. of Labour	The Department of Labour, primarily through the Sector Education and Training Authorities (SETAs), will in future contribute to local economic development. The government accepts that central to creating jobs is a coherent and workable skills strategy. The Skills Development Act forms the core of this strategy and provides for businesses to pay a skills development levy of 1% of their annual payroll. This levy is distributed to the 25 SETAs who in turn take responsibility for training. The SETAs potentially most relevant to the Zululand District Municipality includes construction, local government and water, primary agriculture, public services, secondary agriculture, services, and tourism and hospitality.
3.4	Dept. of Education	Although not directly involved with LED activities at present the Department of Education should in future become a key stakeholder specifically in the promotion of LED and building of capacity relating to LED. Efforts should be made to start developing a culture of entrepreneurship on the school level.
3.5	Dept. of Water Affairs and Forestry	The potential for the further promotion of activities such as the Working for Water Programme should be investigated. The Department already makes a substantial contribution to local economic development through the funding it is making available for water and sanitation projects in the District.

	INSTITUTION / ORGANISATION	CURRENT/POTENTIAL ROLE IN TERMS OF LED
4. GOVERNMENT INSTITUTIONS		
4.1	KZN Tourism Authority	The KZN Tourism Authority provides support for tourism development and ventures on various levels, this includes financial, institutional and capacity building support.
4.2	Trade and Investment KwaZulu-Natal	Trade and Investment KwaZulu-Natal (TIK) is the official trade and investment marketing body for the province of KwaZulu-Natal. TIK has to date identified sixteen economic sub-sectors on which it will focus its marketing and investment promotion activities. The sectors potentially relevant to LED in the Zululand District Municipality include arts and crafts, tourism, clothing, leather and footwear, and aquaculture.
4.3	Ithala	The Agri-business and Commercial Development divisions of Ithala will potentially fulfil a role in local economic development. Ithala is a potential source of loan funding for business ventures.
4.4	Industrial Development Corporation (IDC)	The IDC generally provides equity or loan funding for major economic development projects (a lower limit of R1 million for projects generally apply). Some of the schemes administered by the IDC includes the Agro-Industries Development Finance Scheme, the Empowerment Finance Scheme and Finance for the Expansion of the Manufacturing Sector.
5. GOVERNMENT PROGRAMMES		
5.1	Housing Subsidy Scheme	The Housing Subsidy Scheme of government is administered by the KZN Department of Human Settlements.
6. OTHER		
6.1	Business Support Centres	No business support centres are located in the Zululand District Municipality.
6.2	NGOs/CBOs	Various NGOs and CBOs are active in the field of local economic development. These organisations can fulfil an important role in promoting specific aspects of LED including training, capacity building, funding etc.
6.3	Private Sector	The general lack of resources and skills for local economic development in the rural areas require a high level of involvement of the substantial expertise and resources existing in the private sector.

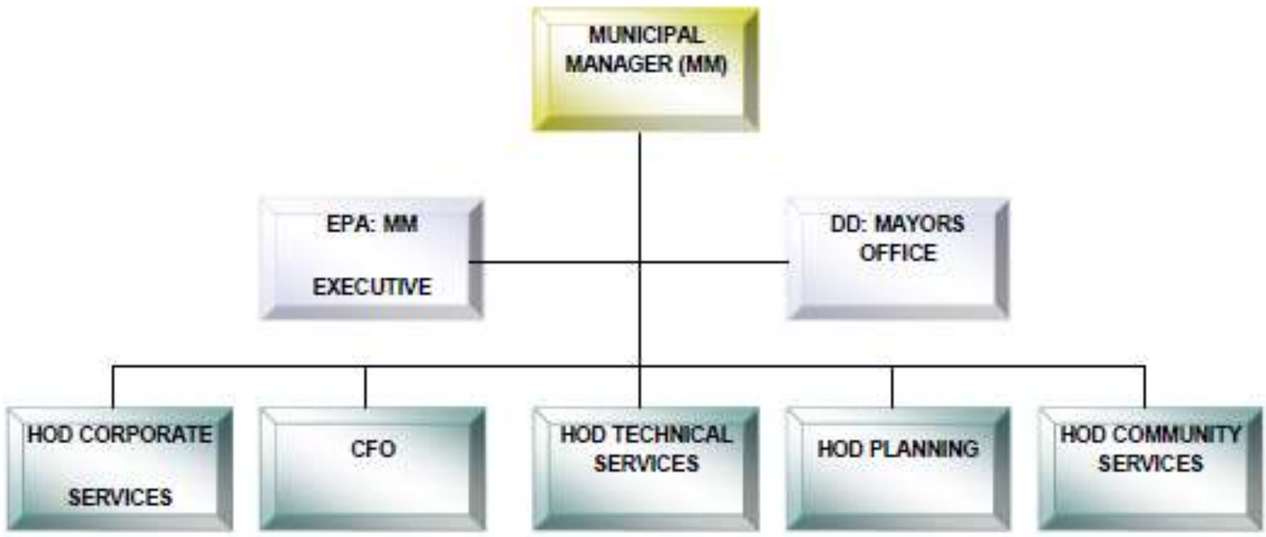
10.4. DISTRICT INSTITUTIONAL CONTEXT

The Zululand District Municipality consists of six (6) departments namely:

- Municipal Manager's office
- Finance Department
- Technical Services Department
- Planning Department
- Corporate Services Department
- Community Development Department

The Local Economic Development Unit is within the Community Services Department

DIAGRAM 10.1: ZULULAND DISTRICT MUNICIPALITY ORGANOGRAM



10.5. MUNICIPAL INSTITUTIONAL CONTEXT

Each of the local municipalities has established responsibilities and structures for promoting local economic development.

TABLE 10.2: RESPONSIBILITY FOR LED IN ZULULAND MUNICIPALITIES

NO	MUNICIPALITY	TEL NUMBER	LED MANAGER	EMAIL ADDRESS
1	Abaqulusi Municipality	034 982 2133	Lunwabo Mngudlwa	lmngudlwa@abaqulusi.gov.za
2	eDumbe Municipality	034 995 1650	Alex Mbatha	mbathab@edumbe.gov.za
3	Nongoma Municipality	035 831 7500	Sbusiso Zulu	sbu.led@nongoma.org.za
4	Ulundi Municipality	035 874 5100	Mrs Thandeka Ntombela	tntombela@ulundi.gov.za
5	uPhongolo Municipality	034 413 1223	Thabani Mazibuko	thabani@uphongolo.org.za
6	Zululand Municipalities	035 874 5500	Bongani Sibiya	bsibiya@zululand.org.za

10.7. MUNICIPAL CAPITAL INVESTMENT

The District Profiling for the Provincial Spatial Economic Development Strategy (Isikhungusethu 2012) attempted to identify major (focus on R20m plus) capital investment projects in the District located in the following categories:

- New nodes / developments: including tourism, commercial and industrial nodes;
- Bulk infrastructure supporting economic development: including bulk infrastructure (excluding reticulation) for water and electricity and other infrastructure related to solid waste
- Link and major access infrastructure supporting economic development including roads, airports and taxi ranks amongst others; and
- Facilities supporting economic development including sport stadiums, markets, trading centres and the like.

From the information collected (as reflected in the table overleaf) the following general observations were made:

- *It was noted that the Nongoma and Ulundi Municipalities have to date mainly benefitted from government investment, whereas the investment in uPhongolo, eDumbe and Abaqulusi was generally more private sector orientated.*
- *In Zululand there has been a strong focus on providing specifically rural communities with access to water and this has been done with some success, but often at the expense of upgrading and maintaining urban infrastructure (eg serious leakage factor in all the main towns in the District).*
- *The establishment or upgrading of important link infrastructure is also a key feature of historic investment with improved road linkages being developed between Hlabisa and Nongoma, Nongoma and Pongola (not completed) and Empangeni and Ulundi (not completed). The redevelopment of the Airport and the substantial effort made to provide scheduled links to the Ulundi airport is also aimed at providing better linkages between Zululand and other economies. The intermodal transport facility in Ulundi also improves economic linkages.*
- *Other than in eDumbe the focus of local government is on the tourism and agricultural sectors although it would appear as if these activities are not generally coordinated. A range of projects has been identified in these sectors, but implementation successes have been limited. eDumbe has identified a project focussing on future industrial development.*
- *Both the Nongoma and the Ulundi Municipalities have benefitted substantially from investment respectively the Neighbourhood Development Project Grant (NDPG) of National Treasury for the redevelopment of the Nongoma CBD and the development of the P700/701 route between Ulundi and Empangeni funded by the KZN Department of Transport.*

In general a large number of future strategic projects for the Zululand District have been identified. Accessing funding for the implementation of these project remains a key challenge.

