



the dplg

Department:
Provincial and Local Government
REPUBLIC OF SOUTH AFRICA



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Inanda, Ntuzuma, KwaMashu (INK) Nodal Economic Development Profile

KwaZulu Natal

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Section 1: Introduction

1.1 Purpose

The intention of this paper is to serve as a succinct narrative report on the Inanda, Ntuzuma, KwaMashu (INK) Nodal Economic Development Profile.¹ The profile report is structured to give digestible, user-friendly and easily readable pieces of information on the economic character of the INK Integrated Sustainable Urban Development (UDP) node.

1.2 The Nodal Economic Profiling Project

In August 2005, in a meeting with the Urban and Rural Development (URD) Branch,² the minister of Provincial and Local Government raised the importance of the dplg programmes playing a crucial role in contributing to the new economic growth targets as set out in the Accelerated and Shared Growth Initiative of South Africa (ASGISA). He indicated the need to develop an economic development programme of action for the urban and rural poverty nodes.

In response, a *Programme of Action for Building Productive and Sustainable Nodal Economies* was developed by the URD Branch in September 2005. The programme of action (PoA) is intended to stimulate economic growth and development in the poverty nodes. It is important to understand the economic potential of the nodes; identify opportunities for public and private sector investment; identify barriers and constraints to economic activity within the nodes; and acknowledge recommendations on strategic interventions for improving the nodal business climate, and the institutional recommendations for implementation.

Three high-level deliverables form the core of the PoA. These are:

- (a) Nodal Economic Profiles (in which information such as demographics, institutional capacity, potential economic interventions, space economy, competitiveness profiles and so on, is contained).
- (b) the Nodal Investment Atlas (a compendium of public and private sector investment opportunities).
- (c) the Nodal Economic Development Support Agency (recommendations and proposals).

In order to fund the PoA deliverables, various development partners were approached. The Business Trust believed in the credibility of this initiative, and funded it through the Community Investment Programme (CIP). Nonetheless, it needs to be pointed out that the Nodal Economic Profiling Project is a government-based initiative intended to raise the importance of productive and sustainable nodal economies.

¹ Information is sourced from a detailed PowerPoint profile of INK.

² The Urban and Rural Development Branch is one of the deputy director-general divisions within the dplg.

Section 2: An Overview of Inanda, Ntuzuma, KwaMashu

2.1 Administration

For the purposes of this study, the three areas of Inanda, Ntuzuma and KwaMashu are combined into a single area, referred to as INK. The areas are adjacent to one another and the physical boundaries between them are blurred. eThekweni Municipality manages INK through a single administrative unit, and local councillors are responsible for wards that cut across all three areas.

2.2 Spatial information

INK is a predominantly residential area situated 20km north-west of eThekweni (Durban) city centre. The INK node is both a presidential poverty node within the Urban Renewal Programme (URP) as well as one of five Area Based Management (ABM) Learning Areas within the eThekweni Municipality. Despite the differences between the individual areas, the three nodes share a common set of challenges. As residential areas with low levels of internal economic activity, their growth prospects are strongly linked to external areas (chiefly Durban).

Inanda

- The oldest of the three settlements, Inanda was established in the 1800s as a “reserve” for African people. A sizable local Indian population also resided in the area until 1936, when it was designated a “Released Area” for exclusive occupation by Africans. The area comprises predominantly informal settlements, and has a substantial formal housing backlog.

KwaMashu

- This area was established by the City of Durban in the late 1950s, in order to accommodate African individuals who had been removed from other locales within the city, notable Cato Manor. In the mid 1980s, the area experienced high levels of political mobilisation and criminal activity. The area comprises predominantly formal housing. It is viewed as the node’s economic hub because of its close proximity to Durban and its major transportation corridors.

Ntuzuma

- This township was built in the 1970s as a planned African township. Political tension and violence was high in the 1980s, sparked by issues surrounding service levels and tenure arrangements. Ntuzuma is largely a residential area, comprising mainly formal housing.

