A Regional Economic Strategy for the combined nodes of RICHARDS BAY, DURBAN & PIETERMARITZBURG

June 2009

KwaZulu-Natal Department of Economic Development

Compiled by:

Graham Muller Associates
Contents

A. EXECUTIVE SUMMARY........................................................................................................6

1. Objective of the Study ........................................................................................................6

2. Methodology .....................................................................................................................6

3. Status Quo ........................................................................................................................7

4. Alignment with Provincial Government Policy .................................................................12

5. Research findings and suggested focus sectors ................................................................14

   5.1 Education .....................................................................................................................15

   5.2 Safety ..........................................................................................................................17

   5.3 Transport and Bulk Infrastructure ..............................................................................18

   5.4 Tourism .......................................................................................................................19

6. Suggested Strategic Interventions ......................................................................................20

   6.1 Tourism .......................................................................................................................20

   6.2 Electricity ....................................................................................................................22

   6.3 Infrastructure .............................................................................................................22

   6.4 Dube Trade Port ..........................................................................................................24

   6.5 Cato Ridge ..................................................................................................................25

   6.6 Education ...................................................................................................................26

   6.7 Safety & Security .........................................................................................................28

7. Key Interventions ...............................................................................................................28

   7.1 Introduction ...............................................................................................................29

   7.2 Education ...................................................................................................................32

   7.3 Safety .........................................................................................................................33

   7.4 Transport Infrastructure ..............................................................................................33

   7.5 Tourism .......................................................................................................................34

B. FULL REPORT .....................................................................................................................35

   Summary ...........................................................................................................................35

   i. Introduction .................................................................................................................35

   ii. Education ...................................................................................................................35

   iii. Safety .........................................................................................................................36

   iv. Transport Infrastructure .............................................................................................36

   v. Tourism .......................................................................................................................37

1. HIV/ AIDS, Poverty & Inequality .......................................................................................37
1.1 Introduction .................................................................................................................. 37
1.2 Population Analysis ..................................................................................................... 39
1.3 Measuring the Extent of Poverty .................................................................................. 40
1.4 Severity of Poverty ...................................................................................................... 41
1.5 Depth of Poverty .......................................................................................................... 42
1.6 Income Inequality ......................................................................................................... 43
1.7 Human Development Index ......................................................................................... 44
1.8 HIV / AIDS ................................................................................................................ 45
1.9 Literacy & Education .................................................................................................. 46
2. Crime ............................................................................................................................... 48
  2.1 Introduction ................................................................................................................. 48
  2.2 Crime in KwaZulu-Natal ............................................................................................ 49
  2.3 Regional Crime .......................................................................................................... 54
3. The KwaZulu-Natal Labour Market ............................................................................... 60
  3.1 Labour force Participation Rate .................................................................................. 60
  3.2 Broad Unemployment by Race and Sex ...................................................................... 61
  3.3 Employment by sector and area 2007 ....................................................................... 62
  3.4 The Informal Sector Growth 2000 & 2007 ................................................................. 62
4. The Economy and Sectoral Growth ............................................................................. 63
  4.1 Output and Growth .................................................................................................... 63
  4.2 Sectoral Growth ......................................................................................................... 64
  4.3 Transport Growth ...................................................................................................... 65
5. A Combined Strategy – Where should targeted interventions be? ............................... 68
  5.1 Education .................................................................................................................... 68
  5.2 Industry – Transport and Manufacturing .................................................................. 69
  5.3 Finance and Business Sector ..................................................................................... 69
  5.4 Tourism and Trade Sector ......................................................................................... 70
  5.5 The Way Forward ...................................................................................................... 71
6. SWOT Analysis of Tourism in the Three Cities ............................................................ 71
  6.1 Msunduzi Local Municipality ..................................................................................... 72
     6.1.1 Strengths ............................................................................................................... 73
     6.1.2 Weaknesses ........................................................................................................... 75
     6.1.3 Opportunities ....................................................................................................... 76
     6.1.4 Threats .................................................................................................................. 79
6.2 Mhlatuze Local Municipality ................................................................. 80
   6.2.1 Strengths .................................................................................. 80
   6.2.2 Weaknesses ................................................................. 82
   6.2.3 Opportunities ........................................................................ 83
   6.2.4 Threats ................................................................................. 86

6.3 eThekweni Municipality ................................................................. 87
   6.3.1 Strengths .................................................................................. 88
   6.3.2 Weaknesses ........................................................................... 89
   6.3.3 Opportunities .......................................................................... 91
   6.3.4 Threats .................................................................................. 93

7. Infrastructure and logistics ................................................................. 94
   7.1 Introduction ............................................................................... 94
   7.2 International best practice & literature review .......................... 95
      7.2.1 Port Regionalization: Towards A New Phase in Port Development ................................................. 95
      7.2.2 Melbourne and the State of Victoria, Australia ............................................................ 101
      7.2.3 The Port of Barcelona and City of Saragossa and Toulouse ...................................................... 104

8. Infrastructural and logistical advantages and disadvantages in KwaZulu-Natal ............................................................ 108
   8.1 Infrastructural and logistical advantages in KwaZulu-Natal ............................................................ 108
      8.1.1 Ports of Richards Bay and Durban ............................................................ 108
      8.1.2 Dube trade port ........................................................................ 109
      8.1.3 N2 and N3 .................................................................................. 109
   8.2 Infrastructural and logistical disadvantages in KwaZulu-Natal ............................................................. 110
      8.2.1 Transportation costs in South Africa are too high ........................................................................ 110
      8.2.2 Transnet Freight Rail ........................................................................ 111
      8.2.3 Truck congestion ........................................................................ 112
      8.2.4 KwaZulu-Natal topography ........................................................................ 112
      8.2.5 Lack of inter-municipal spatial planning along the N2 and N3 corridors ...................................... 112

9. Infrastructure and logistics SWOT analysis for the Richards Bay, Durban and Pietermaritzburg business nodes ........................................................................ 113
   9.1 eThekweni Municipality infrastructure and logistics SWOT analysis ...................................................... 113
      9.1.1 Strengths .................................................................................. 113
      9.1.2 Weaknesses ........................................................................... 115
      9.1.3 Opportunities .......................................................................... 116
      9.1.4 Threats .................................................................................. 119
9.2 uMhlathuze Municipality infrastructure and logistics SWOT analysis .......... 121
  9.2.1 Strengths........................................................................................................... 121
  9.2.2 Weaknesses ....................................................................................................... 122
  9.2.3 Opportunities .................................................................................................... 123
  9.2.4 Threats ............................................................................................................... 124

9.3 uMsunduzi Municipality infrastructure and logistics SWOT analysis .......... 124
  9.3.1 Strengths........................................................................................................... 124
  9.3.2 Weaknesses ....................................................................................................... 125
  9.3.3 Opportunities .................................................................................................... 126

10. Implications and recommendations................................................................. 128
  10.1 Port expansion in eThekwini Municipality ......................................................... 128
  10.2 Inland terminals in uMhlathuze Municipality and Cato Ridge ......................... 128
  10.3 Truck congestion ............................................................................................... 128
  10.4 Inter-municipal spatial planning along the corridors (Cato Ridge/uMsunduzi) .... 129
  10.5 Suggested Interventions .................................................................................... 132
    10.5.1 Tourism ......................................................................................................... 132
    10.5.2 Electricity ...................................................................................................... 133
    10.5.3 Infrastructure ................................................................................................. 135
    10.5.4 Dube Trade Port ........................................................................................... 136
    10.5.5 Cato Ridge .................................................................................................... 136

Key Interventions ................................................................................................... 138

References .............................................................................................................. 139

Interview List ......................................................................................................... 140

APPENDIX A .......................................................................................................... 141
A. EXECUTIVE SUMMARY

1. Objective of the Study
The objective of this study is to provide a combined regional economic strategy for the three municipal nodes of uMgungundlovu (Pietermaritzburg), eThekwini (Durban) and uThungulu (Richards Bay). The primary thrust of the study is to identify synergistic opportunities and strategies which, when embraced and applied jointly by the three cities, will enhance the business environment and employment generating capacity in all three municipalities.

2. Methodology
The study area comprises uMgungundlovu Municipality, eThekwini Municipality and uThungulu Municipality. The study commences with a status quo analysis of the relevant economic sectors in the study area, together with research into the various socio-economic challenges facing planners in the three nodes. This is followed by a review of provincial government’s spatial strategy as well as the strategy outlined in the municipal integrated development plans (IDPs) for the three municipalities concerned. In this way the study team was able to identify those sectors and facets of development that are currently emphasised within provincial and local government strategy as the targets for corridor and nodal development within the study area.

The study team then synthesised the findings of economic research with that of strategic priorities highlighted in reports such as the Provincial Spatial Economic Development Strategy (PSEDS) to determine those sectors which should be the focus of the combined three city study and considered which sectors and development factors are unique to each individual city and which are common issues for development in all three cities. Common or crosscutting sectors and factors were identified for strategic focus.

A detailed analysis of those sectors and factors is undertaken in the context of a strengths, weaknesses, opportunities and threats (SWOT) analysis for each of the three cities. Lastly, key strategic interventions and policy initiatives are identified as those initiatives which are essential components of an overall strategy mutually beneficial to all three cities and their host municipalities as well as to the province as a whole.
3. Status Quo

KwaZulu-Natal, the second most populous province in South Africa, experiences extremely high levels of poverty and inequality in income and wealth. The three biggest centres of commerce, industry and government services, in KwaZulu-Natal are the focus of this study—namely, Pietermaritzburg (the provincial government capital), Richards Bay and Durban (the two biggest and most important ports in southern Africa). These centres are seen as the natural destination of labour, migrating from the rural areas of KwaZulu-Natal from other provinces and from elsewhere in Africa looking for work and a better life. Compared with the rest of KwaZulu-Natal, these three centres have high levels of income and wealth when compared to the rest of the province. However this does not necessarily mean that the poor are better off in these cities as opposed to more rural locations. In fact many poor communities within the municipal boundaries of these cities suffer from high levels of poverty and unemployment.

This study takes into account the economic and social status quo throughout the one metropolitan and two district municipalities that are host to Durban, Richards Bay and Pietermaritzburg—namely the eThekwini Municipality, uThungulu Municipality and uMgungundlovu Municipality. Pertinent obstacles to be overcome in meeting the challenge of attracting investment, skills and tourists to the three cities are the high levels of poverty and inequality, crime, poor service delivery, unemployment and oversupply of unskilled labour.

Due to the close proximity of the three cities, development issues in one city and the creation of a better business and general living environment in any particular city will inevitably have crosscutting implications and/or benefits for the other two. This study nevertheless acknowledges the diverse economic goals, strengths and opportunities of each municipality, individually. By isolating crosscutting factors across these three cities, opportunities common to all three cities and municipalities are identified and developed.

As this is a municipal level exercise, the study focuses primarily on matters that fall within the constitutional competence of municipalities. Appendix A comprises an extract of the Constitution of the Republic of South Africa Act, No. 108 of 1996, as amended, which lists these competencies. The only exception to this is education, of which successful delivery is absolutely fundamental to the success of any economic development strategy. As South Africa’s most populous province, KwaZulu-Natal is startlingly under-serviced by tertiary
educational establishments. Given that all four major tertiary institutions in the province are located within these three cities, there is certainly need for further development of tertiary education within Durban, Richards Bay and Pietermaritzburg.

The following table illustrates the point. In 2007 tertiary student enrolment at the four universities in the three cities was only 0.76% of the provincial population that these institutions primarily serve, down from 0.87% in 2004. This is less than half the relative capacity of tertiary education in Gauteng and the Western Cape and well below that of the North West, Free State and the Eastern Cape.

**Figure 3.1: Average Annual Sectoral GDP Growth 1996 – 2007**

![Average Annual Sectoral GDP Growth 1996 – 2007](image)

*Source: Global Insight Economic Data*

All four universities based in Richards Bay, Durban and Pietermaritzburg are also currently experiencing governance and management problems with highly unpredictable losses of academic staff and top-ranking students. Replacing quality staff and students is going to be a long term challenge and as a result tertiary education can be expected to continue under-delivering in the three cities for some time to come.

Addressing the failure of tertiary education (which is a national government competence) within the three cities is therefore a top priority and should be addressed by whatever
means local government can muster if the three cities are to have any hope of growing prosperous economies into the future.

As is evidenced in Figure 3.1, overleaf, (depicting average annual sectoral growth by municipality) and Figure 3.2 (depicting gross value added per sector by municipality), certain business sectors are more important to particular cities and are therefore deserving of focus by those cities individually. Thus manufacturing dominates in Durban and Richards Bay, but not in Pietermaritzburg, whilst mining is important in Richards Bay, but is insignificant and declining in Durban and Pietermaritzburg. Agriculture is more important in Pietermaritzburg than in Durban or Richards Bay.

The primary thrust of this study is to identify synergistic opportunities and strategies which, when embraced and applied jointly by the three cities, will enhance the business environment and employment generating capacity in all three municipalities.

**Table 3.1: Common Economic Sectors**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Avg 5 year GDP Growth</th>
<th>Relative GVA Importance</th>
<th>Relative Employment Importance</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>uThungulu eThekwini uMgungundlovu</td>
<td>uThungulu eThekwini uMgungundlovu</td>
<td>uThungulu eThekwini uMgungundlovu</td>
<td>uThungulu eThekwini uMgungundlovu</td>
</tr>
<tr>
<td>Agriculture</td>
<td>low low low</td>
<td>low low medium</td>
<td>high low high</td>
<td>low low</td>
</tr>
<tr>
<td>Mining</td>
<td>low negative negative</td>
<td>high low low</td>
<td>low low low</td>
<td>low low</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>high medium low</td>
<td>high high medium</td>
<td>high high high</td>
<td>high high</td>
</tr>
<tr>
<td>Electricity</td>
<td>low low negative</td>
<td>low low low</td>
<td>low low low</td>
<td>low low</td>
</tr>
<tr>
<td>Construction</td>
<td>high high medium</td>
<td>low low low</td>
<td>low low low</td>
<td>low low</td>
</tr>
<tr>
<td>Trade</td>
<td>high high medium</td>
<td>medium high medium</td>
<td>medium medium medium</td>
<td>high high</td>
</tr>
<tr>
<td>Transport</td>
<td>high high high</td>
<td>medium high medium</td>
<td>medium medium medium</td>
<td>high high</td>
</tr>
<tr>
<td>Finance</td>
<td>high high high</td>
<td>medium medium medium</td>
<td>medium medium medium</td>
<td>high high</td>
</tr>
<tr>
<td>Comm Services</td>
<td>low low low</td>
<td>medium high high</td>
<td>high high high</td>
<td>high high</td>
</tr>
</tbody>
</table>

low = 0-2%, medium = 2-4% and high >4% low = 0-5%, medium 5-15%, high >15%
Figure 3.2: Gross Value Added per Sector by Municipality 2008

Source: Global Insight Economic Data

The table on the previous page suggests that the manufacturing, trade, transport, finance and community services sectors are those which all three municipalities have in common. Whilst the three municipalities share many common sectors, especially services sectors such as trade, transport, finance and community services, it is not obvious where a combined three cities strategy would be of benefit. Manufacturing, on the other hand is an exceptionally diverse sector and finding common ground in Richards Bay, Durban and Pietermaritzburg would not be easy.

The manufacturing sector is nevertheless a major source of value to all three cities, despite not being one of the growth leaders. Research into manufacturing competitiveness and efficiency indicates that manufacturing would benefit from enhanced infrastructure and improved transport efficiencies, as well as from the provision of more land.

Better transport connections between the two Ports of Durban and Richards Bay and manufacturing facilities would enhance the time efficiency of production. This should be done with strong rail linkages between the back of the port area adjacent to the Port of Durban and the planned logistics park in the Richards Bay industrial development zone (IDZ).
Tourism embraces, *inter alia*, the trade, transport and finance sectors, which are significant in all three cities. The crosscutting benefits of creating vibrant tourism, recreational and cultural centres within the cities are spelt out in detail in the full report. All three cities will benefit from creating better living environments and attractions to bring people to visit, live, work, retire and spend more money within the local economies.

Our research has found that, in the main, such cross cutting benefits fall into three industries: education, tourism and bulk infrastructure provision [primarily transport links (including ports and airports), electricity supply and industrial land provision and servicing].

The reasons for this are:

- Better services and infrastructure in the two smaller cities (Richards Bay and Pietermaritzburg) and improved connections means less development pressure on eThekwini Municipality and higher all round growth for all three cities
- Improved and more widespread education, training and skills development together with a high level of research and innovation will attract opportunities for all three cities
- Higher standards of living and lower crime rates will result in more desirable business, tourism and residential environments for potential investors, visitors, retirees and residents leading to an all round larger and more prosperous collective economy
- Cheaper, reliable and more environmentally friendly electricity generation will support sustainable development and will benefit economic output and employment in all three cities, whilst reducing industrial and agricultural pollution

The areas surrounding Richards Bay are the poorest in the study area and this is a reflection of the reality that the communities surrounding the twin centres of Richards Bay and Empangeni are more isolated local economies than the economies of rural communities surrounding Durban or Pietermaritzburg, which are far more connected to the cities they are neighbours to. The economy of uThungulu Municipality comprises three distinct centres of development (one around the Port of Richards Bay, another around the agricultural service centres of Empangeni / Kwambonambi and a third around the administrative centre of Eshowe (including Gingindlovu)) with very little in the way of significant distributed nodes of development outside of these three centres.
4. Alignment with Provincial Government Policy

The strategy for the combined nodes considered within this study needs to align with the existing economic development plans of provincial government. These include the Provincial Growth and Development Strategy (PGDS), Provincial Spatial Economic Development Strategy (PSEDS) and the Integrated Development Plans (IDPs) of the municipalities subject to this study.

The PGDS includes in its provincial priorities:
- Sustainable economic development and job creation
- Developing human capability

It is these two objectives which we believe have crosscutting impacts on the three municipalities and fit the context of a regional economic development strategy.

The PSEDS is the more relevant document when considering economic development in a spatial context.

The PSEDS states that the pillars of the provincial economic development strategy are:
- Increasing investment in the province
- Improving skills and capacity building
- Broadening participation in the economy
- Increasing competitiveness

The role of the PSEDS is to:
- Provide spatial context to PGDS
- Address spatial imbalances, curb urban sprawl and ensure sustainable interventions
- Identify priority areas and types of development
- Align to municipal spatial development frameworks
- Guide budgeting processes of the province and municipalities
- Influence investment decisions of the private sector
Diagram 4.1: Provincial Nodes and Corridors

Source: PSEDS KwaZulu-Natal

The relative importance of the study area is well shown in the above diagram. Two of the provinces most important corridors link these three cities.

It is therefore the strategy and suggested interventions outlined in the PSEDS which drive the ideas and objectives suggested in this study of the regional strategy for the combined nodes of Richards Bay, eThekwini and Pietermaritzburg.

The National Spatial Development Plan outlines these aspects as focal points for the primary nodes in our study area:

- Production of high value, differentiated goods not strongly dependent on labour.
- costs, focused on local & global niche markets – i.e. manufacturing.
- Innovation and experimentation – research and development.
- Retail and private sector services – large employer of skilled & semi skilled. workers in advanced economies.
- Tourism – dependant on tourism attractions.

The strategic interventions mentioned in this study are aligned with the objectives of the PSEDS for the three nodes. The issues and opportunities outlined in the PSEDS which are common to all three cities in the study are dealt with.
Table 4.1: Summary of High Level Cluster Priorities as outlined in PSEDS

<table>
<thead>
<tr>
<th>Sector</th>
<th>eThekwini</th>
<th>uMgungundlovu</th>
<th>uThungulu</th>
<th>Are these sectors common objectives to the cities?</th>
<th>What cross cutting opportunities been identified?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture and Land reform</td>
<td>Agriculture and Land reform</td>
<td>Agriculture and Land reform</td>
<td>Yes</td>
<td>Improvements in road infrastructure, urban planning and Dube Tradeport</td>
<td></td>
</tr>
<tr>
<td>Tourism</td>
<td>Tourism</td>
<td>Tourism</td>
<td>Yes</td>
<td>Synergistic tourism plan, traditional African tour routes, Dube Tradeport</td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td>Industry</td>
<td>Industry</td>
<td>Yes</td>
<td>Facilitation of specialized port developments, corridor development, logistics infrastructure, Cato Ridge, Dube Tradeport, Skills development, Education</td>
<td></td>
</tr>
</tbody>
</table>

5. **Research findings and suggested focus sectors**

The findings of the interview process, the review of existing government spatial economic development objectives and research and analysis of the sectors which have proved to be of mutual interest to the three nodes have been tabulated. The interview process with relevant stakeholders (see annexure) and data analysis revealed crime, unemployment, lack of skills, poor education systems and a need for investment in infrastructure as key issues which need to be addressed to attract investment and economic growth.