TABLE 10.3: HISTORIC, CURRENT AND FUTURE CAPITAL INVESTMENTS IN DISTRICT ECONOMIC DEVELOPMENT

LOCAL MUNICIPALITY	SECTOR	PROJECT NAME	PROJECT STATUS	FUNDING SOURCE(S)	BUDGET
eDumbe	Bulk infrastructure	Development of a Provincial road P1670	Historic	0	R25,000,000
Nongoma	Bulk infrastructure	Usuthu & Mandlakazi bulk water schemes	Historic	0	no info
Ulundi	Bulk infrastructure	P700	Historic	0	no info
Ulundi	Facilities supporting econ. dev.	Ulundi inter modal taxi rank	Historic	0	R30,000,000
eDumbe	Other	Ophuzane Masfication (Agricultural project)	Historic	Department of agriculture	R9,100,000
eDumbe	Bulk infrastructure	Hydro electrification	Current	Private company	R1,600,000
eDumbe	Bulk infrastructure	Simdlagentsha water scheme	Current	Zululand District	R35,000,000
Ulundi	Bulk infrastructure	Enyokeni power station	Current	Eskom & DOE	R23,000,000
Ulundi	Bulk infrastructure	P700 Nodal Development, Cengeni Gate - HIP	Current	0	R9,000,000
Nongoma	Establish new nodes	Nongoma Town Regeneration	Current	Neighbourhood grant	R103,000,000
Regional	Establish new nodes	P700 Node - Commercial	Current	0	R35,000,000
Nongoma	Facilities supporting econ. dev.	Revitalization of Mona Market	Current	0	R6,000,000
Ulundi	Facilities supporting econ. dev.	Ulundi Airport Redevelopment	Current	Provincial Treasury	R30,000,000
Ulundi	Facilities supporting econ. dev.	Ulundi Intermodal Transport Facility	Current	0	no info
Regional	Mining and quarrying	Private sector coal mining initiatives	Current	0	R20,000,000
eDumbe	Other	eDumbe Poultry Production	Current	Private company	R7,000,000
Regional	Tourism	Emakhosini-Opathe Heritage Park	Current	0	R20,000,000
Regional	Agric processing	Venison Abattoir and other game related products	Future	0	R16,000,000
uPhongolo	Agric processing	EMKHWAKHWENI Chicken abattoir	Future	0	R8,000,000
eDumbe	Establish new nodes	eDumbe Industrial Development	Future	DBSA	R54,000,000
uPhongolo	Establish new nodes	Golela Corridor Development	Future	0	R3,000,000
uPhongolo	Establish new nodes	uPhongolo Town beautification project	Future	0	R3,600,000
eDumbe	Facilities supporting econ. dev.	eDumbe Shopping Mall	Future	Private company	R200,000,000
Ulundi	Facilities supporting econ. dev.	Waste to Energy Recycling Ph1: Buy-back Centre	Future	Private and government	R6,300,000

LOCAL MUNICIPALITY	SECTOR	PROJECT NAME	PROJECT STATUS	FUNDING SOURCE(S)	BUDGET
Ulundi	Facilities supporting econ. dev.	Waste to Energy Recycling Ph2: Energy Plant	Future	Private and government	R25,000,000
Ulundi	Facilities supporting econ. dev.	Tourism Hub and Legacy Village construction earthworks	Future	0	R10,000,000
Ulundi	Facilities supporting econ. dev.	Ulundi 19 Filling Station and Tourism Centre Development	Future	0	no info
uPhongolo	Facilities supporting econ. dev.	Pongola Fruit & Vegetable Canning Factory	Future	0	R10,000,000
uPhongolo	Facilities supporting econ. dev.	Belgrade Filling Station Development	Future	0	no info
uPhongolo	Facilities supporting econ. dev.	Truck Stop Development	Future	0	R10,000,000
uPhongolo	Facilities supporting econ. dev.	"Branding" included in the Marketing Plan for Lebombo and St Lucia the Pongolapoort Dam	Future	0	R18,000,000
uPhongolo	Facilities supporting econ. dev.	Pongolapoort Dam: Water Based Public- Private Partnerships	Future	0	R80,000,000
Abaqulusi	Other	Support for Land Redistribution and Restitution Initiatives in Zululand	Future	0	R20,000,000
uPhongolo	Other	Godlwayo Cultural village	Future	Applied for	R5,000,000
uPhongolo	Other	uPhongolo Fleamarket opposite Junk Shop	Future	0	R3,600,000
uPhongolo	Other	Pongola Multi Art Centre	Future	0	R15,000,000
uPhongolo	Other	Ncotshane recreational centre	Future	0	R9,000,000
uPhongolo	Other	Tannery Project	Future	0	R10,000,000
uPhongolo	Other	Candover Market Stalls – DFA Application	Future	0	R13,000,000
Abaqulusi	Tourism	Abaqulusi Cultural Village	Future	0	R1,200,000

Source: Isikhungusethu 2012

BIBLIOGRAPHY:

Abaqulusi Local Municipality. March 2013. **Draft Review of Integrated Development Plan 2013/2014.**

E-Plan Town and Regional Planners. February 2013. e**Dumbe Spatial Development Framework.** eDumbe Municipality

eDumbe Local Municipality. March 2013. **Draft Review of Integrated Development Plan 2013/2014.**

Isibuko Se Africa. December 2008. **Abaqulusi Municipality Spatial Development Framework.** Abaqulusi Local Municipality.