Transportation

- INK lies close to Durban’s CBD as well as the growing suburban commercial and industrial areas of Springfield, Umhlanga and La Lucia.

- The area's main transport hub (rail station and taxi rank) is in KwaMashu, which lies 20 km from the city centre.
- Some 70% of INK residents commute to the city using rail transport, while the rest travel by minibus taxi and buses.
- KwaMashu is well connected to the city via rail and the KwaMashu highway, but travel within the area itself remains constrained and costly.

Terrain and natural resources

- INK is primarily a residential area. It is characterised by a shortage of land with hilly terrain covered by dense housing.
- Housing in the area is largely formal (52%); while informal housing accounts for 43% and traditional housing 5% of the area.
- While land is generally scarce in the area, some tracts of undeveloped land still exist within KwaMashu and on the outskirts of Inanda.

2.3 Socio-economic information

The socio-economic character of INK can be described as follows:

Population

- The population is about 580 000 people (2006 estimate) in an area that covers 70,1km². The entire population is urban based. The population density is 6 325 persons/km².
- About 55% of households in the area have one to three members, and a further 35% accommodate four to seven people.
- Over 65% of the population is younger than 29 years of age, indicating that youth development is a priority within INK.
- The female-to-male ratio is almost on a par, with 51% of the population female and 49% male. Despite this, male-headed households are in the majority at 57%.
- Around 95% of the population speaks Zulu as a first language. The limited level of English instruction inhibits opportunities for employment within eThekweni's knowledge economy.

Infrastructure

- Service provision, with the exception of piped water, is within the norms of the urban node averages. Households without access to basic services are as follows: 26% are without electricity, 30% are without piped water, 2% are without waste removal services, and 67% are without fixed line telephones.
- INK currently has no tertiary education facilities.
- Plans exist for the establishment of two new hospitals of 450 beds each.

Employment and income

- Around 40% of the population are unemployed, with a further third (33%) recorded as being not economically active.
- Some 75% of all households earn below R9 600 per annum, and 93% of those who are employed are paid employees.
- The incidence of poverty is directly related to the low rate of employment of only 27%.

Education

- Within the 0- to 24-year-old INK population, 34% have never attended school.
- Of the 64% that have attended preschool and school, 22% have a Grade 12 level education.
- Only 4% of those educated have attained a tertiary qualification.
- Pass rates and university exemption rates are low.

Health care

- There are 26 clinics and one hospital in INK.
- The per capita health expenditure is R179 per annum.
- The average number of patients per nurse per day is 32,4.
- HIV prevalence is recorded at 39%, based upon eThekweni base data.

2.4 Funding and budget breakdown

The INK programme had a 2005/2006 budget of R23,9 million, and its funding stems from various levels of government and line departments as well as the European Union.

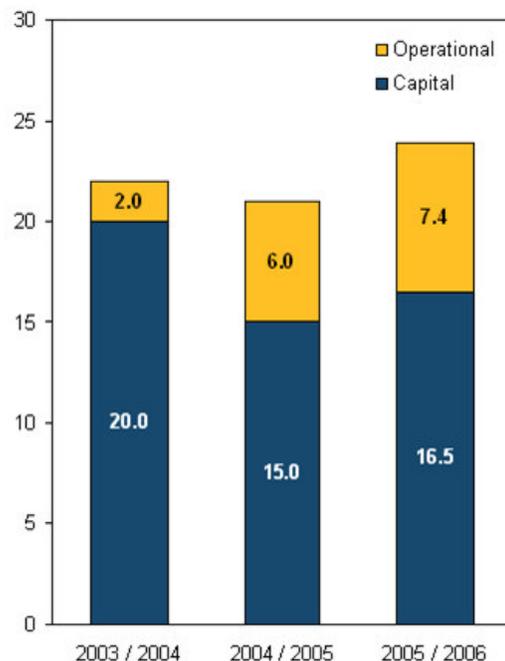


Figure 2.4.1: INK programme budget, 2005/2006

The European Union supplies 15% of the overall budget. The municipality contributes funding from its capital budget directly to the INK programme. The national government contributes directly to the INK programme through a portion of its Equitable Share Grant.