Table 5.1: Cross Cutting Interventions for the 3 Study Areas Combined

<table>
<thead>
<tr>
<th>Sector</th>
<th>Education &amp; Skills Development</th>
<th>Bulk Infrastructure</th>
<th>Logistics Infrastructure</th>
<th>Tourism</th>
<th>Safety</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Manufacturing</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Trade</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Community Services</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Agriculture</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The PSEDS and other documents highlight the importance of tourism and agriculture in developing the economy alongside the importance of corridor development and skills development. Economic data suggests the manufacturing, finance, community services,
transport and trade sectors are important to all three study areas. Agriculture is included in the table as it is significant in two of the study areas and is a stated priority of government.

Cross cutting benefits were identified and fall into four sectors: education, tourism and bulk infrastructure (primarily transport links [including ports and airports], industrial land provision, servicing and electricity supply) and the provision of a safe environment for all citizens and visitors.

The reasons for this are:

- Better services and infrastructure in the two smaller cities (Richards Bay and Pietermaritzburg) and improved connections means less pressure on eThekwini Municipality and higher all round growth for the province.
- Improved and more widespread education, training and skills development means greater opportunities for all three cities.
- Higher standards of living and lower crime rates will result in more desirable business, tourism and residential environments for potential investors, visitors and residents leading to an all round larger and more prosperous collective economy.
- Cheaper, reliable and more environmentally friendly electricity generation will support sustainable development and will benefit economic output and employment in all three cities.

5.1 Education

As South Africa’s most populous province, KwaZulu-Natal is startlingly poorly serviced by tertiary educational establishments. As all four tertiary institutions in the province are located in one or other of the three cities that are the subject of the study, the same can be said of the capacity of tertiary education in Richards Bay, Durban and Pietermaritzburg. The following table illustrates the point. In 2007 tertiary student enrolments at the four universities in the three cities were only 0.76% of the provincial population that these institutions primarily serve, down from 0.87% in 2004. This is less than half the relative capacity of tertiary education in Gauteng and the Western Cape and well below that of the North West, Free State and the Eastern Cape.
If economic growth is to be sustained at satisfactory levels into the 21st century the poor supply of educated and skilled workers in the province is of extreme concern especially given that the province has embraced a strategy of entering into and competing with the global knowledge economy. Only 1% of working age people in uThungulu Municipality have some form of tertiary level (post-matriculation) qualification. This rises to 3% for the other two cities. In all three cities the proportion of working age people with any form of tertiary qualification is less than 10%. Only 23% of Technikon and 38% of University students graduate within five years of starting their degrees. The percentage of persons with matriculation level passes that include passes in higher grade mathematics and science subjects can best be described as pathetically low.

All four universities located in the study area are currently experiencing governance problems. Student enrolments and the number of new graduates are stagnant or falling. This is exacerbated by the pathetically low service level of the tertiary education sector in KwaZulu-Natal, which is the market that the four universities located in the three cities serve. Of all the provinces of South Africa, KwaZulu-Natal is worst served by tertiary institutions relative to the population size of the province. KwaZulu-Natal, with the largest provincial population is served by four low capacity institutions whose student enrolment has been stagnant or declining in recent years.

As this is a national government competence, this crisis has tended to be overlooked at the provincial and local government levels, and yet the non-resolution of tertiary education deficiencies in the province is an enormous obstacle to success with local economic

Table 5.2: Comparative Provincial Tertiary Educational Capacity

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Cape</td>
<td>1.49%</td>
<td>1.57%</td>
<td>1.68%</td>
<td>1.77%</td>
<td>1.82%</td>
<td>1.84%</td>
<td>1.83%</td>
<td>1.83%</td>
</tr>
<tr>
<td>Gauteng</td>
<td>1.86%</td>
<td>1.96%</td>
<td>1.75%</td>
<td>1.86%</td>
<td>2.06%</td>
<td>1.97%</td>
<td>1.82%</td>
<td>1.80%</td>
</tr>
<tr>
<td>North West</td>
<td>0.88%</td>
<td>1.08%</td>
<td>1.19%</td>
<td>1.27%</td>
<td>1.22%</td>
<td>1.16%</td>
<td>1.15%</td>
<td>1.31%</td>
</tr>
<tr>
<td>Free State</td>
<td>0.68%</td>
<td>0.78%</td>
<td>0.93%</td>
<td>1.13%</td>
<td>1.34%</td>
<td>1.28%</td>
<td>1.26%</td>
<td>1.28%</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>0.87%</td>
<td>0.95%</td>
<td>0.99%</td>
<td>0.94%</td>
<td>1.03%</td>
<td>1.01%</td>
<td>1.00%</td>
<td>1.01%</td>
</tr>
<tr>
<td>Kwazulu-Natal</td>
<td>0.66%</td>
<td>0.69%</td>
<td>0.75%</td>
<td>0.82%</td>
<td>0.87%</td>
<td>0.82%</td>
<td>0.78%</td>
<td>0.76%</td>
</tr>
<tr>
<td>Limpopo</td>
<td>0.36%</td>
<td>0.37%</td>
<td>0.45%</td>
<td>0.47%</td>
<td>0.48%</td>
<td>0.52%</td>
<td>0.51%</td>
<td>0.51%</td>
</tr>
<tr>
<td>Distance Learning</td>
<td>0.45%</td>
<td>0.49%</td>
<td>0.48%</td>
<td>0.49%</td>
<td>0.45%</td>
<td>0.45%</td>
<td>0.49%</td>
<td>0.51%</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
</tbody>
</table>
development plans and with the province’s declared ambitions to embrace the knowledge industry as a key source of economic growth.

In the short term, a problem this fundamental to the development potential of the three cities can only be addressed through the following strategies:

a) A well resourced adult education programme that addresses access to tertiary education for mature students by distance learning provided by institutions in other cities; and

b) An energetic campaign to attract skilled immigrants to Richards Bay, Durban and Pietermaritzburg.

The only sizeable source of funding for an adult education strategy is the wealth tied up in the various sectoral educational and training agencies (SETAs). The three municipalities need to deploy resources to assist local businesses and other employers of skilled labour to access these funds.

Attracting skilled immigrants would be the quickest way to address the skills shortage in the three cities. But this would require a mindset change in respect of an aspect of life in the three cities that is at least partially a local and provincial competence, namely safety and security. This is addressed in the next section.

5.2 Safety

Investors and residents require a safe environment in order to thrive. Tourist theory maintains that safety is a non-negotiable. Crime statistics suggest that whilst crime is falling in KwaZulu-Natal it remains a major inhibitor to investment and to attracting tourists. Tourism is an extremely valuable growth catalyst, creating employment and providing relief from poverty to less developed areas with very few other opportunities. Lowering crime lowers the cost of doing business, attracts head offices and skilled workers and ultimately makes the respective area a more desirable location to live. A lower crime rate and more policing can greatly enhance the available areas for investment and will assist SMME’s in establishing business ventures at significantly lower costs.
5.3 Transport and Bulk Infrastructure

Logistics and logistical infrastructure are critical ingredients in the success of any economy, as they create the opportunity for companies to operate in geographically detached markets. This is even more the case in Durban, Richards Bay and Pietermaritzburg as transport is a prominent sector in the local economies of these three cities.

Transportation costs increase the cost of produced goods and commodities and thus, to gain a competitive advantage in geographically distant markets, efficient and cost effective logistics chains need to be established. For logistics to be cost effective and efficient, appropriate rail and road linkages need to be developed linking ports and airports to the hinterland. It is a common observation that in areas through which roads and railway lines are built corridors of investment and development are generally stimulated.

From the point of view of KwaZulu-Natal’s continued prosperity, it is imperative that Transnet’s next major round of port expansion takes place in KwaZulu-Natal. The economic growth and employment that this would bring to the province would be significant. The ideal location for container terminal expansion would be the Port of Durban, as this port has the most highly developed road, rail and pipeline links to the hinterland.

A dedicate truck road from the western boundary of eThekwini Municipality (Cato Ridge) to the back of Durban port is much needed. This road would ideally enter the back of port area west of Clairwood having followed the uMhlatuzana River Valley across the N2 national route. This road would need to be extended in the future from the N2 interchange to link with the N3 in the vicinity of Cato Ridge, bypassing the Marianhill toll plaza.

Improvements in rail efficiency, capacity and speed will assist in reducing truck congestion. The Natcor railway line linking Johannesburg and Durban needs major investment and upgrades. The municipalities along the N2 and N3 need to work together in producing a spatial plan along these two corridors. This will facilitate private investment and development in suitable areas and avoid conflicting land uses being located next to each other. Appropriate road linkages to future industrial areas need to be established and the various municipal departments could potentially stimulate take up in these areas by simultaneously rolling out services.
5.4 Tourism

Durban, Pietermaritzburg and Richards Bay are KwaZulu-Natal’s cities of most strategic importance. The three cities are centres of commerce, industry and governance. Of the three, however, only Durban is a major player on the tourism scene. It is essential for tourism industry growth in the province that tourism is encouraged and tourist attractions developed in all three cities. Creating linkages between these major metropolitan centres is crucial to the integration of KwaZulu-Natal’s diverse tourism regions and the ability of the province to offer a holistic tourism product. The three cities can be conceived as gateways to various surrounding regions and should act as bases from which foreign and domestic tourists can explore the surrounding regions.

Tourism KwaZulu-Natal’s key objectives laid out in their 2008-2012 strategy are:

- Increase foreign arrivals.
- Increase share of domestic visitors.
- Increase tourism expenditure.
- Reduce Seasonality.
- Increase Geographic Spread.

The suggested interventions for the tourist sector are focussed on addressing these issues with a special emphasis on foreign tourists as they are by far the most valuable source market for several reasons:

- The foreign tourism market is, for all intents and purposes, unlimited.
- The foreign tourism market is not restricted to school holidays.
- The foreign tourism market, as a totality, is not seasonal.
- Foreign tourists, on average, are bigger spenders.

Creating a product attractive to foreign tourists, in particular, requires ensuring a certain standard of safety, service and consistency within all three cities. This could be achieved by the development of dedicated tourism precincts within all three cities with high standards of safety, cleanliness, comfort and design.
6. Suggested Strategic Interventions

Through a series of interviews and research the following opportunities have been identified which would provide benefits to all municipalities.

6.1 Tourism

There is a need for the municipalities to realise that three city attractions add depth to existing tourist attractions within the province and provide a more balanced tourist product for KwaZulu-Natal. Currently Durban is the province’s only notable metropolitan tourist destination.

Steps also need to be made towards marketing the two smaller cities as metropolitan or urban tourist destinations:

- Marketing and positioning of the three cities as gateways to the tourism regions surrounding them. Richards Bay as a gateway to Zululand/Elephant Coast; Durban as a gateway to the eThekwini Municipality area and the North and South Coast; Pietermaritzburg as a gateway to the Drakensberg and Midlands.
- The creation of urban African, rural African and traditional African identities for all three cities.
- Creation of dedicated tourism zones within the three cities. These zones should maintain a consistent set of standards and basic design layouts.
- Tourism specialization within each of the cities. For instance Pietermaritzburg could be branded as the ‘cultural capital’, Durban as the ‘beach capital’, and Richards Bay as the ‘bush/wildlife’ capital.
- Urban renewal tax incentives need to be applied in the tourism context. This is especially relevant in Pietermaritzburg where cultural tourism will flourish with the restoration of the many attractive buildings in the city. The refurbishment of culturally significant and historical buildings with government tax incentives as well as incentives from the municipality would greatly enhance appeal. The city could sponsor work teams and architects for interested land owners.
- There should be a degree of harmonization between the various tourism bodies in the three cities and perhaps the establishment of an integrated metropolitan tourism body.
- Transport linkages between the three cities should be improved.
To encourage visits to all three cites, foreign tourists, spending a certain length of time in the province, could be offered free or subsidised transport (whether by road, rail or air) to the other two cities.

Tour packages must be developed such that tourists are encouraged to spend at least one night in Richards Bay and Pietermaritzburg and not just Durban. Currently the domestic tour package industry is mainly serviced by Rennies and Tourvest.

KwaZulu-Natal should market an integrated tourism product with multiple dimensions rather than separate tourism products as offered by the different tourist regions.

Critical mass attractions need to be developed, particularly in Richards Bay and Pietermaritzburg.

Potential catalytic developments for tourism within the three cities are:

- A passenger liner terminal in Richards Bay and development of a tourism zone around this terminal, incorporating resort-style developments on Naval and Pelican islands.
- An upgrade of Durban beachfront and of the Point tourism precinct, especially along Mahatma Ghandi (Point) Road which still leaves much to be desired despite some substantial private development in the area.
- Development of African experiences routes between the 3 municipalities incorporating various township and rural tourist aspects.
- Included is the off the beaten path option, especially between Durban and Pietermaritzburg. There are a number of sporting events which have the opportunity to create new tourism highlights and spending in less developed areas.
- King Shaka International airport – due to open next year.
- Creation of a cultural cluster in Pietermaritzburg. Development of an iconic, world-class KwaZulu-Natal museum and the marketing of Pietermaritzburg as an historical, cultural and arts destination.
- As an educational hub, Pietermaritzburg should focus on marketing its universities, cultural attractions, convention abilities and the excellent schools of the city as a source of attraction.
6.2 Electricity

As the main users of electricity and the largest generators of gross domestic product (GDP) in the province, the three cities need to consider the opportunities afforded to them by alternate power sources - in particular the opportunities surrounding sugar cane as a source of electricity. Sugar bagasse is currently used by the sugar industry to power its plants, however only a small percentage of this source is currently utilized. The cities are thus ideally located to benefit from bio-ethanol and bagasse as potential sources of alternative power:

- These opportunities exist in the sugar industry which is located in and around these cities.
- This natural locational advantage needs to be exploited.

**Table 6.1: Relative calorific value of sugar bagasse**

<table>
<thead>
<tr>
<th>Source</th>
<th>Availability</th>
<th>Density</th>
<th>Tech Cost</th>
<th>MW Output</th>
<th>Score</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar Radiation</td>
<td>3.33</td>
<td>2</td>
<td>3.33</td>
<td>1.67</td>
<td>10.33</td>
<td>8</td>
</tr>
<tr>
<td>Wind</td>
<td>3</td>
<td>3</td>
<td>2.67</td>
<td>2.33</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Microhydro</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Geothermal</td>
<td>1.67</td>
<td>1.67</td>
<td>1.67</td>
<td>1</td>
<td>6.01</td>
<td>10</td>
</tr>
<tr>
<td>Ocean</td>
<td>5</td>
<td>2</td>
<td>1.67</td>
<td>2</td>
<td>10.67</td>
<td>7</td>
</tr>
<tr>
<td>Biomass (timber waste)</td>
<td>3.5</td>
<td>3.33</td>
<td>3.83</td>
<td>3.17</td>
<td>13.83</td>
<td>3</td>
</tr>
<tr>
<td><strong>Sugar bagasse</strong></td>
<td><strong>3.33</strong></td>
<td><strong>3.67</strong></td>
<td><strong>5</strong></td>
<td><strong>3.67</strong></td>
<td><strong>15.67</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td>Cow digesters</td>
<td>4</td>
<td>3.5</td>
<td>4</td>
<td>1.5</td>
<td>13</td>
<td>5</td>
</tr>
<tr>
<td>Biogas (waste treatment)</td>
<td>4</td>
<td>2.83</td>
<td>3.17</td>
<td>3.83</td>
<td>13.83</td>
<td>4</td>
</tr>
<tr>
<td>Biodiesel</td>
<td>3.17</td>
<td>3.5</td>
<td>3.83</td>
<td>4</td>
<td>14.5</td>
<td>2</td>
</tr>
<tr>
<td>Benchmark (Coal/nuclear)</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>5</td>
<td>20</td>
<td>-</td>
</tr>
</tbody>
</table>

*Source: KwaZulu-Natal Department of Economic Development*

6.3 Infrastructure

Inter-municipal spatial planning along the N2 and N3 corridors would potentially be of joint benefit to all three cities:
• Corridors attract investment and therefore need to be carefully planned by neighbouring municipalities.
• N3 corridor is being developed without appropriate planning as land becomes scarce within the eThekwini Municipality.
• Planning for the Cato Ridge industrial area is currently underway with a major Land Use Management Scheme being undertaken, however this needs to include planning of the neighbouring municipality.

**Figure 6.1: Transport corridors**

Port expansion in Durban is an essential opportunity for future growth within the province and municipality. This is through development of a logistics zone to the back of the Durban Port area:
• Improved access by means a dedicated truck road from N3 to the Port of Durban back of port area.
• Improved roads and infrastructure within the South Durban Basin.
• Development of inland terminals/logistics zones in industrial areas such as Cato Ridge and inland from the Port of Richards Bay.
• Development of inland terminals offering container facilities traditionally situated around the port.
• Development of a regular, efficient and cost effective transportation for containers to the back of Durban Port.
• Improved freight rail service and rail infrastructure to Ports of Durban and Richards Bay.
• Improved road corridors to rural and agricultural areas.
• Resist any further tolling of roads in and between the three municipalities and motivate the removal of existing tolls:
  o Tolls increase transportation costs in a distorted fashion.
  o Tolls discourage development beyond the toll gate.
  o There is significant evidence from Chinese Studies to suggest that toll roads impact negatively on industrial development.
  o Companies running a fleet of trucks from the Westmead area would be unwilling to move beyond the toll plaza, as a company with 10 trucks doing 5 deliveries each per day would be paying the toll 200 times per day.
• Develop a more direct route from Pietermaritzburg to the Dube Trade Port and to the Port of Richards Bay.

6.4 Dube Trade Port

The three cities, especially the two smaller ones, need to be fully aware of the opportunities that emanate from the new international airport at La Mercy. Having a world class international airport within 80 minutes of all three cities poses exciting opportunities.

The new airport will be a boon for tourism in these areas and has the potential to stimulate investment in international conference venues. The cities must consider marketing themselves as being within easy reach of a world class international airport. A business plan to supply buses (and hopefully efficient and frequent trains) for tourists seeking to travel to and from the airport to Pietermaritzburg and Richards Bay is essential to
successfully marketing these cities as hub destinations for business and tourist travel. These links would ideally be best put in place before the 2010 Soccer World Cup, which would be an ideal opportunity for the launch of these services.

The cities, especially Durban need to ensure that their land use management schemes do not encourage excessive housing and industrial development on land that would be better used for time sensitive production and distribution. The demand for well located housing must be balanced against the potential for agricultural and niche market exports through the new airport.

6.5 Cato Ridge

Cato Ridge is a unique opportunity to create a successful development hub in KwaZulu-Natal. The area’s proximity to the Port of Durban, to the N3 national route and to the Natcor railway line justifies its choice. Currently industrial development is taking place without holistic planning from any municipality.

The undeveloped area between Cato Ridge and Pietermaritzburg needs well resourced planning and careful zoning. The area presently falling under uMkhabathini local municipality should be handled as a joint venture between uMgungundlovu and the eThekwini Municipalities.

Development must include the full range of services: access to services such as housing, water, power and schools. Effective links between Cato ridge and the Port of Durban needs to be established, including better, new or improved road and rail connections. A specially zoned logistics hub needs to be planned surrounded by areas for industrial development including manufacturing. The potential strong links to the Port of Durban and to the hinterland and existing heavy industry zoning indicate that this could be an ideal location for mineral beneficiation and export production for raw materials from the hinterland. The manganese smelter has been operating on this basis for an extended period of time.
6.6 Education

Education a key platform for knowledge based economic development, it is a national and provincial competence. Poor educational performance in KwaZulu-Natal at all levels (pre-primary, primary, secondary and tertiary) is a major obstacle to economic growth, job creation and prosperity and needs to be addressed. The three cities’ four major universities are all currently exhibiting serious governance problems and student and graduate numbers are stagnant or falling. Municipal representatives on university councils need to actively promote good governance and a revival of university education in the three cities.