Isikhungusethu (Pty) Ltd. March 2012. **KZN Department of Economic Development and Tourism PSEDS Profiling District Economic Driver**. Zululand District Municipality.

Iyer Rothaug Collaborative. 2006 **Spatial Development Framework 2006/2007**. uPhongolo Local Municipality

Iyer Rothaug Project Team, May 2003. **Zululand Coordinated Local Economic Development Framework, Draft 2 Phase 4a: Strategy Report.** Zululand District Municipality**.**

Iyer Rothaug Project Team, May 2003. **Zululand LED Framework, Final Draft Phase 3: The Tourism Sector Report.** Zululand District Municipality**.**

Iyer Rothaug Project Team, May 2003. **Zululand LED Framework, Final Draft Phase 3: The Agriculture Sector Report.** Zululand District Municipality**.**

Iyer Rothaug Project Team, May 2003. **Zululand LED Framework, Final Draft Phase 3: Business Sector Report.** Zululand District Municipality**.**

Iyer Rothaug Project Team, May 2003. **Zululand LED Framework, Final Draft Phase 3: Addressing the Fundamentals Report.** Zululand District Municipality**.**

Nongoma Local Municipality. March 2012. **Draft Review of Integrated Development Plan 2012/2013**

Nongoma Local Municipality. March 2013. **Draft Review of Integrated Development Plan 2013/2014**.

Strategic Planning Resources. May 2010. **Review of Nongoma Local Economic Development Strategy.** Nongoma Local Municipality

Ulundi Local Municipality. August 2008. **Local Economic Development Plan.**

Ulundi Local Municipality. March 2013. **Draft Review of Integrated Development Plan 2013/2014.**

uPhongolo Local Municipality. February 2012. **Local Economic Development Strategic Plan.**

Vuka Afrika. May 2013. **Zululand Draft Spatial Development Framework.** Zululand District Municipality

Zululand District Municipality. March 2013. **Draft Review of Integrated Development Plan 2013/2014.**

INTERVIEWS CONDUCTED AS PART OF TOURISM ASSESSMENT

NAME	SURNAME	BUSINESS	EMAIL	TEL
NONGOMA				
Percy	Nzuza	Owner Nongoma Inn and Nongoma Lodge	mlung@mweb.co.za	035 831 0062 082 852 3061
PONGOLA				
Engela	Beyers	Pongola Country Lodge	manager@pongolacountrylodge.co.za	034 413 1352
Edward	Ngwenya	Owner Crocodile Creek Lodge, Ncotshane Township		034 316 1490 082 978 9097
Senzo	Kunene	Pongola Tourism Office	senzo@uphongolo.org.za	076 528 2854
ULUNDI				
Gustav	Rohrs	Tourism Manager ZDM	ztourism@zululand.org.za	082 801 0551
Nathi	Mayise	Tourism Officer ZDM	ztourism@zululand.org.za	073 616 9708
Welile	Mtshali	Group Hospitality Manager EKZN Wildlife - [previously based at Mpila Camp Hluhluwe-Imfolozi Park]	mtshaliw@kznwildlife.com	082 758 0119
Arthur	Konigkramer	Owen's Camp	info@owenscamp.co.za	082 490 1295
Njabulo	Dhlomo	Catering & Wedding Business	njabsd@webmail.co.za	082 844 5851
Charmaine	Herbst	Intibane Lodge	opsulundi@vodamail.co.za	082 920 7996
Regina	Van Vuuren	AMAFA	regina@heritagekzn.co.za	035 870 2050
Dudu	Hlongwa	Emakhosini, Multi-Media Centre Manager AMAFA	mgummc@telkomsa.net	035 450 0917
Thandazile	Zungu	Tour guide, Spirit of Emakhosini Memorial AMAFA		073 850 2649
Patricia	Gumede	Fedair Ulundi	patricia.gumede@fedair.com	
PAULPIETERSBURG				
Shaylene	Pieters	Manager Natal Spa	rdnspa@goodersons.co.za	034 995 0300
VRYHEID				
Tyler	Van Heuning	Oxford Lodge	oxfordlodge@gmail.com	034 980 9200
Front Desk Staff		Shakaland		035 460 0912

ANNEXURE A: AGRICULTURAL ASSESSMENT

Available on request.

ANNEXURE B: TOURISM ASSESSMENT

Available on request.