The operational budget is split into the four key areas of the INK office's activities: income enhancement, living environment, infrastructure investment and integrated

governance. These activities are discussed in the following section. The 2005/2006 operational budget split is illustrated by the graph below.

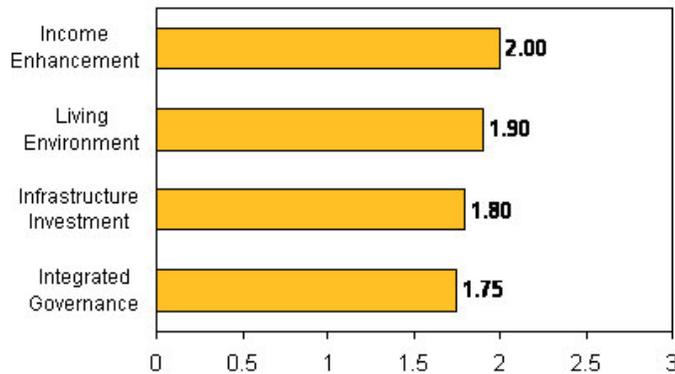


Figure 2.4.2: Operational budget allocation between impact areas: 2005/2006

2.5 Key remarks about INK

The nodal overview of INK highlights the following development challenges:

- While access to basic services is good, water provision lags behind other service provision.
- Complicated by land tenure issues, adequate housing provision remains a major challenge for INK, and there are several crowded informal settlements with extremely poor living conditions.
- INK's economy is intrinsically linked to that of eThekweni, and growth is dependent on external rather than internal stimuli.
- Economic activity that would allow for large-scale employment-generation is non-existent in INK, while the majority of consumer spending leaks out of the INK areas.
- Skills and education shortages are severe constraints to economic growth in INK.
- Anecdotally, crime has improved significantly with the redevelopment of the KwaMashu Town Centre; however, the area still has high levels of crime.
- There is high unemployment within INK, with only 27% of the population is employed.
- Low incomes are evident in the node.
- Poverty is widespread.
- In a country with one of the highest rates of HIV infection in the world, KwaZulu Natal is the most infected province, and INK is one of the most infected areas within the province.

Five anchor projects, in addition to several other projects, are currently underway or planned for the INK areas and are highlighted in the table below.

Project description	Status	Value
KwaMashu town centre: Physical infrastructure projects, business development and support projects, safety and security programmes (including the building of a new police	In progress (physical infrastructure)	R76m

Project description	Status	Value
station), all designed to establish the town centre as a major economic hub for the area.	largely completed)	
Inanda heritage trail: Development of several sites of historical interest in the Inanda area to promote tourism. Includes upgrading sites and building access roads, as well as educating tour operators.	Completed	Not stated
Safer Cities Programme: Focus on providing safety in schools, increasing police presence in the area, and mobilising the community against crime.	In progress/ facing delays	R1m
P577 road: Building of 14,1km dual carriageway urban arterial that incorporates a new road link over the Umgeni River. In INK, involves building 5 km of road between Duff's Rd and Inanda Rd.	In progress	R550m
Bridge City: A joint venture between the city and private developer Mooreland Properties, Bridge City is 60 hectares of commercial land that will become a major economic hub for the area. Also includes building of 450-bed hospital, upgrading of area infrastructure, and establishment of new transportation links.	In progress	Not stated

Section 3: The Economy of Inanda, Ntuzuma, KwaMashu

The INK economy can be conceptualised in three spheres: welfare provision, the focus of employment on the external economy, and limited internal economic activity.

3.1 The three spheres of economic activity

Welfare

- The high prevalence of unemployment (40% of the 25-65-year-olds and 59% of the total economically active population) has resulted in a high dependency on social grants.