The Dept of Education is attempting to address the low number of graduates and the municipalities can work with the department to address student difficulties such as access to transport and accommodation. If municipalities can make land available (and correctly zoned) for hostel accommodation and seek out other facilities which could be accessed as accommodation for teacher tertiary institutions.

Figure 6.2: Higher education institution as a percentage of provincial population 2000 - 2007

As can be seen in figure 6.2, the proportion of the province’s population enrolling at KwaZulu-Natal public higher education institutions peaked in 2004 and is now in a downward trend. In other words an already bad situation is now getting worse. The only other province that has shown a similar trend of decreasing enrolments from 2004 is Gauteng. This would seem to suggest that the mergers between Universities and Technikons that
took place around the 2003/2004 period in KwaZulu-Natal and Gauteng have had the consequence of further reducing the capacity of public higher educational institutions in these two provinces. This is not a major problem in Gauteng, which along with the Western Cape has relatively high capacity to start with. However it is devastating in KwaZulu-Natal, where the proportion of the provincial population being accommodated in locally based public higher educational institutions has dropped from 0.874% to 0.763% in just three years. This is a drop of 12.7%, or an average drop of around 4% per year.

As public higher education is a national and not a provincial or municipal competence the issues raised in respect of under-capacity of public higher educational institutions in the three cities cannot be directly addressed by local government structures. However the issue is so critical to the future economic potential of the three cities that the three municipalities together with provincial government need to provide resources for a strenuous lobbying of national government to urgently address the deficiency in public higher education in the province.

In addition to such lobbying, one small opportunity that does exist is for the three municipalities is to use their representation on the councils of the four local public higher educational institutions to ensure that matters of governance and capacity growth are aired in that forum. This will hopefully ensure that lobbying for significant additional investment in public higher educational institutions in the three cities originates from as wide a base as possible, whilst the existing governance problems are urgently and energetically addressed by the four institutions themselves in order to ensure as quick a restoration of the reputation of the four local public higher educational institutions.

Realistically, however, improving the capacity of public higher educational institutions in the three cities is likely to take years, if not decades to address. Therefore in the short term, a problem this fundamental to the development potential of the three cities needs to be addressed through the following additional short-term strategies:

a) Institution of a well resourced adult education programme that addresses access to tertiary education for mature students by distance learning provided by institutions in other cities; and

b) An energetic campaign to attract skilled immigrants to Richards Bay, Durban and Pietermaritzburg.
The only sizeable source of funding for an adult education strategy is the wealth tied up in the various sectoral educational and training agencies (SETAs). The three municipalities need to deploy resources to assisting local businesses and other employers of skilled labour to access these funds.

Attracting skilled immigrants would be the quickest way to address the skills shortage in all three cities. But this would require a mindset change in respect of an aspect of life in the three cities that is at least partially a local and provincial competence, namely safety and security. This is addressed in the next section.

6.7 Safety & Security
Investors and residents require a safe environment in order to thrive. Tourist theory maintains that safety and security is a non-negotiable for a successful and growing tourism industry. Crime statistics suggest that whilst crime is falling in KwaZulu-Natal, it remains a major inhibitor to investment and to attracting immigrants and tourists. The xenophobic attacks in June 2008 on non-locally born residents of the region bore testimony to the extent of the problem, especially in Durban. Lowering crime lowers the cost of doing business, attracts head offices, skilled workers and retirees to the cities by making them more desirable locations to live. A lower crime rate and effective policing of public places can greatly enhance the available areas for investment and will assist SMME’s in establishing business ventures at significantly lower cost.

7. Key Interventions
In this section projects that present the opportunity to introduce immediate positive impacts on the local economy are identified:

a) Catalytic projects to provide a critical mass for tourism in the province, specifically the development of a national museum in Pietermaritzburg, an island tourism development in Richards Bay (as laid out in the uThungulu Tourism report) and cruise liner terminals of world class quality in Richards Bay and Durban harbours.
b) A new road between the Port of Durban and the Cato Ridge area to enhance the province’s logistical advantages. This would follow the development of a full cross municipality local area plan for the N3 corridor between Cato Ridge and Pietermaritzburg.

c) The current tourist routes including the King Shaka route and the Valley of a Thousand Hills routes need to be expanded to link the three cities in ‘off the beaten path’ routes and provide access to some beautiful tourist areas which have been not been marketed to their full advantage.

7.1 Introduction

KwaZulu-Natal, the second most populous province in South Africa, experiences extremely high levels of poverty and inequality of incomes and wealth. The three biggest centres of government services, commerce and industry in KwaZulu-Natal are the subject of this study. They include Pietermaritzburg, the provincial government capital, and the Ports of Richards Bay and Durban, the two biggest and most important ports in southern Africa. Compared with the rest of KwaZulu-Natal, these three centres have higher average levels of income when compared to the rest of the province. However this does not necessarily mean that poor people are better off in these cities as opposed to more rural locations. In fact many communities within the municipal boundaries of these cities also suffer from high levels of poverty and unemployment. These centres are also seen as the natural destination of labour, migrating from the rural areas of KwaZulu-Natal, from other provinces and from elsewhere in Africa looking for work and a better life.

This study takes into account the economic and social status quo throughout the one metropolitan and two district municipalities that are host to Durban, Richards Bay and Pietermaritzburg– namely the eThekwini Municipality, uThungulu Municipality and uMgungundlovu Municipality. Pertinent obstacles to be overcome in meeting the challenge of attracting investment, skills and tourists to the three cities are the high levels of poverty and inequality, crime, poor service delivery, unemployment and oversupply of unskilled labour.

Due to the close proximity of the three cities, development issues in one city and the creation of a better business and general living environment in any particular city will
inevitably have crosscutting implications and/or benefits for the other two. This study nevertheless acknowledges the diverse economic goals, strengths and opportunities of each municipality, individually. By isolating cross cutting factors across these three cities, opportunities common to all three cities and municipalities are identified and developed. Certain business sectors are more important particular cities. However the primary thrust of this study is to identify synergistic opportunities and strategies which, when embraced and applied jointly by the three cities, will enhance the business environment and employment generating capacity in all three municipalities.

**Figure 7.1: Average Annual Sectoral GDP Growth 1996 – 2007**

![Average Annual Sectoral GDP Growth 1996 – 2007](image)

*Source: Global Insight Economic Data*

Whilst the municipalities share many common sectors, especially the manufacturing sector, it is not always obvious where a combined three cities strategy would be of benefit. The manufacturing sector is still a major source of value to the region, despite not being one of the growth leaders. It would benefit from enhanced infrastructure and transport efficiencies, as well as the provision of more land. Better connections between the ports and the manufacturing facilities would greatly enhance the time efficiency of production.
Tourism embraces, *inter alia*, the trade, transport and finance sectors, which are significant in all three cities. The crosscutting benefits of creating vibrant tourism, recreational and cultural centres within the cities are spelt out in detail in the full report. All three cities will benefit from creating better living environments and attractions to bring people to visit, live, work, retire and spend more money within the local economies.

Our research has found that, in the main, such cross cutting benefits fall into three industries: education, tourism and bulk infrastructure provision [primarily transport links (including ports and airports), electricity supply and industrial land provision and servicing]. The reasons for this are:

- Better services and infrastructure in the two smaller cities (Richards Bay and Pietermaritzburg) and improved connections means less development pressure on eThekwini Municipality and higher all round growth for all three cities.
- Improved and more widespread education, training and skills development together with a high level of research and innovation will attract opportunities for all three cities.
- Higher standards of living and lower crime rates will result in more desirable business, tourism and residential environments for potential investors, visitors,
retirees and residents leading to an all round larger and more prosperous collective economy

- Cheaper, reliable and more environmentally friendly electricity generation will support sustainable development and will benefit economic output and employment in all three cities, whilst reducing industrial and agricultural pollution

The areas surrounding Richards Bay are the poorest in the study area and this is a reflection of the reality that the communities surrounding the twin centres of Richards Bay and Empangeni are more isolated local economies than the economies of rural communities surrounding Durban or Pietermaritzburg, which are far more connected to the cities they are neighbours to. The economy of uThungulu Municipality comprises three distinct centres of development (one around the Port of Richards Bay, another around the agricultural service centres of Empangeni / Kwambonambi and a third around the administrative centre of Eshowe (including Gingindlovu)) with very little in the way of significant distributed nodes of development outside of these three centres.

### 7.2 Education

The poor supply of educated and skilled workers in the province is of extreme concern given that the province needs to enter and compete with the global knowledge economy if economic growth is to be sustained at satisfactory levels into the 21\(^{st}\) century. Only 1% of working age people in uThungulu have some form of degree (university level) qualification. This rises to 3% for the other two cities. In all three cities the proportion of working age people with any form of tertiary qualification is less than 10%. The percentage of people with a matric in the study areas also fails to address the dismally low number of matric passes that include passes in higher grade mathematics and science subjects.

All four universities located in the study area are currently experiencing governance problems. Student and graduate numbers are stagnant or falling. Failing tertiary education would pose a serious threat to future economic growth and prosperity.

The general lack of skills in the study area is a critical issue that needs to be addressed when promoting economic development in a broad context. Attracting investment and becoming more efficient in current production facilities requires a readily available skilled workforce.
7.3 Safety

Investors and residents require a safe environment in order to thrive. Tourist theory maintains that safety is a non-negotiable. Crime statistics suggest that whilst crime is falling in KwaZulu-Natal it remains a major inhibitor to investment and to attracting tourists. Tourism is an extremely valuable growth catalyst, creating employment and providing relief from poverty to less developed areas with very few other opportunities. Lowering crime lowers the cost of doing business, attracts head offices and skilled workers to the cities by making them more desirable locations to live. A lower crime rate and more policing can greatly enhance the available areas for investment and will assist SMME’s in establishing business ventures at significantly lower costs.

7.4 Transport Infrastructure

Logistics and logistical infrastructure are crucial ingredients in the success of any economy, as they create the opportunity for companies to operate in geographically detached markets. Transportation costs increase the cost of produced goods/commodities and therefore, in order to gain a competitive advantage in geographically distant markets, efficient and cost effective logistics chains need to be established. For logistics to be cost effective and efficient, appropriate rail and road linkages need to be developed from ports and airports to the hinterland. It is a common observation that when roads and rail lines are built through the right areas they stimulate corridors of investment and development along them.

From the point of view of KwaZulu-Natal’s continued prosperity, it is absolutely imperative that Transnet’s next major round of port expansion takes place in KwaZulu-Natal. The economic growth and employment that this would bring to the province would be massive. The ideal location for container terminal expansion would be the Port of Durban, as this port has the most highly developed road, rail and pipeline links to the hinterland.

A dedicate truck road from the western boundary of eThekwini Municipality (Cato Ridge) is required into the Port of Durban back of port area. This road would ideally enter the back of port area west of Clairwood having followed the uMhlatuzana River Valley to from the N2 national route. This road would need to be extended in the future from the N2 interchange to link with the N3 in the vicinity of Cato Ridge, bypassing the Marianhill toll plaza.
Improvements in rail efficiency, capacity and speed will assist in reducing truck congestion. The Natcor railway line linking Johannesburg and Durban needs major investment and upgrades.

The municipalities along the N2 and N3 need to work together in producing a spatial plan along these two corridors. This will facilitate private investment and development in suitable areas and avoid conflicting land uses being located next to each other. Appropriate road linkages can be established to future industrial areas and the various municipal departments can stimulate take up in these areas by rolling out services to these areas.

7.5 Tourism

Durban, Pietermaritzburg and Richards Bay are KwaZulu-Natal’s most strategically important cities. The three cities are centres of commerce, industry and governance. Of the three, however, only Durban is a major player on the tourism scene. It is essential for tourism industry growth in the province that tourism is encouraged and tourist attractions developed in all three cities. Creating linkages between these major metropolitan centres is crucial to the integration of KwaZulu-Natal’s diverse tourism regions and the ability of the province to offer a holistic tourism product. The three cities can be conceived of as gateways to various surrounding regions and should act as bases from which foreign and domestic tourists can explore the surrounding tourism regions. Foreign tourists are by far the most valuable source market for several reasons:

a) The foreign tourism market is, for all intents and purposes, unlimited
b) The foreign tourism market is not restricted to school holidays
c) The foreign tourism market, as a totality, is not seasonal
d) Foreign tourists, on average, are bigger spenders

Creating a product attractive to foreign tourists, in particular, requires ensuring a certain standard of safety, service and consistency within all three cities. This could be achieved by the development of dedicated tourism precincts within all three cities with high standards of safety, cleanliness, comfort and design.
B. FULL REPORT

Summary

i. Introduction

KwaZulu-Natal experiences extremely high levels of poverty and inequality. As the second most populous province in South Africa, there is an extremely large discrepancy between the ‘haves’ and the ‘have nots’. The three biggest centres of commerce and industry are the subject of this study. They include the centre of provincial government, and the two biggest and most important ports in South Africa. These three centres have higher levels of average income as compared with the rest of KwaZulu-Natal, however this does not necessarily mean that poor people are better off in these areas as opposed to more rural locations. In fact many of the areas within these centres suffer from high levels of poverty and unemployment. These centres are also seen as the natural destination of labour looking for work and a better life.

The areas surrounding Richards Bay are the poorest in the study area and as such Richards Bay/ Empangeni is a far more isolated economy than the economies of Durban or Pietermaritzburg. It sits as a concentrated (around the port) centre of development with very little smaller or distributed nodes of development.

ii. Education

The supply of educated and skilled workers in the province is of extreme concern if the province wants to enter and compete with the global knowledge economy. Only 1% of working age people in uThungulu have some form of degree. This rises to 3% for the other two cities. In all three cities the amount of working age people with any form of post matric qualification is less than 10%. The percentage of people with a matric in the study areas also fails to address the number of matric passes that include passes in higher grade for mathematics and science subjects.

This lack of skills is a critical issue to be addressed when considering economic development in a broad context. Attracting investment and becoming more efficient in current production facilities requires a readily available skilled workforce.
iii. Safety

Investors and inhabitants require a safe environment in order to thrive. Tourist theory maintains that safety is a non-negotiable. Crime statistics suggest that whilst crime is falling in KwaZulu-Natal it is a major inhibitor to investment and in attracting tourists. Tourism is an extremely valuable growth tool, creating employment and providing relief from poverty to less developed areas with very little other opportunities. Lowering crime lowers the cost of doing business, attracts head offices and skilled workers to the cities by making them more desirable locations to live. A lower crime rate and more policing can greatly enhance the amount of areas for investment and assist SMME’s in establishing business at significantly lower costs.

iv. Transport Infrastructure

Logistics and logistical infrastructure are crucial ingredients in the success of any economy, as they create the opportunity for companies to operate in geographically detached markets. Transportation costs increase the cost of produced goods/commodities and therefore, in order to gain a competitive advantage in detached markets, efficient and cost effective logistics chains need to be established. For logistics to be cost effective and efficient, appropriate rail and road linkages need to be developed from the port or airport to the hinterland. It is a common observation that when roads and rail lines are built through the right areas that they can attract corridors of investment and development along them.

It is absolutely imperative that Transnet’s port expansion takes place in KwaZulu-Natal. The economic growth and employment that this would bring to the province would be massive. The ideal location for the port expansion would be the port of Durban, as eThekwini is the closest port to South Africa’s economic hinterland. A dedicate truck road for eThekwini municipality is required into the back of ports area. This road would ideally enter the back of ports area from the West of Clairwood and follow the uMhlatazana River to the N2. This road would need to be extended in the future to link with the N3, bypassing the Marian Hill toll plaza. Improvements in rail efficiency, capacity and speed will assist in reducing truck congestion. The NATCOR line needs major investment and upgrades.
The municipalities along the N2 and N3 need to work together in producing a spatial plan along these two corridors. This will facilitate private investment and development in suitable areas and avoid conflicting land uses being located next to each other. Appropriate road linkages can be established to future industrial areas and the various municipal departments can roll out services to these areas.

v. Tourism

Durban, Pietermaritzburg and Richards Bay are KwaZulu-Natal’s cities of most strategic importance. The three cities are centres of commerce, industry and governance. Of the three, however, only Durban is a major player on the tourism scene. It is essential for tourism industry growth in the province that tourism is encouraged and tourists attractions developed in all three cities. Creating linkages between these major metropolitan centres is crucial to the integration of KwaZulu-Natal’s diverse tourism regions and the ability of the province to offer a holistic tourism product. The three cities can be conceived of as gateways to various surrounding regions and should act as bases from which foreign and domestic tourists can explore the surrounding tourism regions. Creating a product attractive to foreign tourists, in particular, requires ensuring a certain standard of safety, service and consistently within all three cities. This could be achieved by the development of dedicated tourism zones within the three cities.

1. HIV/ AIDS, Poverty & Inequality

1.1 Introduction

In this section we examine and compare population, poverty, inequality and HIV/AIDS data for eThekwini, uMgungundlovu and uThungulu districts, within the province of KwaZulu-Natal.

Statistical information regarding the population by gender, age and race is important for development planning, policy formulation, action programmes and monitoring. “Population statistics are not only vital for development planning, but are also utilized for decision making in the government, in industrial and other businesses, and for stimulating research
and debate on important issues of concern to the society” (Siddicui, 1999). The population data takes the form of an age distribution analysis as well as an analysis of the rate of urbanisation.

“The eradication of income poverty is an indispensible requirement for sustainable development.... At the same time, pronounced income and wealth inequality impedes sustainable development by contributing to a rise in poverty, distorting the utilisation of society’s productive resources, frustrating the growth potential of a country” (UNDP, 2003:70).

As stated above, poverty restricts sustainable development hence it is crucial for us to examine and compare the poverty levels of KwaZulu-Natal’s three major districts. We employ a poverty head count ratio, which uses a poverty line to determine the number of people who are in poverty. The poverty head count ratio only gives us a crude understanding of the level of poverty within the three districts; we therefore go further to demonstrate the severity and depth of poverty, by showing the number of people living on less than two dollars a day as well as the poverty gap.

As stated it is not enough to just analyse poverty, it is also important to understand the challenges such as wealth and income inequality. South Africa notoriously has an unequal distribution of income and wealth, mainly due to unjust policies of the past. The three KwaZulu-Natal districts are no different with prominent income inequality within and among races.

The impact of HIV/AIDS is important because the disease has an unbalanced effect on poor households. Poverty reduces the ability of the poor to cope with the HIV/AIDS through costs and reduced productivity. Whereas HIV/AIDS creates poverty through the loss of income or breadwinners within households, the direct costs of HIV/AIDS to government through greater need for medical care and public health facilities, as well as the social costs of orphaned children and family breakdown are enormous. The remainder of this section analyses Global Insight data that examines in more detail the demographic/economic profile of the three districts.
1.2 Population Analysis

In 2007, the KwaZulu-Natal province had a population of 10,052,455 people (the highest population of all 9 provinces). 48.60% of the KwaZulu-Natal population is male, while 51.40% is female and 51.87% of the population is located in the three major District Municipalities—namely, 33.01% in eThekwini, 9.45% in uMgungundlovu and 9.42% in uThungulu. Figure 1.1 below exhibits the age demography for the three major district municipalities as well as KwaZulu-Natal as a whole. It can be seen that the age distribution remains relatively constant for all the districts. It’s also important to note that 66% of the population in eThekwini, 67% of the population in uMgungundlovu, 73% of the population in uThungulu and 70% of the population in KwaZulu-Natal is younger than 35 years old. The lower proportion of adults from 25 years of age and onwards can partly be explained by the disastrous effects of HIV/AIDS (discussed above). It is important to note that the age demography for each of districts is similar to that of KwaZulu-Natal as a whole, apart from a spike between the ages of 20 - 30 for the eThekwini Municipality. This spike is expected and indicates that young adults are migrating from around the province and South Africa seeking employment or further educational opportunities.

Figure 1.1 Age demography

Source: Global Insight Economic Data
The urbanisation rate (% of people living in urban areas) is displayed in Figure 1.2. This figure reports the urbanisation rate for the three major KwaZulu-Natal districts along with the province as a total. It can be seen that the percentage of people living in urban areas has increased from 42.2% to 46.9% in KwaZulu-Natal between 1996 and 2007. There has also been an increase in the population living in urban areas between 1996 and 2007 for the three major District Municipalities in the province where eThekwini has increased from 82.3% to 90.7%, uMgungundlovu has increased from 53.4% to 54.3% and uThungulu has increased from 15.1% to 16.5%. The increase in the population living in urban areas has been slight in both uMgungundlovu and uThungulu with increases of 0.9% and 1.4% respectively, as opposed to the increase in eThekwini of 7.4%, once again indicating that people are choosing to migrate to eThekwini from around the province and South Africa seeking employment or further educational opportunities. The increase in the urbanisation rate for the three districts can also be attributed to the majority South Africa’s economic growth taking place in and around urban centres over the last decade.

![Figure 1.2 Urbanisation rate](image)

Source: Global Insight Economic Data

1.3 Measuring the Extent of Poverty

A common measurement of poverty is to use the head count ratio. To determine the head count ratio a poverty line must be assumed and anyone earning less than specified poverty line is counted as being poor. A poverty line is established by determining the monetary
equivalent of a basket of basic goods and services required to sustain human life. The poverty line used by Global Insight data has been based on the Bureau of Market Research’s Minimum Living Level (Martins & Maritz, 1995). The poverty line also differs depending on the size of the household owing to economies of scale in household consumption as well as the lower consumption needs of children relative to adults.

Figure 1.3 below exhibits the percentage of people living below the poverty line by race. It can be observed that the black population has the highest proportion of people in poverty with 37.2% in eThekwini, 56.4% in uMgungundlovu and 55.6% in uThungulu District. In total 27.4% the eThekwini population (908,225 people) of, 48.1% of uMgungundlovu population (456,608 people) and 52.6% of the uThungulu population (498,155 people) fall below the poverty line. The higher proportions of poverty in the uThungulu and uMgungundlovu Districts can be attributed to a lower proportion of the population being located in urban areas (54.3% for uMgungundlovu and 16.5% in uThungulu district) where the majority of economic growth has taken place.

### Figure 1.3 Percentage of people living in poverty by race

<table>
<thead>
<tr>
<th></th>
<th>eThekwini Metropolitan Municipality</th>
<th>uMgungundlovu District Municipality</th>
<th>uThungulu District Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>37%</td>
<td>35%</td>
<td>53%</td>
</tr>
<tr>
<td>White</td>
<td>5%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Coloured</td>
<td>15%</td>
<td>12%</td>
<td>20%</td>
</tr>
<tr>
<td>Asian</td>
<td>8%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>Total</td>
<td>56%</td>
<td>50%</td>
<td>56%</td>
</tr>
</tbody>
</table>

*Source: Global Insight Economic Data*

### 1.4 Severity of Poverty

The headcount ratio of poverty falls short by not being able to measure the depth and severity of poverty. Figures 1.4 and 1.5 assist in understanding the depth and severity of poverty for eThekwini, uMgungundlovu and uThungulu districts. Figure 1.4 helps put this into perspective by examining the severity of poverty by looking at the percentage of people living on less than $2 per day. It is encouraging to see that the number of people
living on less than $2 per day has decreased between 2001 and 2007 for all the districts. Once again the district with the highest levels of poverty is uThungulu.

**Figure 1.4 Percentage of people living on less than $2 per day**

![Percentage of people living on less than $2 per day](chart)

Source: Global Insight Economic Data

1.5 Depth of Poverty

Figure 1.5 looks at the depth of poverty by looking at the poverty gap by race for each district. A poverty gap is the difference between each poor household’s income and the poverty line. The aggregate poverty gap is calculated by summing the poverty gaps of each poor household. It is therefore the total amount by which the incomes of the poor households need to be raised each year to bring them up to the poverty line and out of poverty. Previously we saw that eThekwini had the lowest proportion of households in poverty when in comparison to uMgungundlovu and uThungulu districts (Figures 1.3 and 1.4), however eThekwini has by far the largest poverty gap at R 1,564 million, this is due to the large volume of people that find themselves in poverty when compared to the other two districts (908,225 people fall below the poverty line in eThekwini to 456,608 people and 498,155 people in uMgungundlovu and uThungulu district). Figure 1.5 once again confirms that poverty is mostly experienced by the black population.
1.6 Income Inequality

As discussed in the introduction it is insufficient to only analyse the severity, depth and level of poverty, we also need to focus on income inequality. Therefore we have utilised the gini coefficient to analyse the level of income inequality within eThekwini, uMgungundlovu and uThungulu districts. The gini coefficient measures income inequality between 0 and 1, where the higher the coefficient the greater the inequality in income distribution. The results for the three districts are shown by race in figure 1.6 below. As can be seen income inequality for the three districts is roughly the same, with gini coefficients ranging from 0.65 – 0.68, these coefficients demonstrate that income distribution for all three districts is highly unequal. South Africa is notorious for its pronounced income inequality and therefore it is not unexpected for these three districts to follow suit. Income inequality among the black population is the highest among all the population groups, which is expected as more black people become skilled and are given equal opportunity in the market place, income distribution would be move towards being more unequally distributed before becoming
more equally distributed as larger numbers of the black population gain skills and enter the market place.

**Figure 1.6 Gini- Coefficient**

![Gini Coefficient Diagram]

Source: Global Insight Economic Data

### 1.7 Human Development Index

The human development index (HDI) is a popular measure of human wellbeing. The HDI is an attempt to measure progress in human development and it is composed of the following sub-indices, weighted equally;

- a) Life expectancy
- b) Educational attainment
- c) Gross domestic product per capita

The index varies from 0 to 1 where any value between 0.8 and 1 characterises a high level of human development, 0.5 to 0.799 medium development and less than 0.499 low development. Figure 1.7 below demonstrates the HDI for the three districts by race. uThungulu district has a low level of human development at 0.49, in comparison to the eThekwini and uMgungundlovu districts with medium levels of human development at 0.66.
and 0.58 respectively. Life expectancy in KwaZulu-Natal is low at 43 years from birth in 2006 (Health Systems Trust 2007: Table 8); this is mainly due to HIV and AIDS epidemic and lowers the HDI. The white population group has a high level of human development in all the districts ranging between 0.89 - 0.91, as opposed to the black population group with HDI's ranging from 0.44 – 0.56 signalling a low to medium level of human development. This is concerning and can further explain the highly unequal distribution of income among population groups.

**Figure 1.7 Human Development Index by race**

![Human Development Index by race graph](image)

Source: Global Insight Economic Data

### 1.8 HIV / AIDS

HIV/AIDS poses an enormous developmental challenge for South Africa, because of its unbalanced impact on poor households. It is estimated that there are currently 1.5 million people infected with HIV in KwaZulu-Natal, 32.56% of that total can be found in the eThekwini district, 9.9% in Mgungundlovu district and 10.01% in uThungulu district.

The trend for estimated HIV infections over the last decade has been plotted by major KwaZulu-Natal district in figure 1.8. The data used by Global Insight estimates the HIV prevalence rate, using a model that makes assumptions for the HIV/AIDS age distribution, the number of people receiving PMTCT (preventing mother to child transmission) treatment, the percent of children with moderate to severe HIV receiving ARTs and percentage of children born to HIV+ mothers receiving Cotrimoxazole. These base assumptions consider a number of sources, including the Actuarial Society of South Africa's (ASSA) HIV/AIDS model and the StatsSA midyear estimates. They adjust these base
assumptions to match benchmarks which may include the antenatal surveys, BMR reports, ASSA's reports and other reliable data sources.

Figure 1.8 shows that the trend in estimate HIV infections for the eThekwini district has been fairly stable from 2002 and even decreased from 2004. The trend for both uMgungundlovu and uThungulu districts are fairly similar showing a decrease in HIV infections from 2004. This seems to indicate that the epidemic is moving towards a mature phase and that government as well as private interventions are yielding some degree of success.

The age demography in figure 1.1 highlights that the majority of the population for each district is younger than 35 and that there is a significant decrease in the proportion of age groups from roughly 25-29 years old, this trend is supported by research showing the life expectancy in KwaZulu-Natal is 43 years from birth (Health Systems Trust 2007: Table 8); these are both very possibly as a result of the HIV/AIDS epidemic.

**Figure 1.8 HIV+ Estimate**

![Graph showing HIV+ estimates for eThekwini, uMgungundlovu, and uThungulu districts over years from 1996 to 2007.]

*Source: Global Insight Economic Data*

### 1.9 Literacy & Education

When one hears of the ‘skills shortage’ in South Africa and in KwaZulu-Natal it is easy to be dismissive of the problem, however from this graph it is easy to see huge lack of skilled
people in the workforce. Of the working age population in the study area only 9% in eThekwini, 8% in uMgungundlovu and 5% in uThungulu have any form of tertiary education. 19% of working age people in uThungulu have no schooling at all and 24% have a matric or higher and only 1% have a degree. The picture is not much better in the other two municipalities. The issue of obtaining qualified graduates to fill professional positions is clearly an important one. Even getting skilled artisans with some post matric or tertiary skills is extremely difficult. Ensuring that the training matches the skills required in the economy is an important part of promoting sustainable growth. In many cases there is demand for skilled jobs in these regions, however skilled workers have to be imported to fill these positions.

Figure 1.9 Level of Education

![Figure 1.9 Level of Education](image)

Source: Global Insight

Black literacy rates are extremely low in some areas of KwaZulu-Natal, and fall far below the averages for the other three race groups studied. This provides concern given that black people are the majority of the population. With a literacy rate of only 58% amongst working age people in uThungulu this could be considered a major obstacle towards attracting investment into a region. Potential investors in new plants and industries in these areas would be expecting a certain level of literacy amongst their employees.
Figure 1.10 Literacy Rate (age 20+, completed grade 7 or higher)

Source: Global Insight

2. Crime

2.1 Introduction

The crime statistics report compiled by the South African Police Service (SAPS)\(^1\) divides categories of crime into five main sections: Contact crimes, contact-related crimes, property related crimes, crimes heavily dependent on police action for detection, and other serious crime. Of the crimes labelled under “contact crimes”, eight serious crimes are grouped together under violent crime, and these crimes include murder, attempted murder, rape, assault GBH (which is assault with the intent to inflict grievous bodily harm), common assault, indecent assault (which includes the ‘rape’ of males), aggravated robbery and other robbery. Since 32.5\% of South Africa’s recorded serious crime falls into this category of violent crime, and since the consequences of the above eight crimes can result in death, injury, psychological trauma, and loss of or damage to property, the SAPS has taken special effort in crime reduction in this area. It is generally acknowledged (although the procedure of international crime statistics comparison is flawed) that South Africa experiences exceptionally high levels of violent crime, and thus on the basis of the crime

ratios of other Interpol member countries, a target of 7-10% reduction per annum was decided by Government in 2004.

The crime statistics from Global Insight are presented for 1996, 2001 and 2006. Many crime rates show a spike in 2001, this could be due to increased crime between 1996 and 2001, but in some cases it could rather be a result of better detection and more transparent crime statistics.

2.2 Crime in KwaZulu-Natal

![Contact (Violent) Crime (Crimes per 100,000 people)](image)

Source: Global Insight Crime Index

According to the provincial analysis in the SAPS crime report for 2006-2007, KwaZulu-Natal failed to achieve the 7-10% reduction target for murder in 2007. However the above table demonstrates a decline in the murder rate in the province of 22.66 murders per 100,000 people between 1996 and 2006. The decrease in murder rate between 2006-2007 and 2007-2008 is recorded as 6.7%². The province is also below the target 7-10% for attempted murders, but despite this there has been a steady decline since 1996. The rape crisis in the province continues, with little reduction in the number of rapes per 100,000 people since 1996. However the recent SAPS crime report shows a reduction of 9.9% in the

rape rate from 2006-2007, which is hopefully indicative of a changing trend. The number of incidents of Indecent assault has risen over the last ten years, with the 2006 rate double what it was in 1996. However change in national law has meant that from July 2008 the definition of rape will be expanded, and thus acts formerly considered indecent assault will be classified as rape.

Assault GBH and common assault rates have risen slightly (by 3% and 5% respectively) but the substantial decline since 2001 is a positive factor. However KwaZulu-Natal has not met the 7-10% target reduction for assault GBH since 2006. Although the above figure shows an increase in robbery with aggravating circumstances, between 2006 and 2007 this crime category was reduced by 9.8%, indicating a possible change in trend. Although higher than 1996, common assault crime has decreased rapidly since 2001 and this was one of the categories which met the reduction target. Whilst the province falls within the target range for common robbery, the 28% increase from 1996 to 2006 is cause for concern. In summary, indecent assault, assault GBH, common assault, aggravated robbery and common robbery are all up from their 2006 levels, rape is at a similar level since 2006, and murder and attempted murder have been reduced. The 2008 report\textsuperscript{3} shows that the province remains below the desired target reduction rate for murder, attempted murder and assault GBH, but achieved this target for rape, common assault, aggravated robbery, common robbery and indecent assault (until the change in legislation).

Figure 2.2  Contact-Related Crime (Crimes per 100,000 people)

\textsuperscript{3} South African Police Service Crime Report 2007-2008
In terms of contact-related crime, there has been a substantial decrease in arson, which has decreased by 54% since 1996, and in malicious damage to property, which has decreased by 21% over the same time period.

**Figure 2.3 Property-Related Crime (Crimes per 100,000 people)**

Source: Global Insight Crime Index

All categories under property-related crime have decreased since 1996, especially burglary at business premises which has dropped by 49% and theft out of or from a motor vehicle which has dropped by 57%. However if these category crimes are viewed in a national context, 27.4% of all carjackings, 24.% of all robberies at residential premises and 19.5% of robberies at business premises recorded in 2007/2008 occurred in KwaZulu-Natal.
(second only behind Gauteng). KwaZulu-Natal recorded increases in all of these categories over the period, and thus did not meet the target reduction rate for any of the three categories. These two provinces do however make up two-fifths of the country’s population, which could be a factor in the prevalence of these crimes in the two regions.

The rates of illegal possession of firearms and ammunition, drug-related crime and driving under the influence of alcohol and drugs have all increased since 1996, however as the category suggest this could be due to increased policing and better detection methods, as opposed to actual increased crime rates. Other Serious Crime (Crimes per 100,000 people)
Figure 2.4  Crime Heavily Dependent on Police Action for Detection (Crimes per 100,000 people)

Source: Global Insight Crime Index

All theft not mentioned elsewhere decreased by 22% between 1996 and 2006. Commercial crime has grown by 3% over the same period, and shoplifting has decreased by 23% over the same period.

Figure 2.5  Other Serious Crime (Crimes per 100,000 people)

Source: Global Insight Crime Index
The rates of illegal possession of firearms and ammunition, drug-related crime and driving under the influence of alcohol and drugs have all increased since 1996, however as the category suggest this could be due to increased policing and better detection methods, as opposed to actual increased crime rates. Other Serious Crime (Crimes per 100,000 people)

The crimes in this category do not fall into the sections set out by the SAPS report. Culpable homicide (manslaughter) has fallen by 17%, public violence by 3% and kidnapping by 18% between 1996 and 2006. *Crimen injuria* is defined as the act of unlawfully, intentionally and seriously impairing the dignity of another. It is used in the prosecution of certain instances of road rage, stalking, racially offensive language, emotional or psychological abuse and sexual offences against children. *Crimen injuria* rose by 30%, neglect and ill-treatment of children by 52% and abduction by 4% over the same period.

**Figure 2.6 Crimen injuria**

![](image)

*Source: Global Insight Crime Index*

### 2.3 Regional Crime

The following data represents the crime rates for the crimes that fall under the categories set out by the SAPS report, for the three regions of eThekwini, uMgungundlovu and uThungulu for 1996 and 2006.
All three regions have had declining overall crime rates since 2002/2003, with uMgungundlovu’s crime rate actually dropping below the 1996 level. eThekwini remains the region with the highest crime rate (152.14 crimes per 100,000 people); with the drop in crime rate in uMgungundlovu resulting in uThungulu have the second highest rate of the three (108.56 crimes per 100,000 people and 115.88 crimes per 100,000 people respectively).

**Figure 2.8 Violent Crime (Crimes per 100,000 people)**

*Source: Global Insight Crime Index*
The above data show the murder rate has decreased in all three regions between 1996 and 2006. Rape has decreased by 24% in uMgungundlovu, and has meant the region which had the highest rape rate of the three in 1996 has the lowest rape rate in 2006. The other two regions have slightly decreased rape rates (eThekwini - 2% and uThungulu - 4%). Indecent assault has increased substantially in all three regions. Attempted murder has decreased in all three regions, with uMgungundlovu again achieving a substantial reduction since 1996. Assault GBH has increased by 7% in eThekwini and by 42% in uThungulu over the period, but decreased by 17% in uMgungundlovu. Common assault increased by 53% in uThungulu and by 3% in uMgungundlovu over the period, and decreased by 3% in uMgungundlovu. Aggravated robbery in eThekwini, which was already substantially higher than the other two regions in 1996, increased by 66% over the period to a rate of 504.69 per 100,000 people in 2006. It increased by 40% in uThungulu and by 2% in uMgungundlovu over the period. Common robbery increased by 81% in uThungulu between 1996 and 2006, increasing by 19% in eThekwini and decreasing by 4% in uMgungundlovu over the period.

**Figure 2.9  Contact-Related Crime (Crimes per 100,000 people)**

![Bar chart showing contact-related crimes per 100,000 people for eThekwini, uMgungundlovu, and uThungulu from 1996 to 2006]

*Source: Global Insight Crime Index*

Arson has decreased by 39% in eThekwini, by 63% in uMgungundlovu and by 48% in uThungulu over the period. There has also been a substantial decrease in malicious damage to property, with this crime decreasing by 26% in eThekwini, 8% in uMgungundlovu and 11% in uThungulu. Whilst the percentage decreases are lower, it is important to note, for example that a 39% decrease in the arson rate in eThekwini results
in 6.61 less arson cases per 100,000 people, whilst a 26% decrease in the number of malicious damage to property crimes in eThekwini results in 96.8 less crimes per 100,000 people.

**Figure 2.10  Property-Related Crime (Crimes per 100,000 people)**

![Property-Related Crime Graph]

Source: Global Insight Crime Index

Burglary at residential premises has decreased in eThekwini and substantially in uMgungundlovu between 1996 and 2006, with a slight increase in the crime rate of this crime in uThungulu. Burglary at business premises has been reduced substantially in all three regions over the period. Theft of, out of, and from a motor vehicle is substantially higher in eThekwini than the other two regions. However the 62% decrease in theft out of or from a motor vehicle between 1996 and 2006 is worth mention. All three regions recorded substantial decreases in these two categories. Stock theft has decreased in all three regions, but the 38% decrease in uMgungundlovu and the 6% decrease in uThungulu over the period are more significant due to the more rural nature of these areas.

The category of crime, crime heavily dependent on police action for detection, as previously mentioned, is one in which statistics can be misleading, since the increased numbers could be due better policing. Comparatively, eThekwini has taken over the other two regions in terms of illegal possession of firearms and ammunition crime, with uMgungundlovu and uThungulu actually showing a decrease between 1996 and 2006. Drug-related crime has increased in all three regions, but the rise in eThekwini and uMgungundlovu has been
drastic. Driving under the influence of alcohol or drugs has also increased substantially, however this has been most dramatic in uThungulu with a 227% increase.

**Figure 2.11**  Crime Heavily Dependent on Police Action for Detection (Crimes per 100,000 people)

![Crime graph](image)

*Source: Global Insight Crime Index*

**Figure 2.12**  Other Serious Crime (Crimes per 100,000 people)

![Crime graph](image)

*Source: Global Insight Crime Index*
There has been a 17% decrease in all theft not mentioned in elsewhere in eThekwini between 1996 and 2006, with uMgungundlovu registering a 26% decrease and uThungulu registering a 22% decrease over the same period. Commercial crime has risen by 7% in eThekwini, but dropped by 17% in uMgungundlovu and 12% in uThungulu. Shoplifting has decreased in all three regions, but the substantial decrease in uThungulu has meant this region has gone from having the most prolific rate of shoplifting out of the three regions to the least over the period.