External

- INK is essentially a residential area within the broader municipality, and the vast majority of residents who are employed work outside the node.
- Its growth and employment prospects are closely intertwined with the Durban metro, which itself is experiencing jobless growth.

Internal

- A limited mix of informal and formal economic activity occurs within the node (predominantly retail/small business).
- The recent redevelopment of the KwaMashu Town Centre has increased the presence of, and future prospects for, economic activity within the node.

3.2 INK's GDP

Real GDP growth in INK is significantly lower (1,1%) than the growth experienced by eThekweni (3,4%). In comparison with the real GDP growth in Kwazulu Natal, which has grown to 3,7% (2000-2004), INK's growth was rated at only 1,3%.

The GDP per capita figures are also far lower in INK than in eThekweni. Both are experiencing jobless growth: INK's employment growth between 2000 and 2004 was recorded at only 0,62% – not far behind eThekweni's 0,92% for the same period. However, INK's GDP per capita was the equivalent of only 17% of eThekweni's in the same period.

3.3 Employment by occupation

The largest percentage of people employed fall into the elementary occupation category. Elementary occupations include domestic workers, street traders, office cleaners, security guards, waiters, etc. A further 28% of those employed work within service industries (14%) as shop assistants or sales personnel, and within crafting and related trades (14%). Over 95% of INK's employed population travel beyond INK's borders to their place of work. Of the 82 082 employed individuals, only 4 546 are employed within INK.

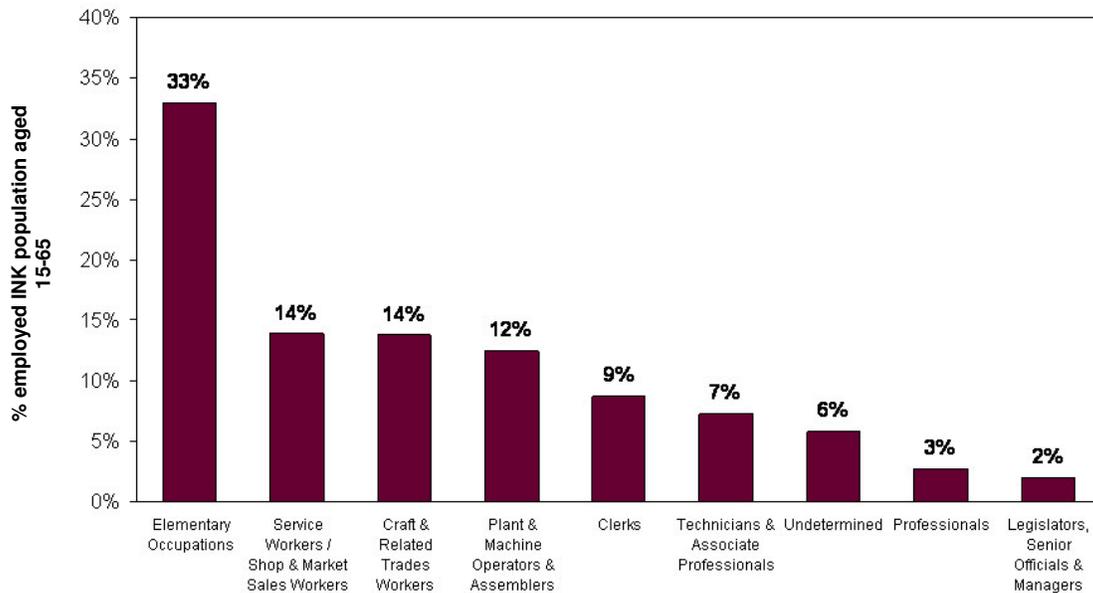


Figure 3.3.1: Occupation (employed population aged 15-65): 2001

The KwaMashu Town Centre serves as main transport hub for the INK areas. A high quality network of roads and highways in combination with a large minibus taxi industry connects INK to the Durban CBD and other employment areas along the North Coast (notably Springfield, Umhlanga and La Lucia). Interestingly, INK residents claim that it is easier to travel outside INK and back than within the INK areas itself. Transport costs account for 11% of household expenditure per month.

3.4 Employment by sector

Retail trade, social services (e.g. education) and manufacturing stand out as the major sectors of employment for INK residents.

The northern suburbs, which are among the fastest growing in Durban, provide employment opportunities in construction, retail and domestic services, and security. Gateway Mall, a major shopping complex in Umhlanga, is also a generator of employment opportunities.

Within Durban's CBD, key employment opportunities are aligned with the manufacturing sector – mainly textiles, chemicals, metal products and food products, as well as transport (Durban is Africa's largest sea port), security, domestic or commercial cleaning services, and retail services.

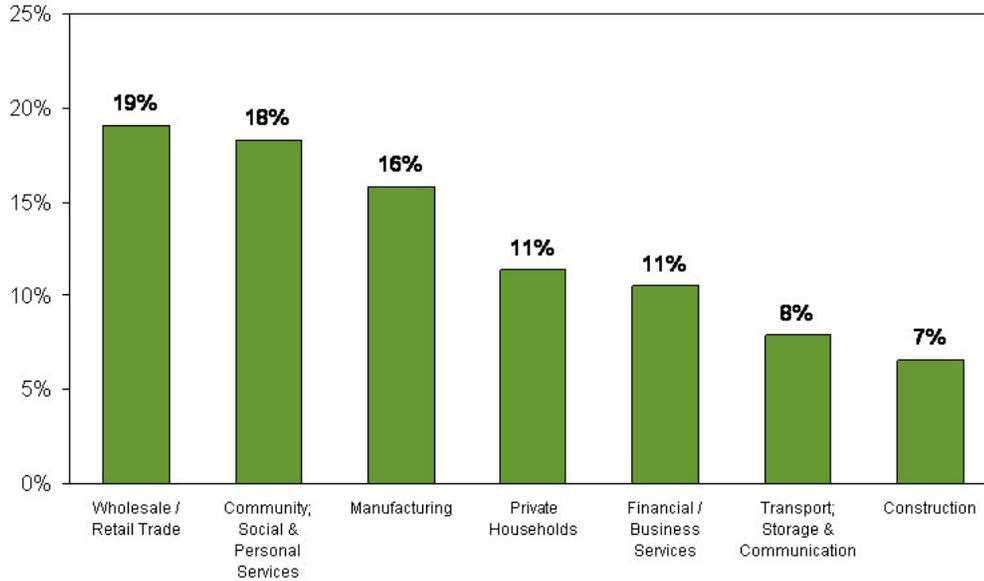


Figure 3.4.1: INK employment by major industry (employed population aged 15-65): 2001

3.5 Sectoral prioritisation

Since INK's growth prospects are inherently linked to that of Durban's, efforts to grow the Durban economy will also impact INK. The City of Durban is currently working on building five pillars of future economic growth\:

- To build Durban as a centre of entrepreneurial activity, particularly for micro/small businesses.
- To build Durban as a centre of excellence in export-focused manufacturing.
- To build Durban up as a freight logistics centre, and strengthen the related transport sector.
- To build Durban's presence, especially in the growth sector of tourism.
- To build the required infrastructure/services base and support flagship projects to catalyse growth.

The following sectors in Durban have the strongest growth potential:

Growth sector	Comments
Manufacturing: <ul style="list-style-type: none"> • petroleum and chemicals • metal and metal products 	Durban has traditionally shown strong manufacturing capabilities. However, growth within the sector has shifted strongly from traditional sectors like textiles and assembly, to higher value-added sectors like chemicals and metals – this will require new skills.
Knowledge economy: <ul style="list-style-type: none"> • financial services • telecommunications • IT 	Entry barriers to the knowledge economy are high, requiring high levels of education and technological literacy. Considerable growth will continue to be seen in the financial and ICT sectors, with opportunities for employment arising in call centres, processing functions and back office offshoring.