**Figure 2.13 Other Crime (Crimes per 100,000 people)**

Culpable has decreased in the three regions between 1996 and 2006, but most in uThungulu where it decreased by 37%. Public violence has risen by 25% since 1996 in eThekwini, but dropped by 43% and 35% in uMgungundlovu and uThungulu respectively. *Crimen injuria* has increased by 39% in eThekwini, 23% in uMgungundlovu and 79% in uThungulu over the period. The increase in the *crimen injuria* crime rate may be a positive development however, since it could mean that crimes that were not prosecuted or inadequately prosecuted in the past are now being given attention. There has been an increase in the neglect and ill treatment of children between 1996 and 2006 in all regions, especially in uMgungundlovu. Kidnapping has decreased in all three regions. Abduction has decreased in eThekwini and uMgungundlovu, but increased in uThungulu.

*Source: Global Insight Crime Index*
3. The KwaZulu-Natal Labour Market

3.1 Labour force Participation Rate

Labour force participation for working age persons in the three areas varies quite markedly. With the addition of Ilembe due to its location between the study areas we can include additional labour force participants.

![Labour Force Participation Rate](image)

*Source: Global Insight Economic Data*

Unsurprisingly Ilembe and uThungulu, with the largest amount of people still living in rural areas have the lowest levels of labour force participation. Females also participate in the labour force less than males in the two more rural districts, however in eThekwini and uMgungundlovu female participation is higher amongst black females than black males.
3.2 Broad Unemployment by Race and Sex

Unemployment in the broadest sense is highest amongst black females in uMgungundlovu as is typically highest amongst black females overall in the study area. Only in eThekwini is it below 50%. White males and females have the lowest level of unemployment, below 10%. Overall eThekwini has an unemployment rate of about 34% and the other districts range between 42 and 46%.
3.3 Employment by sector and area 2007

The trade sector is the largest employer in KwaZulu-Natal and employs over 400,000 people. This sector includes retail and wholesale trade, catering and accommodation. Nearly 250,000 people in this industry are employed in eThekwini with the rest being fairly evenly spread across the province. Community services, including government employ 375,000 people, with eThekwini being the largest contributor in terms of employment. The manufacturing sector is a major employer in KwaZulu-Natal with the majority of the business occurring in eThekwini. Agriculture is relatively small within the study areas relative to the rest of the province. The financial services sector is very much Durban based and as such should be supported within the city.

3.4 The Informal Sector Growth 2000 & 2007

The informal sector continues to grow throughout the province, however low levels of growth have been experienced in uMgungundlovu and uThungulu. The exact implications of this need to be more greatly investigated. Is the cause of this slow growth due to a lack of support or is it due to crowding out by the formal sector.
4. The Economy and Sectoral Growth

4.1 Output and Growth

GDP per Capita is significantly higher in eThekwini as compared with the rest of the province. This disparity provides us with different development challenges in Richards Bay and Pietermaritzburg when compared with eThekwini. We have noted the severe lack of human development in the two less developed regions, particularly in uThungulu where there is a large rural population.

eThekwini has been fairly consistent in having the highest growth levels amongst the cities in the study over the last ten years. The decline and then increase Growth in uMgungundlovu can be attributed to the change in the seat of provincial government back to Pietermaritzburg. It is fairly clear that growth in KwaZulu-Natal is driven by eThekwini as the provincial powerhouse contributes to approximately half the GDP of the province. However the growth levels of second and third cities in KwaZulu-Natal has been fairly high, and nothing to be dismissed lightly.
4.2 Sectoral Growth

Average sectoral growth for the last 11 years has been highest in four particular sectors of the economy. Whilst manufacturing is working off a large base it has registered modest growth, particularly in the Pietermaritzburg region. The sector of the economy that has
seen consistently high growth across the three regions has been Finance and business services which experienced between four and six percent growth. The construction industry has maintained strong growth along with the finance sector. However these are often considered support industries which are lead by growth in other sectors. Financial head offices are seldom based in KwaZulu-Natal and construction is often reliant on strong demand in other sectors.

**Figure 4.3  Average Annual Sectoral Growth 1996 – 2007**

![Average Annual Sectoral Growth 1996 – 2007](image)

Source: Global Insight Economic Data

### 4.3 Transport Growth

The trends in cargo handling have remained consistent over the years in all South African ports with Durban handling the greatest number of containers and Richards Bay handling the largest number of total bulk cargo. The total TEUs handled by all South African ports has grown since 2004, however, cargo handled by the Port of Durban has been largest with a growth of about 30% from 2004 to 2007.
Richards Bay handles the prevalent number of total bulk cargo with over 80 million metric tonnes in 2007. Durban has remained fairly consistent with an average of 35 million tonnes since 2004.

**Figure 4.4 Total TEU’s handled by South African Ports 2007**

![Bar chart showing TEUs handled by South African Ports 2007](chart.png)

*Source: Transnet National Ports Authority*

Durban remains the leading cargo handling port for break-bulk cargo with about 7.5 million metric tonnes handled in 2007 compared to about 5 million in 2004. Data shows that KwaZulu Natal ports dominate cargo handling in South Africa and the only potential competition for bulk cargo is the Port of Saldanha Bay which handles about half the amount that the Port of Richards Bay handles.
KwaZulu-Natal’s large trade and transport sectors have experienced excellent growth in recent times and should be considered economic growth ‘leaders’. Support for these sectors would provide excellent opportunities for growth and development of other sectors of the economy.

An efficient transport sector offers lower costs and more timely production for the manufacturing and agricultural sectors. Interviews with producers and manufacturers about increasing production and lowering costs generally lead to the same feedback.

- The cost of transport, especially through the ports and on rail is too high.
- Toll roads and congestion are a disincentive for investment and export growth.
- There is a lack of suitably located and serviced industrial land within the province.
- Transnet is too inflexible
5. A Combined Strategy – Where should targeted interventions be?

The three municipalities need to focus on certain sectors where combining planning and lobbying can result in mutually beneficial results. The sectors and focuses which have the largest crosscutting impacts or employment benefits to the economy are listed below.

- Transport & Logistics Infrastructure
- Tourism Infrastructure
- Education
- Finance and Business Sector

5.1 Education

The lack of often even basic education amongst working age people, especially in uThungulu is a severe hindrance to growth in the region. Education is the key to addressing the potential for expanded growth in targeted sectors and high unemployment.

The lack of facilities for teacher training schools and the great distances required for teachers in training are of great concern.

There is a need for the Department of Economic Development to work alongside industry and the Department of Education to find out the specific skills shortages that are evident in the local economy and provide plans to overcome these. This would involve working with large industries to train local people to fill posts within the economy. This includes the perceived lack of IT skills in Durban, engineers in Richards Bay, and teachers across the province. The benefits of filling posts with local people and providing skilled workers to plants has a large multiplier effect within the province and will provide both direct and indirect employment.

A good base for lowering high unemployment within the economy is to ascertain how many direct job are currently vacant within government and the private sector and use an economic multiplier model to calculate the potential effect on employment in the three cities if these were to be filled. Additionally there is a need to identify where businesses want to expand but cannot due to lack of skilled staffing options.
5.2  Industry – Transport and Manufacturing

The manufacturing, trade, finance and transport sectors are hugely important in KwaZulu-Natal and have shown significant growth over an 11 year period. These sectors should be supported as best as possible. International best practice suggests targeted interventions in the transport industry can greatly enhance the competitiveness and growth of many other sectors, especially in an economy such as KwaZulu-Natal where the three cities in the study area lie on the most important transport routes in Africa. There are significant international examples to suggest that providing world class logistics solutions and efficient port and back of port areas promote and crowd in other forms of private investment. The two busy ports are an extremely good competitive advantage for the province. Providing excellent linkages and infrastructure between the ports and surrounding industrial areas should be a priority for economic development to occur. Providing timely and cost efficient transport would attract new investment and provide export opportunities for existing industry. Providing new and infrastructurally serviced land to the private sector should be a major objective. This land needs good linkages to the two ports and the Gauteng region without major constraints such as expensive toll roads and slow inefficient ports and rail systems.

Such ideas as mentioned above would be in line with experience from the KwaZulu-Natal Dept of Economic Development that assisting existing businesses is more successful than starting up new enterprises. Economic Development should put every effort into overcoming any hindrances and inefficiencies in the transport and logistics chain – these need to be clearly identified. The next report would focus on identifying these in the SWOT analysis and would include minimizing the impacts of toll roads, improved rail links and the reduction of inner city congestion.

5.3  Finance and Business Sector

Interventions in the business and finances sector are fairly simple. Lower the cost of business by providing cheaper communications costs and providing funding for skills training and skilled staff identification alongside the upgrading of the transport other services and the finance and business sector would grow alongside the manufacturing and transport sectors which it supports.
Alongside our consideration of the transport sector, one must also highlight the woes the country has in regard to its electricity supply. The electricity sector has not grown in line with the rest of the provincial economy and sources of sustainable electricity generation need to be identified and addressed urgently.

5.4 Tourism and Trade Sector

KwaZulu-Natal is the biggest domestic tourism destination in South Africa and yet it still has many beautiful regions and unspoilt beaches that have very little tourism. The tourist potential of its three biggest cities is extremely high and there are still many opportunities that can be exploited. Durban is certainly a greater tourist attraction than the other two, yet these both have potential for inner city tourist development. Successful tourist destinations would also attract more business, conference and industrial tourism as well as create cities which are more attractive to investors and skilled workers who have a choice of places to live. The suggestion would be to create ‘crime and grime free’ mega zones. The creation of Crime and Grime free mega zones are key elements in promoting growth in tourism. (eg the V&A in Cape Town). The need for beachfront and inner city zones need to be safe for tourists 24 hours a day is vital for a sustainable tourist industry that attracts increasing foreign spend. The question needs to be asked: If some areas of Durban are perceived by tourists to be safe at all hours, why can we not expand that to include greater parts of the city and the province?

These zones can become tourist hubs where tourists spend one or two nights before moving to the more traditional tourism venues within KZN, thus increasing bed-nights in the province and expanding the overall tourist appeal and spend in KwaZulu-Natal. All three cities have identifiable zones that can be promoted as secure tourist areas. Pietermaritzburg has a beautiful old inner city with a vibrant feel and many cultural attractions. Durban has its beachfront and port, whilst Richards Bay has undeveloped beaches and islands which can be incorporated into a potential Mecca for tourists. The exact details of these zones still need to be identified. There is also a definite need to upskill persons working in the Tourism industry to be more service orientated and business minded. There is a need to look at places where service is excellent and benchmark those levels and spread to other tourism initiatives. This is especially pertinent to government owned tourist facilities such as nature reserves and museums.
5.5 The Way Forward
The SWOT and economic integration plan focuses on plans for two specific sectors:

1) Tourism
2) Transport and Logistics

The integration plans for these two sectors will have large scale cross cutting implications for other industries in KwaZulu-Natal. Further focus will be placed on Education and skills shortages in the province and identifying these in the Gap analysis.

A plan for suggested infrastructure developments in the targeted sectors will assist the competitiveness and sustainability of the provincial economy and promote the correct location of industries and tourism developments in the province.

6. SWOT Analysis of Tourism in the Three Cities

Durban, Pietermaritzburg and Richards Bay are KwaZulu-Natal’s most strategically important cities. The three cities are centres of commerce, industry and governance. Of the three, however, only Durban is a major player on the tourism scene. It is essential for tourism industry growth in the province that tourism is encouraged and tourists attractions developed in all three cities. Creating linkages between these major metropolitan centres is crucial to the integration of KwaZulu-Natal’s diverse tourism regions and the ability of the province to offer a holistic tourism product. The three cities can be conceived of as gateways to various surrounding regions and should act as bases from which foreign and domestic tourists can explore the surrounding tourism regions. Creating a product attractive to foreign tourists, in particular, requires ensuring a certain standard of safety, service and consistently within all three cities. This could be achieved by the development of dedicated tourism zones within the three cities. The following SWOT analyses assess the tourism products currently offered and look at opportunities for further tourism development in the three cities.
6.1 Msunduzi Local Municipality

KwaZulu-Natal is both a culturally and ecologically diverse province, offering an extensive variety of options for a range of domestic and foreign tourists. Currently the province is the third largest foreign and the largest domestic tourist destination within the country. A substantial proportion of the domestic tourism that takes place in the province is relatively low revenue-generating intra-provincial tourism. Low revenue generating domestic tourism and a declining number of foreign bednights have led to suboptimal returns to tourism in the province. To this end Tourism KwaZulu-Natal has developed a comprehensive tourism strategy aimed at growing tourism in the province. The strategy divides KwaZulu-Natal into different tourism regions, nonetheless, united under the ‘Kingdom of the Zulu’ supra-brand. The regional brand or tourism identity of Msunduzi Local Municipality and surrounding areas is that of ‘The Capital of the Zulu Kingdom’. This identity should be built upon in growing the tourism appeal of Msunduzi Local Municipality. In particular the rich heritage of Pietermaritzburg should be strongly emphasized. Msunduzi has the potential to live up to its title as capital of the Zulu Kingdom, by marketing itself as the historical and cultural capital of the province. Cultural and heritage related events should thus be promoted and the city marketed as the premier location within KwaZulu-Natal for these events. Pietermaritzburg’s growing reputation as a major sporting city (where does this reputation come from) should also be enhanced through the extension of the number of sporting events taking place within the municipality.

Tourism KwaZulu-Natal finds that ‘Pietermaritzburg/Midlands’ is the fourth most popular tourist destination in the province (Durban, Zululand and the Drakensberg are the top three). Overall 26% of foreign air departure tourists visited Pietermaritzburg/Midlands in 2007. (TKwaZulu-Natal, 2008:5) Despite being the provincial capital, Pietermaritzburg is still far behind Durban as a metropolitan tourist destination and a significant proportion of the 26% (earlier they stated 26%) of foreign visitors only visit the Midlands and not Pietermaritzburg city. It is important, however, to develop Msunduzi Municipal Area as a second major metropolitan tourist destination within the province.
6.1.1 Strengths

- Pietermaritzburg is the capital city of KwaZulu-Natal and a focal point of business and governance within the province. It is also the second biggest city in the province.
- Relatively high level of business confidence in the municipality, reflected in a Business Confidence Index of 66 (is there a measure to back this up)
- Centrally located within easy driving distance of Durban and the Drakensberg
- Bisected by the province’s primary transportation corridor, and one of the busiest routes in South Africa, linking Johannesburg with the port city of Durban.
- Located in a country setting with surrounding expanses of farmland and undeveloped land
- Tranquil atmosphere, enjoying a more chilled pace than most other large South African cities
- Located at the start of the highly popular Midland’s Meander tourism route
- Cultural diversity and rich heritage
- Great examples of colonial Victorian architecture
- Enjoys a variety of adventure sport options and close to two large recreational dams
- Host to the province’s most popular sporting events
- Surrounded by four nature/game reserves

Pietermaritzburg was for many years the capital of the province of Natal. Post 1994, however, Ulundi was proclaimed capital of the new province of KwaZulu-Natal and remained so until 2004, at which time Pietermaritzburg, once again regained its capital status. Since regaining its capital status, Pietermaritzburg has grown in stature both as a centre of business and of governance. The status and pulling power of a ‘capital’ designation should not be underestimated from a tourism point of view and is a major strength of Msunduzi Local Municipality. This status of ‘capital city’ has also contributed to a relatively high level of business confidence within Msunduzi, as reflected in a business confidence index (BCI) of 66 for the municipality in 2008. (Coetzee, 2008:56) The business confidence index reflects the perceptions and expectations of individuals doing business within the municipal area. A high business confidence index indicates a certain degree of satisfaction and business optimism, which is essential in attracting new tourism developments and ventures to the municipality. While business confidence in the municipality has fallen quite dramatically over the past four years, this must be understood
in the light of an approaching global recession and a slowing of the South African economy. Indeed the BCI for South Africa, as a whole, at March 2008 was only 48%. (Coetzee, 2008:56) Compared to the rest of the country, then, Msunduzi enjoys significantly higher levels of business confidence. This ensures that the municipality is well positioned, within the country, to accommodate new tourism-related business ventures.

From a spatial point of view, Msunduzi Local Municipality is centrally located in easy driving distance of some of the province's top attractions, including, Durban, the North and South Coast, the Battlefields, Midlands Meander and the Drakensberg. All of these attractions are within +/- 2 hours from Msunduzi, and are easily reached by virtue of extensive road infrastructure. Msunduzi Local Municipality straddles one of the busiest transportation corridors in the country, and is therefore a very visible and easily accessible city. While increasingly becoming a centre for business, Msunduzi Local Municipality, retains a certain ‘rustic’ charm. This is because it is surrounded by extensive farmland and the city itself is awash with greenery. Msunduzi’s country surroundings lends to a certain aura of tranquility and serenity that separates the city from other big South African cities. As such it has the potential to provide the perfect mix for tourists – all the conveniences and vibrancy of a big city, yet the restfulness of a country getaway.

While the city of Pietermaritzburg itself cannot be considered to be a major tourist attraction at present, the Midlands Meander, a tourist route beginning on the outskirts of the city, has gained recognition nationwide, as one of the best cultural and countryside routes in South Africa. The Midlands Meander is Msunduzi Local Municipality’s most important tourism asset and functions in the same way as the beaches do for Durban. Growing tourism in Msunduzi is made easier if one takes advantage of this already established, tourist attraction. Despite the fact that Pietermaritzburg city is not considered a major tourist attraction as yet, there is much in Pietermaritzburg’s rich history and culture to recommend it. Few places in South Africa can boast the cultural diversity of Pietermaritzburg. Founded by the Voortrekkers in the late 1830s, subsequently taken over by the British a few years later, Pietermaritzburg was also the place where Mahatma Gandhi was thrown off a ‘whites only train’, an event crucial in forming his views on passive resistance, as well as being the location of Nelson Mandela’s last speech before imprisonment. While the architecture that can be seen in the city reflects the grandeur of the Victorian era, there are also great examples of Hindu, Boer and Zulu culture. Surveys conducted by Tourism KwaZulu-Natal, have consistently showed that foreign tourists
visiting the country seek ‘cultural experiences’. To this end the cultural diversity of Pietermaritzburg is a key strength of the municipality.

Msunduzi is not just a placid cultural destination but is also fast-becoming a major destination for the highly active and adventure tourists. A number of adventure options exist within Msunduzi Local Municipality and surrounding areas. Two large recreational dams, Midmar and Albert Falls, provide a range of water activities. Similarly the municipality benefits from four nearby nature reserves, where drives and walks can be arranged. Msunduzi Municipality hosts some of the biggest sporting events in the country, with the Midmar Mile, Dusi Canoe Marathon, Comrades and Amashova drawing tens of thousands of participants. These events ensure an all year round flow of visitors to the municipality and smooth the seasonal fluctuations in tourist numbers.

6.1.2 Weaknesses

- Relatively small tourism industry
- Low tourism identification with the city
- Lacks the allure of coastal destinations within the province
- Lacks the vibrancy and ‘buzz’ associated with other cities
- No mass appeal tourist attractions
- Airport is low capacity
- Caught between being a major metropolis and a quaint town
- Too close to Durban and too far from the Drakensberg to be a tourist accommodation hub
- Possible over-emphasis on colonial history

The Msunduzi IDP 2007/2008 reports that the Hospitality and Tourism sector contributed 6% the municipality’s economy. This is compared to an 8% contribution of the tourism sector to GDP at a provincial level. This is indicative of the small size of the tourism industry in Msunduzi. While tourism business confidence is high, actual tourism revenue is low. This is partly due to a low level of tourism identification with the municipality. Tourists identify the Midlands as an attraction, but do not see Pietermaritzburg city in the same way. One of the reasons for this is that tourists, especially foreign ones, seek beach holidays, and for this reason would rather stay in Durban and maybe make a day trip to
the Midlands than stay in Pietermaritzburg. Furthermore Msunduzi Local Municipality does not have any mass appeal attractions. These would include theme parks (such as Ushaka or Gold Reef City), beaches and other natural attractions (Table Mountain). Many of Pietermaritzburg’s attractions (National Botanic Gardens, museums, Midmar dam etc.) are aimed at a specific segment of the domestic market rather than at international tourists. There may also be an over-emphasis on colonial history to the exclusion of more broad-appeal historical attractions.