Growth sector	Comments
Transport and logistics	<p>Although the sector has seen a reduction in employment over the past 10 years, Durban is strategically positioned to grow the sector.</p> <p>The new Dube Trade Port and International Airport will create new employment, and with the transport hub relocating to the north, INK is well positioned to benefit from associated employment opportunities.</p>
Retail and services	<p>The tertiary sector will continue strong growth as the Durban economy develops from a secondary sector economy.</p>

Section 4: Selected Sectors

The public sector contributes to the local economy through social grants, project funding and employment in public institutions. Social grants constitute an important source of income for many INK residents. Welfare spending reaches approximately 17 700 people in INK, with monthly payouts totalling R11,9 million (based on payments at the Department of Social Development's pay point in KwaMashu).

Government and its various line functions are the key funders of development projects in the INK areas. These generally tend to be construction and infrastructure related, and through tender processes, are a significant source of temporary employment for locals. Current anchor projects amount to R88 million in investments by line functions, and a further R34m by the municipality, and have created 409 permanent and 353 temporary positions. It is also estimated that nearly 3 000 local jobs are maintained in state educational institutions, and a further 129 in health care. Approximately 200 people are employed by local government. Teachers, health care workers and government officials are the most affluent members of INK society, and their salaries are the lifeblood of the local retail and service economy.

However, employment potential does exist in the internal economy, of which "high potential private business" is the most promising.

4.1 Low potential private business

INK is primarily a residential area. This means that certain industry sectors are unsuitable for local development, e.g. processing industries. In addition, INK as an area has further characteristics, like lack of open expanses of land and proximity to Durban, which affect the viability of industries like tourism and manufacturing.

4.2 High potential private business

Although there is limited potential for growth in INK, residential areas often exhibit very strong demand for services and retail opportunities. As these services are hardly provided in INK at present, considerable potential remains.

4.3 Tourism

The best-known tourist attraction in INK is the Inanda heritage trail, which includes the Gandhi Settlement, Ohlange Institute, Inanda Seminary and the Shembe Church. However, this has generated little tourist interest and only a small number of jobs have been created to cater for tourists. Tourism to this area consists largely of self-guided day travel. In addition, there are no restaurants or accommodation specially aimed at the tourist sector.

4.4 Agriculture

There are some small vegetable-growing co-operatives operating in INK, as well as a small start-up dairy farm. However, significant scale cannot be achieved due to a shortage of land.

4.5 Processing industries

Although there are no processing industries in the INK area, this is not seen as a growth area due to limited land availability. In addition, industry already exists in more competitive areas nearby, and employees commute to those areas.

4.6 Manufacturing

Small-scale home manufacturing is taking place in the area, mainly of furniture and clothing. A light-manufacturing zone is planned for the Bridge City area. However, the lack of an existing manufacturing cluster makes it difficult to attract plants. In addition, there are other manufacturing areas nearby, including the Phoenix Industrial Park.

4.7 Economic hubs

The KwaMashu Town Centre is INK's main economic hub. It is the key transport node for the area where most retail activity takes place. Other significant economic hubs include Dube Village in Inanda and, eventually, the 60 ha Bridge City commercial site.

Dube Village is a privately built shopping centre along the KwaMashu highway, with banking and retail facilities (Nedbank, PEP Stores, OK Furniture and others). This constitutes the hub of Dube Village. The construction of a taxi rank is planned for the near future.

Bridge City is a 60ha mixed commercial and public complex currently in the early planning phase as a public private joint venture between Moreland Developers and the municipality. Plans include shopping facilities, entertainment, civic buildings, a hospital, magistrates' courts, mixed commercial, office and residential buildings, petrol filling stations and an inter-modal transport facility.

In addition, there is a desire to redevelop 12 derelict neighbourhood centres in INK, which were destroyed in political violence during the 1980s. However, redevelopment plans have been halted by unresolved ownership issues.