While Msunduzi Municipality is centrally located within the province and this has been documented as a strength of the municipality, it can also be conceived of as a weakness, in that Msunduzi can be seen as a ‘in-between’ tourist destination. The municipality is too far from the Drakensberg and too close to Durban. People visiting the Drakensberg will tend to stay at the Drakensberg, while those looking for a beach holiday will stay in Durban. The fact that Pietermaritzburg only has a very limited domestic airport also means that Durban will always have the competitive advantage in terms of providing tourist accommodation. These factors hinder, if not are prohibitive, to expanding tourist accommodation in Msunduzi. Pietermaritzburg is also in-between as far as size goes. While, again as noted in the strengths, this can provide a pleasant mix for tourists, it also has its drawbacks. Pietermaritzburg doesn’t have the vibrancy associated with Durban and most big cities and at the same time, doesn’t possess the same charm as smaller towns and villages. In this respect the city seems to struggle with its identity. This makes marketing Msunduzi as a tourist destination, somewhat challenging.

6.1.3 Opportunities

- Expansion of Oribi airport to encourage greater domestic tourism
- Promote city as the cultural heartland of the province, provide incentives for the location of museums in the city, encourage arts and crafts festivals
- Development of safe tourism walking routes in the CBD
- Target British and Dutch tourists
- Integrate city as an essential first stop in the Midlands Meander
- Provide cheaper accommodation than that found in the midlands
- Develop surrounding attractions more thoroughly, ruthless promotion of Midland’s Meander, possible creation of Mkambithini Game Park
• Increase the city’s events (particularly sporting events) profile
• Target adventure tourists

The planned expansion of Oribi Airport provides greater opportunity to market Msunduzi as a tourist destination. (Msunduzi IDP 2007/2008) Increasing the number of domestic tourists, or domestically traveling international tourists, arriving in Pietermaritzburg would be a major boost for the tourism accommodation industry within the municipality. However merely increasing the capacity of Oribi Airport cannot, by itself, increase tourism numbers and tourism spend in the municipality. The tourism product needs to be more thoroughly developed. For this one needs to draw on the competitive advantages that Msunduzi enjoys in terms of tourism. Principal among these is a rich heritage and cultural diversity. Municipal authorities should look to cluster cultural resources in the city. Efforts in this regard could include possibly providing financial incentives for the location of art galleries and museums in the city.

As it is, a number of museums and art galleries already exist in the city, and there is the potential to create a cultural hub within Pietermaritzburg. Similarly the character of the Pietermaritzburg CBD, with all its examples of Victorian architecture (such as the city hall – one of the largest face brick buildings in the southern hemisphere), its statues and pleasant gardens should be capitalised on. The CBD and wider inner city could be transformed into a living museum, where tourists can wander from attraction to attraction (whether this be famous statues and buildings or museums and art galleries). Walking trails, supported by information boards could be developed in the city. For this to become a reality, however, a high level of safety will need to be maintained within the CBD.

Further promotion of cultural events and festivals within the city could transform Pietermaritzburg into something of a ‘Grahamstown’ for KwaZulu-Natal. In terms of target market, Msunduzi needs to attract more foreign tourists, who spend on average ten times as much per day as domestic tourists. Currently Msunduzi is seen more as a domestic tourist destination than as an international one. There is an opportunity, however, to capture segments of KwaZulu-Natal’s foreign tourist market, particularly British and Dutch NSSA (next stop South Africa tourists). The British and Dutch heritage of Pietermaritzburg should be used to attract this group of tourists. At the same time, however, cogniscance must be taken of the fact that many international visitors are intrigued by South Africa’s history of oppression and liberation. To this end the struggle
history of the city should also be emphasised. Indeed the city was witness to the defining points in the lives of two of the greatest people of the twentieth century, Mahatma Gandhi and Nelson Mandela. The legacy that these men left in the city is of potentially high tourist interest and should be suitably exploited.

A large part of the tourist appeal of Msunduzi is tied up with the Midlands. While the Midlands Meander has grown in popularity in recent years, it could still target foreign tourists more effectively. This would involve targeting those market segments most likely to enjoy the attractions of the midlands. Pietermaritzburg should aim to feed off of the growing popularity of the Midlands by being incorporated into the Midlands Meander. Pietermaritzburg should act as the first stop on midlands tour routes. Another way, in which Msunduzi Local Municipality could take advantage of the Midlands Meander, is in providing cheaper accommodation than that offered in the Midlands itself. In this respect, Msunduzi could act as the accommodation base from which tourists begin their tours of the Midlands. Other attractions surrounding Msunduzi should also be more fully developed and marketed.

One such potential project is the development of the so-called Mkambithini Game Reserve, which would be situated between Pietermaritzburg and Cato Ridge. The Game Reserve would comprise of 15,00ha of “valley bushveld and grasslands” and would contain four of the big five. (Mkambathini Municipality, 2006:20) The substantial demand by foreign tourists for bush/wildlife experiences would ensure that this reserve would be highly visited and would have tourism multiplier effects for Msunduzi Municipality. Similarly Albert Falls Dam should also be more thoroughly developed as a tourist attraction. The dam has the potential to be a prime adventure destination. Msunduzi Local Municipality should build on its existing adventure attractions (Karkloof Canopy Tours, Cato Ridge Sky-diving and water sports in its dams) in marketing itself as an adventure heartland of KwaZulu-Natal, in much the same way as Queenstown is the adventure heartland of New Zealand.

Msunduzi Local Municipality is already host to numerous high profile sporting events. Tourism KwaZulu-Natal has done a number of studies on these events and has found them to be significant revenue generators. The lack of outright, mass appeal attractions, in Msunduzi means that these events are strategically important for tourism growth in the municipality. They provide a reason to come to the city that is not necessarily based on the city’s physical attributes. Expansion of events taking place in the city should therefore
be targeted. Areas in which, sporting events in particular, could be promoted, include the use of the famous cricket ground as a venue for Twenty-Twenty International cricket matches, as well as the use of Scotsville for bigger horse racing meets. Expansion of these events mean little, however, if tourism spend on accommodation cannot be captured within the municipality. To this end Msunduzi Municipality should seek to aggressively attract overnight spectators of the events.

6.1.4 Threats

- Competition from Cape wine routes for cultural and lifestyle tourism
- The effects of urban sprawl as Pietermaritzburg grows
- Increased crime and grime as the city grows
- The impact of HIV-Aids on the tourism workforce
- Countering negative perceptions of the city

One of the threats to growing tourism in Msunduzi Local Municipality and the Midlands is competition from the Cape Wine Routes. In many ways the Midlands Meander and the Cape Wine Routes aim at a similar segment of the tourist market. At present however, the winelands, enjoy the lion’s share of the foreign portion of this segment. Thus one of the key challenges of growing tourism in Msunduzi and the Midlands is being able to effectively compete with the Cape for foreign tourists. Another notable threat to growing tourism in Msunduzi Local Municipality is the growth of the metropolitan area itself and the urban sprawl attached to this growth.

At present Msunduzi has a unique smaller town charm. This is one of its greatest assets. As the metropolitan area extends however and housing estates are built to solve the current housing shortage in the municipality, the feeling that Pietermaritzburg is a city in the countryside could be greatly diminished. The crime and grime associated with rapid urban growth also poses a serious threat to tourism as Msunduzi comes to terms with its standing as a large and important city in KwaZulu-Natal. Finally, as with all sectors of the South African economy, HIV-AIDS threatens tourism in Msunduzi by eroding the tourism workforce and affecting the domestic tourism market.
6.2 Mhlatuze Local Municipality

Situated just under 2 hours drive north of Durban but within an hour’s drive of the major game reserves, and the Isimangaliso Wetland Park, Mhlatuze Municipality, has the potential to become the gateway to KwaZulu-Natal’s upper North Coast attractions. The Zululand/Elephant Coast region is the second most visited are by foreign tourists in KwaZulu-Natal, and offers a wide array of cultural and natural attractions, including a world heritage site. (TKZN, 2008) Despite its proximity to these attractions Mhlatuze Municipality, is focused primarily on industrial development centred around the Richards Bay harbor, and is home to a number of heavy industry factories and smelters. While Richards Bay is known best by its busy harbour, bulk terminals and ‘dirty’ industrial sites, it has significant tourism potential in its own right and possesses some beautifully preserved natural environments. This potential has yet to be fully realised, and while Richards Bay enjoys significant business tourism and domestic tourism, especially in the holiday season, it has failed to develop as a destination for foreign tourists. Capitalising on the tourism potential of Richards Bay involves taking advantage of, rather than ignoring, the harbour and extending the city’s linkages to surrounding natural attractions. In addition, significant critical mass, catalytic tourism attractions need to be developed within Richards Bay itself.

6.2.1 Strengths

- Relatively small and laid back city
- Within close proximity to some of the province’s most popular eco-tourism attractions, namely, Hluhluwe-Umfolozi, Sodwana and the Isimangaliso Wetland Park.
- Situated within Zululand and as such benefiting from proximity to cultural and historical attractions such as the battlefields of Ulundi and Gingindlovu and the Shakaland cultural park.
- Situated in an area with high infrastructural efficiency and easy access.
- Characterised by the second busiest harbour on the east coast.
- Beautiful aquatic scenery, with sheltered bays, undeveloped islands and long stretches of beach.
- Warm air and water temperature
• Birding and eco-tourism, particularly surrounding the southern sanctuary and Lake Mzingazi.
• Fairly new city, with ample opportunity for new developments. (extensive space available)

Mhlatuze Local Municipality has an estimated population of 333,860, of which Richards Bay contributes 53,402, and Empangeni only 24,119. (City of Mhlatuze, 2006:3) The balance is comprised of rural and tribal areas. On account of its relatively small resident population, Richard’s Bay has a certain relaxed and laid back atmosphere, which differentiates it from the crowded metropoles of Durban and Pietermaritzburg which has the potential to make it an appealing tourist destination. The city is home to the largest bulk handling harbour in South Africa and the second busiest harbour on the east coast. As such Richards Bay benefits from extensive infrastructure linkages which make it a highly accessible destination, whether by road, rail, air or sea. The N2 linking Richards Bay to Durban is considered a primary transportation corridor within the province and is an important business and tourism route. Richard’s Bay also benefits from being in close proximity (under an hour’s drive) to the internationally renowned-Hluhluwe Umfolozi Game Reserve, and to the Isimangaliso Wetland Park world heritage site. In addition to natural attractions, Richard’s Bay, is located within Zululand and thus is in close proximity to the province’s top cultural Zulu attractions. The diversity of tourism experiences to be enjoyed in the areas surrounding Richard’s Bay have led to the Zululand/Elephant Coast region becoming the second most popular (after Durban) tourism destination for foreign tourists in KwaZulu-Natal. The established nature of the tourism industry in areas surrounding Richards Bay, is a key strength for tourism development within Richards Bay itself.

Richards Bay, as a city distinct from its surrounding areas, has significant tourism potential. As an industrial hub on the KwaZulu-Natal north coast, business tourism currently accounts for the largest proportion of tourist numbers to the city. The 2003 Uthungulu tourism plan (the most recent district tourism plan available), reports that 62% of the bed capacity in the region is to be found in Mhlatuze. The plan further finds that business demand accounts for 65% of occupancy within the Uthungulu area. (Halley Sharpe, 2003:A12) The dominance of business tourism within the district is reflective of the importance of the Richards Bay industrial hub. In addition to business tourism, however, Richards Bay has a number of un-spoilt natural attractions and is an important bird-watching destination.
Unlike Pietermaritzburg and Durban, Richards Bay has substantial undeveloped land at its disposal, and enjoys a greater degree of natural preservation than the other major cities. Natural attractions in Richards Bay include the southern sanctuary estuary area, Lake Mzingazi and Nseleni Nature Reserve. Richards Bay also enjoys some stunning aquatic scenery, with a number of islands and sheltered bays. The air and water temperature is warm to hot making beaches a major attraction within the city and giving Richards Bay a competitive advantage as a beach holiday destination for foreign tourists.

6.2.2 Weaknesses

- Perceived as an industrial city that revolves around the harbour rather than as a tourist destination. Not included in most tour operator’s packages.
- Home to a lot of heavy industry and therefore suffers from high levels of pollution.
- Presently a pass through destination en route to the Elephant Coast.
- Small resident population that may be unable to take up the tourism slack in the off season.
- Fairly new city and as such not as rich in history or character as other towns and cities in KwaZulu-Natal.
- Lacks broad-appeal tourist attractions.
- Poorly-functioning domestic airport.
- NPA ownership of islands within the bay area.

While Richards Bay is situated in a popular tourism region, the city is itself not generally associated with tourism, business tourism aside. Richards Bay is perceived and promoted as an industrial port city. The presence of an industrial development zone within Richards Bay, enhances this image and is indicative of a focus on industry development within the city. Intense industrial development has also led to relatively high levels of pollution within the city, a characteristic that weakens Richards Bay’s tourism appeal. The lack of leisure tourism association with Richards Bay is reflected in the fact that Northern KwaZulu-Natal tour operators seldom include Richards Bay as part of their tour itineraries. Business tourism, withstanding, Richards Bay most commonly functions as a pass-through destination on the way to the game parks in the North. The small residential population of Richards Bay, though providing a relaxed feel in the city, may hinder tourism development, by being unable to provide the off season demand to sustain large scale tourism.
developments. Tourism developments may thus flounder in the off peak season as they cannot rely on a large resident market to plug the gap in demand for their attractions. This is particularly true for the further development of Tuzi Gazi waterfront. This said, it is precisely these sort of critical mass attractions, currently lacking, that need to be developed in Richards Bay. A weakness of tourism within the city is the fact that there are no major tourism products on offer. While Pietermaritzburg finds itself in a similar position with respect to a lack of critical mass tourist attractions, Pietermaritzburg can draw on its rich history and remarkable cultural diversity. Richards Bay, by comparison, does not have the same recourse to cultural and heritage tourism as it is fairly new city, only really coming alive with the development of the harbour in 1976. As such there are no notable examples of antique architecture or historically prominent buildings. The lack of cultural and historical attractions within the city further augments the case for the development of critical mass tourist attractions.

The development of the tourism potential of Richards Bay is held back by certain weaknesses in infrastructure and coordination efforts. The Richards Bay airport is reportedly highly inefficient and generally inhospitable and is cited by the Uthungulu district office as the reason for Richards Bay losing the status as host of the triathlon world championship. Furthermore flights to Richards Bay are expensive and this is prohibitive to air arrival visitors to the city. Similarly the lack of adequate development of the port as an attractive point of entry for tourists is also a weakness of the city. The National Ports Authority has maintained ownership of Naval and Pelican islands, forestalling potential tourism development on these islands. The NPA’s control of most of the bay area can be seen as a major impediment to tourism development within Richards Bay.

No mention of the new protea hotel that has been built in Richard’s Bay or the new Boardwalk shopping centre, there have been a lot of developments of late which may be worthwhile to include here.

6.2.3 Opportunities

- Develop a tourism identity for Mhlatuze/Richards Bay.
- Strategically position and market Richards Bay as the Gateway to Northern KwaZulu-Natal’s attractions.
• Develop greater linkages with the Game Reserves and with historical sites in Zululand.
• Look to developing a passenger rail link to Swaziland
• Upgrade the Richard’s Bay airport.
• Construction of a passenger cruise liner terminal.
• Development of a tourist zone encompassing Naval and Pelican islands, Tuzi Gazi waterfront, the small craft harbor, lake Mzingazi and Alkantstrand Beach. This could include the creation of a theme park type attraction or up-market resort on Naval and Pelican islands; the extension of the waterfront; promotion of water sports and water sports events in the surrounding water body; cruises on lake Mzingazi and Blue flag status for Alkantstrand Beach.
• Encourage business tourism in Richards Bay, looking particularly at extending accommodation and conferencing options for businessmen/women.
• Promotion of industrial and educational tourism.
• Promote bird watching and eco-tourism in the southern sanctuary Mhlatuze/Richards Bay, unlike Pietermaritzburg and Durban which are known as the capital, and the playground of the Zulu Kingdom respectively, does not currently have a tourism identity. There is thus an opportunity to develop a brand image for Richards Bay that would steer tourism development within the city. Richards Bay should be marketed as the gateway to Zululand and the Elephant Coast and should, in this respect, act as a base for tourists visiting northern KwaZulu-Natal. Linkages with the game reserves and other natural attractions further up north should be further developed. Tour operators on the North Coast should be encouraged to conduct their operations from Richards Bay itself or at least to include Richards Bay as part of their tour itineraries. Bus and rail services could be established such that foreign tourists arriving at Richards Bay can easily access the game reserves. In this regard the development of a passenger rail service from Richards Bay to Swaziland that incorporates the game parks in its route, would intricately integrate the tourist attractions of the region and provide a potentially world renowned rail route.

Although some tourism related investment has already occurred in the form of the construction of the Protea Hotel adjacent to the Tuzi Gazi waterfront and the development of the large Boardwalk shopping complex in the Richards Bay CBD, further tourism development needs to take place for Richards Bay to establish itself as a popular tourist
destination. In this regard, the potential development of a cruise passenger terminal at Richards Bay is considered to be a catalytic development for tourism in Richards Bay. Currently cruise liners docking at Richards Bay have to endure temporary and under-par facilities, squeezed between break-bulk and container carrying ships. There is significant need for a permanent passenger terminal designated solely for the use of cruise liners and other smaller luxury crafts. This would allow room for the development of Richards Bay as an international cruise destination. Foreign cruise tourists wishing to directly access the natural and cultural attractions on the KwaZulu-Natal upper North Coast could dock in Richards Bay, bypassing the bustling metropolis of Durban. For Richards Bay to reap the rewards of cruise tourism, however, substantial investment would have to go into providing world class accommodation and resort style options within the city. The development of a dedicated tourist zone within Richards Bay, which would incorporate a number of world class attractions and up-market accommodation, is crucial to the success of cruise tourism and other forms of leisure tourism in the municipality. This zone would potentially encompass a passenger terminal, the Tuzi Gazi waterfront, the small craft harbour and Alkanstrand Beach. Tuzi Gazi waterfront has enough space available for large scale further development and Alkantstrand Beach, currently a blue flag pilot beach, has the potential to become a fully fledged blue flag beach. In addition there is significant opportunity for the development of Naval and Pelican islands as exclusive resort-style tourism developments. Conversations held with James Seymour of Tourism KwaZulu-Natal revealed that the province lacks up-market beach resorts that European tourists, in particular, look for. A tourism development of this nature could be ideal for Richards Bay and would provide the perfect venue from which to start or end an African Safari. The tourism zone could adopt a leisure bay-type theme, with a vibrant waterfront, safe swimming beaches and a variety of water sport options.

While growing tourism in Richards Bay requires catalytic developments such as the one mentioned above, and these may often conflict with the industrial emphasis of the city, it is also important to continue to encourage and take advantage of business tourism which is compatible with the city’s primary focus. To this end Richards Bay lacks a large scale multi-purpose conference facility, which would strategically position the city as a modern business destination. Accommodation should also be provided within the municipality that appeals to the families of businessmen. Educational and industrial tourism is already in place within the city, and harbour and factory trips are offered for school and tour groups. It is important for this form of tourism to be further encouraged and for tour
packages to be developed which offer schools a basket of attractions, combining eco and industrial tourism, attractions. Similarly avi-tourism (bird watching) should be removed from the fringes of tourism within the municipality and promoted as a key attraction of Richards Bay. Bird watching tours could include guided tours of the southern estuary sanctuary and cruises on Lake Mzingazi.

6.2.4 Threats

- Pollution, particularly when the IDZ reaches its occupational capacity.
- Transnet non-compliance, in terms of Naval and Pelican islands.
- Sensitive ecosystems, with extensive protective regulations.
- Economic recession, severely impacting upon industry and the harbour.
- The impact of global warming and changing sea patterns.
- Extremely high prevalence of HIV/AIDS within Zululand.

Possibly the greatest threat to tourism development in Richards Bay is the fact that industrial development takes overarching precedence within Mhlatuze Municipality. While industrial development and tourism development are in some cases mutually reinforcing especially due to the spinoffs of business and industrial tourism, they can, in many ways, also be highly incompatible. The level of pollution in Richards Bay as a result of industrial expansion, and the earmarking of land within the bay for port expansion pose serious threats to a tourism product which majors on scenic natural attractions. The resistance of the NPA, in particular, to release Naval and Pelican islands for tourism development costs Richards Bay the opportunity to develop a world class tourist attraction. The industrial focus of Richards Bay also means that the entire Mhlatuze Municipality is likely to be hard hit by the global economic recession. This could lead to declining revenue for the municipality. On the other end of the spectrum tourism development in the city is also somewhat hamstrung by sensitive eco-systems and complex EIA regulations. This is particularly true of any development in the southern sanctuary and Lake Mzingazi. Global warming and changing sea patterns similarly, make island and estuary related development, somewhat precarious. Finally, though HIV-AIDS is serious problem for the whole of KwaZulu-Natal, Zululand has some of the highest prevalence rates of HIV-AIDS in the province, and indeed the entire country. HIV-AIDS impacts the tourism industry by eroding its workforce and raising the costs of labour.
6.3 eThekwini Municipality

eThekwini Municipality, incorporating the city of Durban, is the largest municipal area in KwaZulu-Natal with a population well over 3 million people. The metropolitan area is the primary business and commercial centre of the province and includes Africa’s busiest harbour. It is also blessed, however, with an all-year-round warm climate and kilometres of family-friendly swimming beaches. These factors have combined to make Durban a popular destination for domestic tourists, and have led to Durban becoming known as South Africa’s playground. This is evidenced in statistics showing that domestic tourists made 11.9 million trips to the province in 2006. (TKZN, 2009:18) 52.6% of the tourists making these trips spent at least one night in Durban, making Durban the most popular overnight destination for domestic tourists visiting KwaZulu-Natal. (TKZN, 2008:18)

Similarly Durban was also the top destination within the province, for foreign tourists, with 86% of foreign air departure visitors in 2007 reporting having visited Durban during their stay in the province. (TKZN, 2008:5) The reason for Durban’s popularity among foreign tourists, in comparison to other KwaZulu-Natal destinations is, in part, due to the presence of an international airport. For many foreign tourists, Durban is the port of entry to the province. The limitations of this airport, however, which has only a few direct international flights, is also one of the reasons for the low number of foreign tourist arrivals in the province as a whole. As such the building of the new King Shaka International Airport, which will accommodate larger aircrafts and more airline companies, could vastly change the tourism landscape of the province and Durban in particular. eThekwini Municipality must take advantage of this development by marketing Durban, not just as a national but also an internationally renowned destination. This would require that negative perceptions regarding Durban are fiercely combated.

The current decline in foreign bed nights spent in KwaZulu-Natal can largely be attributed to Durban’s international reputation as a dangerous destination for foreign tourists. Tour operators have tended to steer foreigners away from the city in favour of Cape Town and Johannesburg. With the semi-final of the Soccer World Cup being held in Durban in 2010, the city has the chance to make a fresh impression on the international community. This, however, will require concerted efforts to ensure that tourists feel safe and at ease in Durban. Combating crime must thus be seen as a crucial strategy in further developing tourism in the municipality.
6.3.1 Strengths

- Well established tourism industry
- Well marketed as South Africa’s playground
- Semi-final host for 2010 World Cup
- Less than 50km to King Shaka International Airport
- Kilometres of safe swimming beaches, golden mile
- Mass appeal attractions; uShaka, Suncoast Casino, Gateway theatre of Shopping
- Remarkable cultural diversity
- Vibrant modern metropolis
- Good nightlife and restaurants

Durban is a well established tourism destination within KwaZulu-Natal and acts as the base from which visitors make subsequent trips to other areas in the province. A reputation as South Africa’s playground, and a sub-tropical climate have ensured that eThekwini enjoys a high rate of room occupancy, which at 76.1% is significantly higher than the provincial average of 72.3%. (TKZN, 2009:20) eThekwini is also home to a number of major sporting events, some of which are shared with Pietermaritzburg, like the Dusi Canoe Marathon, the Comrades Marathon and the Amashova Cycle Race. In addition Durban is host to the Beach Africa Festival and to the Mr Price Pro Surfing Competition. Durban has a number of golf courses, horse racing tracks and sports stadiums and good all-year-round weather makes Durban a sporting city of choice. The sporting event which will have the biggest impact on Durban’s tourism industry is the 2010 Soccer World Cup, of which the city is a semi-final host. The iconic nature of the new Moses Mabhida Stadium, with its distinctive arch, will no doubt attract a large proportion of foreign tourists attending the event. Indeed the event is guaranteed to provide a large influx of foreign tourists to the city, and affords Durban the opportunity to make a lasting impression on foreign visitors. As part of the preparation for 2010, the King Shaka International Airport is currently under construction, and will accommodate a larger number of direct flights from overseas. The old Durban International Airport currently captures only 0.2% of the share of foreign visitors travelling to the country by air while OR Tambo airport in Johannesburg captures 77.6%. (TKZN, 2009:17) This means that most foreign visitors to the province will land in Johannesburg first and then either drive to, or catch a domestic flight to Durban. Durban is thus a second stop destination at best and this has profoundly negative implications for Durban’s foreign tourism industry. As an example, while township tours are offered in
eThekwini, most foreign tourists are found to have already visited Soweto or Khayelitsha as they had initially landed in Jo’Burg or Cape Town, and thus are not interested in undertaking another township tour. The new King Shaka International Airport, by providing more direct flights, is likely to change this scenario and improve the competitive position of some of Durban’s tourism products.

While new developments and an increasing number of events taking place in the city have the potential to set the city on a new tourism path, it is the popularity of the city’s well established attractions that will determine the success of tourism in eThekwini. Perhaps the city’s foremost attraction is its kilometres of warm and safe swimming beaches. The Golden Mile is probably the country’s most recognisable stretch of swimming beach and incorporates numerous hotels, restaurants and more recently a marine theme park and a casino resort. Beach tourism is one of the largest tourism market segments for KwaZulu-Natal. 65.6% of domestic tourists and 73% of foreign air departure tourists visiting KwaZulu-Natal went to the beach at least once during their stay. (TKZN, 2008) Durban and Umhlanga’s beachfronts are particularly popular as all their beaches are protected by shark nets and semi to luxury accommodation can virtually be obtained on the beach.

While the beaches have always been the mainstay of eThekwini’s tourist attractions, the metropolitan area also possesses world class, modern mass appeal attractions. These include Ushaka Marine World, Suncoast Casino and Entertainment World, the International Convention Centre, the Moses Mabhida Stadium and the Gateway Theatre of Shopping. Many of these attractions are leaders in their specific areas. The Gateway Theatre of Shopping is one of many large shopping facilities found within eThekwini. Indeed the city boasts extensive lifestyle options for tourists. This includes a vibrant nightlife and excellent restaurants. The city presents tourists with a diverse mix of both modern lifestyle attractions and rich cultural diversity. Durban has one of the largest Indian populations living outside of India in the world and this is evidenced in Durban cuisine, architecture and culture. The unique fusion of Zulu, Afrikaner, English and Indian cultures makes Durban an attractive destination for the cultural tourist.

6.3.2 Weaknesses

- Substantial urban sprawl; densely populated and large amounts of litter
- Lacks space for new developments
• Numerous dangerous areas and a high prevalence of crime
• Poor public transport for tourists
• Inferior international reputation as compared to Johannesburg or Cape Town
• Poor international marketing
• Beaches have lost blue flag status

eThekwini is a fast growing metropolitan area and faces the usual problems associated with urban sprawl, namely, overcrowding, litter, substantial informal settlement and informal trading and an escalating crime rate. eThekwini is a bustling metropolis and with the exception of a few areas, would hardly be considered to be a quiet, peaceful destination. The growth of the city also means that much of the prime land has already been developed, leaving less space for future developments than can be found, for instance, in Richards Bay. eThekwini’s greatest weakness, however, is a high crime rate and the presence of many no-go, dangerous areas even within the inner city. Unfortunately there have been a number of documented cases of violent crime involving foreign tourists and these have often occurred on the beachfront. The beachfront, traditionally Durban’s foremost attraction, is unsafe to walk along at night and visitors must also maintain a high degree of vigilance during the day time. While uShaka Marine World and Suncoast Casino, and to a lesser extent North Beach, can be considered fairly safe precincts on the beachfront, Central Beach, South Beach and Addington Beach are high crime risk areas. The reason for high crime prevalence on this part of the beachfront is in large part due to the presence of numerous derelict buildings on Point Road, which are haven for the criminal element, running parallel to these areas. Crime has given Durban a bad international reputation, suggests James Seymour (TKZN), and has resulted in foreign tourists diverting to Cape Town or, if visiting KwaZulu-Natal, simply avoiding Durban. Durban’s poor international reputation is not just a result of high crime rates, however, and can, in part, be attributed to a limited international airport and to poor international marketing. Unlike Cape Town, Durban is not considered a must see city for tourists to South Africa. This is in part due to the fact that Durban doesn’t have the same iconic attractions as Cape Town (Table Mountain, Robben Island, Cape Castle, Cape Point), but is also on account of inferior marketing. A key element in attracting tourists to a destination is creating a ‘sense of place’. Durban perhaps not exclusively but predominantly has marketed itself as a destination for domestic tourists. The scope of Durban’s strategy should be extended to the international community in marketing Durban not just as South Africa’s Playground but also as Africa and the World’s Playground. This said it is difficult to
promote a product if quality is lacking. To this end the declining standard of Durban’s beaches as reflected in the loss of Blue Flag status, and poor public transport for tourists, have prevented Durban from effectively competing with the highly efficient tourism product offered, in particular, by Cape Town.

6.3.3 Opportunities

- Making a fresh impression with the 2010 World Cup
- Development of safe tourist precinct along the beachfront, running from the Point to Sun Coast Casino and incorporating corridors running down from the ICC and Moses Mabhida stadium
- Provide incentives for international airlines to operate from King Shaka International Airport, thereby increasing the number of foreign tourist arrivals in the province
- Development of iconic, internationally recognisable attractions
- Promotion of Durban as an international conferencing destination
- Targeting the Indian national tourist market and taking advantage of Durban’s eastern influence

Perhaps the single most important opportunity to further develop the tourism industry in eThekwini is to make a fresh impression on foreign tourists visiting the country for the 2010 Soccer World Cup. Key tourism projects are currently being undertaken by the municipality to realise this opportunity. Indeed plans for the redevelopment of the aforementioned dangerous beaches form part of the preparation for 2010. The redevelopment of Durban’s Golden Mile will include the extension of promenades in such a way that one could eventually walk along a promenade from uShaka Beach to Country Club Beach. (eThekwini Municipality, 2009) The plan includes “the replacement of street furniture and lighting from uShaka Beach through to Blue Lagoon in a way that creates a common standard for the whole beachfront”. (eThekwini Municipality, 2009:2) New facilities including al fresco restaurants, improved change rooms and ablution facilities and tourist kiosks will be developed on Addington, New and Dairy beaches. At present uShaka and Suncoast act as safe havens for tourists on the beachfront, between which are a number of no-go areas. This represents a waste of valuable coastline. While these developments will increase the aesthetic appeal and attractiveness of the beachfront and do, in fact, aim to increase police presence in the area, the underlying problem of the
presence of the criminal element in the area will not be resolved until the areas behind the beachfront are cleaned up. Creating a safe tourism zone along the beachfront stretching from the Point to Suncoast Casino, with corridors to Moses Mabhida Stadium and the International Convention Centre, necessitates the demolition of derelict buildings that act as breeding grounds for street kid gangs. Areas with high tourism footfall within eThekwini, especially the beaches, should be developed into dedicated and safe tourism zones. There is great potential for the Durban Beachfront to become one of the most famous beach areas in the world, but for this to happen tourists need to feel safe to walk on the beach at night. Achieving this vision will require that the crime problem is tackled at the roots.

The construction of the King Shaka international airport has already been mentioned as a strength of eThekwini Municipality but it is essential that incentives are provided by the city which encourage the major airline companies to operate flights to and from Durban. Combined with safer tourist environments, the ease of accessibility provided by the new airport could transform Durban into an international destination of some renown. However for Durban to truly become a major international tourist destination, it is advisable to develop iconic attractions that are internationally recognisable and immediately associated with Durban. To this end the construction of the much debated King Shaka Statue at the harbour mouth could have performed the role of international iconic. Extensive potential exists around the harbour mouth and Bluff areas, as these are some of the most distinctive areas within Durban. The construction of a small craft harbour on the side of the harbour mouth is considered to be the catalyst for the success of the Point Waterfront development and should thus be vigorously pursued. Other iconic attractions may include a cable way across the harbour mouth or a large bridge connecting the Bluff and the Point area.

Durban’s International Convention Centre is the largest in the southern hemisphere and has been voted the best in Africa on 7 occasions in the past 8 years, as well as being voted among the top 10 conference centres in the world. (TKZN, 2009:8) This facility, combined with the abundance of hotel accommodation available within Durban (the Hilton Hotel is right next door), positions Durban as a leading business and conferencing destination in Africa. Business tourism should be encouraged and Durban marketed as an ideal destination for bigger international conferences. Once again this would require ensuring that the ICC, Hilton Hotel, Exhibition Centre and Sahara Park Cricket stadium are developed into a safe precinct for business tourists visiting Durban. A final potential gap
in Durban’s tourist industry is the possibility of targeting foreign tourists from the subcontinent. India is a fast growing economy and the largest democracy in the World, and Durban has a distinct eastern flavour on account of a large Indian population. Numerous temples of worship, one of the largest mosques in the Southern Hemisphere and the popular Victoria Market incorporating a large spice market, as well as Gandhi’s Phoenix residence, make Durban unique among other South African cities. Durban should thus be marketed as an Indian-friendly destination and even for the non-Indian tourist, an Indian African city.

6.3.4 Threats

- Crime and a reputation as a dangerous destination
- Deterioration of the quality of beaches
- Large numbers of homeless people, street children, informal traders and beggars
- The impact of HIV-AIDS

The most serious threats facing tourism in eThekwini are those already mentioned as weaknesses. Principal among these is a high crime rate leading to a poor international perception of Durban. Crime has the potential to overturn the benefits of the 2010 World Cup if serious incidents involving foreigners visiting Durban are recorded during the event. Other threats to growing the tourism industry in Durban include the deteriorating quality of Durban’s beaches, with a high amounts of litter on the beachfront and the declining quality of the sea water. Homelessness and a high number of street kids within the inner city, in part due to parents having died of HIV-AIDS, threatens the image that Durban would want to project to tourists. Tourists constantly harassed by beggars, having to step around the sleeping bodies of vagrants on the beachfront and assailed by street kid gangs, are likely to form a poor impression of Durban. This poses a serious threat to the growth of tourism in eThekwini Municipality and is only likely to be solved in the event of wider reaching economic interventions.
7. **Infrastructure and logistics**

7.1 **Introduction**

Logistics and logistical infrastructure are crucial ingredients in the success of any economy, as they create the opportunity for companies to operate in geographically detached markets. Transportation costs increase the cost of produced goods and commodities and therefore, in order to gain a competitive advantage in detached markets, efficient and cost effective logistics chains need to be established to deliver production to markets. For logistics to be cost effective and efficient, appropriate rail, road and pipeline linkages need to be developed from the port or airport to the hinterland. It is a common observation that when roads and rail lines are built through the right areas they will attract corridors of investment and development along them.

The Ports of Richards Bay and Durban are key national assets and by far the busiest ports in Africa. In global standards, the Port of Richards Bay is rated as one of the top 50 ports for amount of tonnage moved through the port annually, where as the Port of Durban is rated as one of the top 50 ports for the number of containers handled annually. A number of large companies by South African and African standards have located themselves in KwaZulu-Natal to take advantage of a close proximity to the Ports of Durban and Richards Bay. Both Ports remain two of the most significant draw cards for a number of private sector firms. To name a few of the companies located in KwaZulu-Natal due to close proximity to the Ports are BHP Biliton, Engen Refinery, SAREF, Toyota, Tata Steel Plant, Defy, Grindrod and Bidfreight. Once the Dube Tradeport and King Shaka Airport are opened these will be additional draw cards for the industry and business’s to be located in KwaZulu-Natal.

In this section we will firstly look at the best practices of other international port cities and how they relate to their immediate hinterland, as well as related literature. We then look at the logistical advantages and disadvantages for companies located in KwaZulu-Natal, followed by a detailed strengths, weaknesses, opportunities and threats (SWOT) analysis for the eThekwini, uMhlathuze and uMsunduzi Municipalities. This section will then conclude with recommended areas of focus for the KwaZulu-Natal Economic Development Unit.
7.2 International best practice & literature review

In this section we have firstly reviewed of a paper compiled by T Notteboom and J-P Rodrigue of the University of Antwerp, entitled “Port regionalization: Towards a new phase in port development”. This paper discusses recent logistical developments around port cities and their immediate hinterlands. Secondly, we will discuss the findings of an extensive international best practice review of transport and logistics trends and infrastructure found in port cities around the world.

7.2.1 Port Regionalization: Towards A New Phase in Port Development

The purpose of the Notteboom - Rodrigue paper is to understand the typical phases of port development and how the port relates to the hinterland, based broadly on the port development phases of the “Anyport” model developed by James Bird, updated for 21\textsuperscript{st} century advances in port structuring and development.

Bird’s Anyport model is a widely accepted as the landmark conceptual perspective on port development. This model has three major port development phases: setting, expansion and specialization. These phases depict the development of large traditional ports, where a port starts initially with lateral quays adjacent to the city (setting phase), then expands to deal with increasing volumes of general cargos (expansion phase) and then a port will typically expand and specialize in either containerized cargo or bulk cargos (specialization phase). This can be seen in Figure 7.1 overleaf.

Bird’s Anyport model falls short when explaining modern port developments. It doesn’t explain the rise of seaport terminals that primarily act as transhipment hubs on island locations (such as Singapore or Hong Kong); or the rise of ports utilising inland freight distribution centres (such as Rotterdam, Barcelona or Sydney.) Therefore to account for these changes a fourth phase to the Anyport model is proposed, termed the regionalization phase, as seen in Figure 7.1 overleaf.
This fourth or regionalization phase helps explain stronger connections to the hinterland typical of contemporary port development. Two factors favour the emergence of this regionalisation phase, namely:

• Local constraints – Areas surrounding ports lack available land for expansion and with increased port traffic, local road and rail systems are overburdened. Often environmental constraints and local opposition to port development are also of significance. Port regionalization thus bypasses these local constraints by externalizing them to hinterland regions.

• Global changes – No single locality can efficiently service the distribution requirements of such complex regional production systems and large consumption markets. Port regionalization thus permits the development of a distribution network that corresponds more closely to fragmented production and consumption systems.

Corridors and inland terminals are the cornerstones in port regionalization phase. The corridor is the main paradigm of inland accessibility as it is through major axes that port
terminals gain access to inland distribution systems. Since loading/discharging operations form fundamental components of intermodal transportation, regionalization relies in the improvement of terminals activities along and at either side of the corridors.

Figure 7.2 below demonstrates the concept of regionalization with terminal activities at either end of a corridor. The blue, red and dotted lines represent corridor linkages between the Port and the disconnected industrial areas and regional inland terminals. The circles around the port and inland terminals represent the area these terminals service; the closer they are to the port or inland terminal, the more efficient and cost effective the service. By establishing regional inland terminals, benefits usually associated around the Port are being spread to inland industrial areas.

**Figure 7.2 Examples of Super Port Linkages**

In the past logistical movements and intermodal transport systems were performed by a number of different entities (ranging from maritime shipping lines, shipping and custom agents, freight forwarders and rail and trucking companies) that were often fragmented within this system, because regulations prevented multimodal ownership. This caused unnecessary additional costs and delays (administrative or physical) when cargo is moved from one segment of the logistical chain or from one mode of transport to another, making
inland cargo movements costly. Globally, inland access costs account for 18% of total logistics costs, and “shipping lines consider inland logistics as the most vital area remaining in which to cut costs.” It is widely claimed that appropriate regionalization strategies can reduce these costs by up to one third.

Appropriate regionalization strategies are focused on increasing the level of functional integration of the logistical chain segments (removing many intermediate steps in the transport chain). This move is a gradual and market-driven process, imposed on ports and can be achieved by:

- Logistics integration with larger companies merging and acquiring several logistics entities and the emergence of large logistics operators that control and many segments integrate of the supply chain.