Section 5: Economic Growth and Investment Opportunities

To address growth constraints, various initiative are being managed by the INK office:

5.1 Public sector

The public sector provides investment in human and infrastructure capital, which in turn creates employment. However, the total additional employment potential is very limited, as any given population size has a long-term “ideal” public sector employment level, determined by such factors as the number of schools and hospitals. Thus, while there is opportunity for economic growth-generating activities arising from additional investment in this sector, low additional employment potential is being generated.

5.2 INK Job Shop

This comprises job and job-seeker databases and skills development initiatives to increase employability.

5.3 Economic Sector Development Programme

Sector-specific projects will grow those sectors that are deemed strategic growth sectors in the municipality.

5.4 Job Creation Facilitation Programme

General economic workshops facilitate understanding of basic business skills and entrepreneurship.

5.5 SEDA satellite office

This office provides assistance for writing business plans and tender applications as well as business registration.

5.6 Business Support Unit

This supports development growth from informal training to incubator status.

5.7 Business Skills Support Programme

This programme focuses on the development of existing businesses. A current initiative is the foundation of an INK chamber of business. However, the INK office is located in the city and does not have a local presence.

A survey of eThekweni indicated that 88% of the sampled informal-economy SMMEs had not received assistance, and that the levels of awareness about support institutions is very low. Few SMMEs are aware of the existence of support institutions such as SEDA.

In order to counter this negative response to the current programme, the development of a business support centre in INK could better assist SMMEs to achieve economic growth. If such a support mechanism were integrated alongside basic development activities like land reform, service provision and crime reduction, then economic growth would be more likely to occur.

Section 6: Summary

NK is made up of three areas totalling 580 000 inhabitants and is situated 20km outside Durban. While the three areas are, in fact, unique from one another, they share a common set of challenges, the most critical being high levels of unemployment and widespread poverty. INK's development is managed by a specialised municipal office, which fulfils a co-ordination role for all stakeholders in the area.

The "INK economy" can be conceptualised as a combination of welfare provision, employment mostly outside of the node, and limited internal economic activity. About 60% of the economically active population are unemployed. Retail trade, social services (e.g. education) and manufacturing are the major sectors of employment. Around 95% of INK workers are employed outside the node in residential, commercial and industrial areas in and around Durban.

However, Durban itself is experiencing mostly jobless growth, and has seen considerable decline in key manufacturing sectors. Interventions are needed to close the skills gap between INK and the requirements of the new Durban economy.

Within INK, the public sector is the main employer; otherwise, the internal economy is largely made up of formal and informal retail and service businesses. Local SMMEs face considerable challenges with respect to start up, growth and market access. External "big business" investment in retail and services is a key feature in INK and is likely to grow in the coming years.

The following potential sources for economic growth have been identified:

Short term	Long term
<ul style="list-style-type: none"> • Durban, and other external areas, will remain the major source of employment for INK residents • Focus: Increase the number of INK residents employed in existing industries • The internal economy offers less opportunity for large-scale employment generation • However, a robust internal economy helps retain spend in the area and reduces transport costs for residents • In the short term, upgrading of business and trade skills should be the core focus • The goal is to support local SMME development and upgrade "manual labour" jobs • Creating a "matchmaker" service to help INK residents find new or better jobs in the external economy could have an immediate impact 	<ul style="list-style-type: none"> • In the long term, employment will continue to be driven by the Durban economy • Focus: Position key Durban industries for future growth, increase the number of INK residents employed in future key industries (e.g. knowledge economy) • Long term skills-related interventions should be about improving basic education and providing access to tertiary levels of education in order to prepare INK residents for employment in the knowledge economy/high-value add manufacturing industries

To achieve growth, the input of the following stakeholders is required:

- Department of Education
- Department of Labour
- Department of Trade and Industry
- eThekweni Municipality (Business Support Unit)
- Industry leaders/associations
- The local people.