- IT (information technology) and inter-model integration (control of the flows).

- Improved loading/discharging operations at inland and port terminals either side of the corridor.

- Elaborate port-inland linkages, such as on-dock rail transhipment facilities

The regionalization phase advocates the establishment of inland terminals accommodating new port-inland linkages that utilise rail and barge. These both divert road transport to rail and barge, preventing further overcrowding in the limited seaport area and on national motor highways. The size of these inland terminals depends on the service frequency, the tariffs of inter-modal shuttle services by rail or barge and the efficiency and price of pre- and end-haul by truck.

Inland terminals fulfil multiple functions in the emerging regional load centre networks:

1. Inland terminals function as cargo bundling point in extensive transportation networks. Large load centres typically generate enough critical mass to install a number of direct inter-modal shuttles to a limited number of destinations in the hinterland. Where there are insufficient volumes for full trains, bundling concepts provide the answer and that is where inland hubs come in the picture. Inland
terminals can help load centre ports to preserve their attractiveness and to fully exploit potential economies of scale. The corridors towards the inland terminal network create the necessary margin for further growth of seaborne container traffic.

2. Inland terminals, as such, acquire an important satellite function with respect to seaports, as they help to relieve seaport areas from potential congestion. However, extreme forms of cargo bundling in seaports and inland centres could decrease the efficiency of transport systems because shipments would significantly be delayed, although have low transport costs. Hence, the current development and expansion of inter-modal transportation relies on the synchronization of different geographical scales. But when the synchronization level increases, the sea–land network as a whole becomes unstable.

3. Inland terminals have become cargo consolidation and deconsolidation centres, where shippers can synchronize import cargoes with production lines. These terminals have also acquired an important position with respect to export cargo, as many inland terminals are revealed to be excellent locations for the empty depot function. The function of an inland terminal as empty depot can also ease one of the most difficult and wasteful problems of container transportation, that is, the non-value adding empty leg. Therefore inland terminals can help to optimise container logistics.

4. Inland ports become broader logistics zones attracting many related logistical services, because of lower land costs and land availability as opposed to the land close to the main ports. Logistics services attracted to the inland port can include low-end and high-end value-adding logistical services, distribution centres, shipping agents, trucking companies, forwarders, container-repair facilities and packing firms.

5. In the regionalization phase an important consideration (when developing inland terminals and port-inland corridors) is that logistics service providers favour locations that combine a central location (i.e. proximity to the consumers’ market) with an inter-modal gateway function. Once these areas are set up they exert a pull on logistic service providers to locate themselves around these sites because of the inter-model and cluster advantages. This geographical concentration of logistics
companies, in turn, creates synergies and economies of scale that make these locations even more attractive.

Concerns in the regionalization phase:

- “Triggers a too optimistic attitude among planners in terms of the future development potential of specific port and inland sites. This can lead to over-capacity situations, redundancies and cut-throat competition between incumbent sites (ports or logistic zones) and newcomers in the market.”

- Time is needed to develop inland terminals and the regionalization phase even when benefits are quite obvious. This could take years of hard work, marketing and incentivising schemes by market players and port authorities.

- As the hinterland and inland terminals become competitive locations the question is raised as to which logistic activities are truly port related. The following logistics activities typically find a good habitat in ports:
  
  - Logistics activities resulting in a considerable reduction in the transported volume.
  
  - Logistics activities involving big volumes of bulk cargoes, suitable for inland navigation and rail.
  
  - Logistics activities directly related to companies that have a site in the port area.
  
  - Logistics activities related to cargo that needs flexible storage for the purposes of creating a buffer (products subject to season dependent fluctuations or irregular supply).
  
  - Logistics activities with a high dependency on short-sea shipping.
A major advantage of expanding from the local port towards the regionalization phase is the spreading wealth from a port area to a much wider network of communities in a larger geographical area.

7.2.2 Melbourne and the State of Victoria, Australia

The Port of Melbourne and State of Victoria is similar to that of the Port of Durban and Province of KwaZulu-Natal. Both Ports are primarily container ports and both handled approximately 1.9 million TEU in 2006. Of the containers handled in the Port of Durban (Source: Port Economic Decision Making Framework, eThekwini Municipality 2008):

- 40% have a destination in the eThekwini Municipality
- 37% are unpacked in eThekwini & then transported to inland destinations
- 17% are transported to inland destinations
- 6% are transported by rail up to Gauteng

Whereas of the imported containers in Melbourne (Port of Melbourne Development Plan 2006-2035, Port of Melbourne Development Corporation, 2006):

- 5% of imported containers go to the near-port suburbs
- 17% go to the inner suburbs
- 68% go to the outer industrial suburbs of Melbourne (typically 15 – 40km from the port)

And of the exported containers in Melbourne (Port of Melbourne Development Plan 2006-2035, Port of Melbourne Development Corporation, 2006):

- 13% came from the near-port suburbs
- 11% from Melbourne’s inner suburbs
- 36% from the outer industrial suburbs
- 32% of export containers originate from Victoria country area
- 8% came from other states

The Port of Melbourne like the Port of Durban wants to increase the number of TEUs handled annually by expanding its container terminals. Both Ports have back of ports problems being:
Lack of land adjacent to the port for 3rd party logistics companies, if a port expansion takes place
- Land surrounding the port is expensive and fully developed
- Heavily congested roads and outdated road/rail infrastructure accessing the port
- Road is the dominant mode of transport

In addressing these issues the Port of Melbourne Corporation compiled the “Port of Melbourne Development Plan 2006-2035.” This document proposes plans for:

- the container terminal expansions (these expansions take note of the importance of port specialisation and additional container terminals are created by relocating bulk, break bulk and motor vehicles to the Ports of Geelong and Hastings, roughly 100kms from the Port of Melbourne),
- improved road and rail access routes, and
- increasing the rail share in the movement of containers.

The most relevant proposed plan is the setting up of inland container terminals; these inland terminals are to be setup in established and future industrial areas around Melbourne and the state of Victoria. Inland terminals comprise of container related activities that have traditionally been located around the port, these include unpacking/packing facilities, customs offices and empty container depots, to name a few. Furthermore the inland container terminals are to be accessed by rail; thereby a container would land at the Port of Melbourne, be loaded onto a train and transported the inland terminal, where it would be processed and either unpacked or loaded onto a truck and taken to another destination.

**Figure 7.3 Conceptual linkages between the Port and Inland Container Terminal**

![Diagram showing the conceptual linkages between the Port and Inland Container Terminal](image)

*Source: “A view of intermodal logistics, the need for alignment between physical and commercial processes, and the role of government”; Strategic Design and Development, 2002*
The Port of Melbourne Corporation envisions that this process would reduce truck congestion in the city and around the port, spread economic benefits usually located around the port to inland locations and reduce the demand for industrial land directly next to the port. In order for these inland terminals to viable alternatives to current standards and norms, the rail service offered needs to be efficient, reliable, fast and predictable. The consultancy who helped develop this inland terminal strategy developed a matrix on distances that goods are transported and where it would be in a company’s interest to use the inland terminal. Figure 7.3 above represents the different movements in getting a container from the port to its end destination and vice versa. Currently containers are taken by truck straight from the port to locations A or B, the new system would require containers to be taken by rail to an ICT (inland container terminal) first and then taken by truck to their final destination. Truck (T dir) is where freight moves straight from the port to final delivery point B, Truck (T b) and Truck (T a) refers to containers that are taken to their final destination via the inland container terminal.

The matrix below in table 7.1 refers to figure 7.4 and shows the different distance of rail and road that a container needs to travel to get to its final destination point and where there is a competitive advantage to use the ICT.

As can be seen in Table 7.1, ICTs accessed by rail are increasingly feasible the further they are located from the port. When the rail distance is 25-50kms, the final destination for container needs to be 0-10kms from the ICT. Therefore, by these distances an ICT in uMhlathuze Municipality is feasible, whereas a ICT in Cato Ridge and uMsunduzi would most feasibly service the immediate areas they surround. It would be in eThekwini Municipalities interest to establish an ICT in Cato Ridge thereby increasing the attraction of land for industrial development.
### Table 7.1 Economic Viability of Inland Container Terminal

<table>
<thead>
<tr>
<th>Associated Road Journey (distance)</th>
<th>Rail Journey (distance)</th>
<th>Short (0-10 km)</th>
<th>Medium (10-50 km)</th>
<th>Long (&gt;50 km)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ideal where consignee (A) is located further away from the port precinct, that is T_a, relative to rail movement. For (B) T_dh may eventuate where service demands require speed to market</td>
<td>Rail not competitive and economics dictates that road maybe best placed to complete the entire journey.</td>
<td>Rail is not competitive with road</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ideal, however prevailing road market rates may work against rail, eg back-loading</td>
<td>Ideal where consignee is located further away from the port as per T_a, otherwise T_dh will occur if T_a is excessive relative to rail</td>
<td>Also depend on the prevailing road prices, train service frequency and product type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ideal and less affected by back-loading influences</td>
<td>Ideal where consignee is located further away from the port, as above</td>
<td>Ideal where consignee is located further away from the port, however freight densities may provide efficiencies under T_a scenarios</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: "A view of intermodal logistics, the need for alignment between physical and commercial processes, and the role of government"; Strategic Design and Development, 2002

#### 7.2.3 The Port of Barcelona and City of Saragossa and Toulouse

Barcelona is one of the busiest ports within the Mediterranean and aims to become a prime logistics hub in Europe. Therefore, the Port Authority of Barcelona along with companies and institutions of a Port Community have aligned their interests and taken on common objectives. These objectives involve them playing two roles:

- as a multimodal centre, offering a broad range of transport options
- as a distribution and supply platform, providing distribution and supply logistic services, as well as post-industrial and pre-commercial services
With these objectives the port of Barcelona has implemented some unique solutions to their multimodal systems. Firstly by creating a Logistic Activities Area (known as the ZAL) on previously manufacturing/industrial land directly adjacent to the port and secondly by creating Inland Container Depots (ICD) mirroring the ZAL in the cities of Saragossa and Toulouse.

The ZAL is a unique and modern multimodal business park in Europe, boasting a strategic location in proximity to the ports import and export terminals (as can be seen in Map 2.1 below.) All modes of transport are within a 5 kilometre radius of the ZAL. Phase 1 of the ZAL is a 65 hectare area that contains more than 65 companies, 250 000 m² dedicated to warehouses and 45 000m² to offices.

The ZAL is a business park with controlled access. Companies utilising the ZAL are required to be involved in importing, exporting or logistics services. This clusters a number of import, export and logistics services in a single location within the city and therefore the majority of multimodal transport infrastructure can be focused in a certain areas. One of the main advantages of the ZAL is the modern service centre that offers companies utilising the ZAL facilities and services such as: restaurants, a copy shop, a travel agency, banks, a temporary work agency, conference rooms, training facilities and crèche.

The ZAL located adjacent to the Port of Barcelona has four primary functions. The first function is to improve the logistics through the Port of Barcelona, making the port competitive throughout Europe. Secondly, to be a logistics hub for all containers being transported to the inland container depots in Saragossa, Toulouse and Madrid. Thirdly, to operate as a central distribution point for products imported by container being distributed in Spain’s hinterland. And lastly, to serve a transhipment value added production zone. The first three functions of the ZAL were discussed in detail in the original Back of Ports Best Practices report and thus we will focus primarily on the third function listed.

As the world has become increasingly globalised and economic markets open up, capital has become progressively mobile. Capital has therefore migrated to developing countries, where labour is cheaper or there are significant tax incentives; lowering the cost of production. These production centres in developing countries are mostly far from consumption centres in developed countries, leading to an increase in shipping of half or finished products. Recent trends show that multinational companies are locating various
stages of their production process in various ports around the world, more specifically in hub ports where containers are transhipped from smaller container ships to the larger 6th generation container ships and vice versa. These ports offer duty free zones that help reduce costs of production. As container ships grow, thereby increasing the number of transhipment containers, there is an incentive for producer to locate stages of production in proximity of the port (in duty free zones) as there is already a compulsory break in the logistics chain and a chance for further production to take place.

Figure 7.5 below is an example of transhipment value added production that can be located within a duty free transhipment area such as the ZAL. As can be seen in the figure, a company locates part of their shoe factory in Maputo, Cape Town, Madagascar and in a duty free zone in Durban. The basic shoe structure is manufactured in Maputo and shipped incomplete to the Port of Durban. The sole of the shoes is manufactured in Cape Town and also shipped incomplete to the Port of Durban. The shoes laces are manufactured in Madagascar and shipped to the Port of Durban. All of the shoes parts are shipped to the duty free ZAL facility adjacent to the Port of Durban, where they are assembled while awaiting a large container ship that cannot enter the other three ports (due to drafts greater than 14m deep.) Finally, the shoes are shipped from the duty free ZAL facility to the US where they are distributed and sold.

**Figure 7.5  Value added transhipment production**

![Diagram](image)
The success and efficiency of ZAL phase 1 has prompted the Port of Barcelona to plan a second phase of the ZAL. Phase 2 of the ZAL is a planned 138 hectare multimodal business park and can be seen below in Map 7.1. Phase 2 of the ZAL is presently being developed and is part of a greater port development plan, which includes a docking area and terminals directly adjacent to phase 2 of the ZAL.

45.65% of ZAL customers are dedicated to logistics services, 28.26% are logistics operators, 18.48% are freight forwarders, 5.43% are distributors and 2.12% are importers and exporters. The annual activity of all these companies represents a movement of two and half million tonnes of goods, 35% of which begin or end at sea.

**Map 7.1: The ZAL locations around the Port of Barcelona**

Source: Port of Barcelona Annual Report 2006

As already mentioned the port of Barcelona is a logistics hub for all containers being transported to the inland container depots in Saragossa, Toulouse and Madrid. These depots are accessed primarily by rail and are roughly more than 300 kilometres from Barcelona and are located in Saragossa and Toulouse. These depots are mirror images of the ZAL facility discussed above and give the Port of Barcelona access into geographically dislocated industrial markets. These inland container depots have all the facilities traditionally found around a container port and are served by fast, reliable, regular, cheap and efficient rail; therefore allowing importer or exporter to locate themselves in Saragossa and competitively import and export products even though it is 300 kilometres from the nearest port.
8. Infrastructural and logistical advantages and disadvantages in KwaZulu-Natal

8.1 Infrastructural and logistical advantages in KwaZulu-Natal

8.1.1 Ports of Richards Bay and Durban

As already raised in the introduction, KwaZulu-Natal is home to two key national assets, being the Ports of Richards Bay and Durban. These ports are among the busiest ports in the world and the by far the busiest ports (in tonnage and containers handled) in Africa. The Port of Richards Bay handled 86.6 million metric tons in 2005 (Heideloff, C., Zachcial, M., 2006), which ranks as the 38th largest port in the world in terms of tonnage handled by ports in 2005. The Port of Durban handled approximately 2 million TEU in 2005 (Heideloff, C., Zachcial, M., 2006), which ranks as the 45th largest container port in 2005. These ports are both located on the coastline of KwaZulu-Natal, giving companies located in KwaZulu-Natal a competitive advantage due to lower transportation costs.

The Ports of Richards Bay and Durban enjoy the shortest travelling distance of any South African ports to South Africa's economic hinterland (Gauteng, Mpumalanga, Limpopo, North West, Free State and part of the Northern Cape), giving these ports an advantage over any other port in South Africa. The Port of Maputo is actually slightly closer to Gauteng, Mpumalanga, Limpopo and is a competitive threat to the two South African ports.

Companies who use the ports frequently have a competitive advantage (with lower transportation costs) when located in the proximity of the port. Thus the ports exert a pull on companies with strong import and export tendencies. This trend can be seen when looking at major companies like Toyota, SAPREF, Engen, Nampak and the 3rd party logistics companies who’ve strategically located themselves in the South Durban Basin. The remainder of this report recognises the significant economic advantage that both ports offer the municipalities and province, and thus we’ve looked for ways to exploit and advance the gains of both these assets.
8.1.2 Dube trade port

Once the Dube Trade Port is in operation there are a number of new opportunities for trade and investment in the Province, particularly in the high technology and agriculture sectors that are being targeted by the Dube Trade Port. These two sectors will benefit immensely from international flights that will transport cargos around the world. The trade zones create the opportunity for logistics companies to locate themselves in the area around the trade port and encourage the growth in cargos on airlines.

8.1.3 N2 and N3

The N2 national route links Durban and Richards Bay and the N3 national route links Durban and Pietermaritzburg together linking the three major KwaZulu-Natal business centres. As mentioned, the Ports of Richards Bay and Durban offer the shortest distance within South Africa’s borders, via the N2 and N3, to South Africa’s economic hinterland. The N2 and N3 within and between the nodes are in fair to good condition and extensively used. Heavy vehicle traffic (trucking) along these roads continues to increase as more imports and exports pass through the Ports of Richards Bay and Durban, causing capacity constraints particularly on the N3. The eThekwini municipal road network is under significant pressure due to the growth of the city and the rapid increase in heavy vehicle volumes.

As raised in the introduction, arterial roads with good linkages tend to attract a corridor of investment and development. This trend is more obvious as you travel on the N2 and N3 between the Richards Bay, Durban and Pietermaritzburg. Companies are locating along the N2 and N3 corridors to take advantage of easy access to a major arterial route. Cato Ridge and Riverhorse Valley, in eThekwini Municipality, are good examples of this. As industrial land becomes increasingly scarce in the traditional and existing industrial areas within the three municipalities, companies will start investing areas alongside the N2 and N3 corridors.

Although increased private sector development and investment alongside the N2 and N3 corridors is necessary and desirable in principle, appropriate spatial planning is required by the municipalities. Sound spatial planning avoids haphazard development with conflicting land uses located on neighbouring sites; it also provides for roads, rail and appropriate
buffers between various land uses. Sound spatial planning clusters industrial sites in optimal areas, making it possible to deliver to investors economies of scale in transportation and logistics infrastructure and services. A current major short fall is that there is no inter-municipal spatial planning, and no unified spatial plan along the N2 and N3 corridors. Sound inter-municipal planning would allow for seamless and organised development along the N2 and N3 corridors, with new roads or rail as well as logistics services being positioned in and among the industrial and manufacturing firms.

8.2 Infrastructural and logistical disadvantages in KwaZulu-Natal

8.2.1 Transportation costs in South Africa are too high

In comparison to the rest of the world, South Africa’s transportation costs are exceedingly high. This is due to high port charges, toll road fees, trucking costs (which are highly sensitive to diesel and oil price changes) and the long distances travelled. Transnet Freight Rail’s (TFR’s) inefficiency and lack of capacity has also contributed to these escalating costs. Suitable infrastructure needs to be planned in such a way as to reduce these transportation costs drastically and make South Africa more internationally competitive.

Figure 8.1 is taken directly from the state of logistics survey for South Africa, released in 2008 by the CSIR. It can be seen that the costs have escalated significantly between 2003 and 2007. The highest increase in logistics costs between 2003 and 2007 was Transport costs, these costs have escalated due increases in the oil price translating into higher diesel prices that the trucking industry is very sensitive to.
8.2.2 Transnet Freight Rail

As already mentioned in 2.2.1, TFR remains a massive obstacle to creating efficient and cost effective logistics chains around the province and country. The Natal corridor rail line (Natcor) and the coal rail line, are both suffering from capacity constraints, because the quantity of wagons supplied is limited, the overhead electric cables are too low to double stack containers, tunnels restrict train lengths and bottleneck two way traffic and the KwaZulu-Natal topography restricts the speeds at which trains can travel. Rail currently lacks a significant share of freight transportation in South Africa. Both Natcor and the coal line require significant upgrades and investment to enhance existing equipment and infrastructure.

Due to the capacity constraints and inefficiency of rail; break bulk cargo, containers and even bulk cargo consigned to the Ports of Richards Bay or Durban are being transported by truck. This results in an increase in the number of trucks travelling on the N2 and N3,
reducing traffic safety and increasing the rate at which these roads are degraded and increasing highway maintenance costs.

Although trucking freight can be efficient and convenient, trucking brings with it a number of negative externalities, such as congestion, air pollution, traffic safety issues and the degradation of road surfaces. The South Durban Basin is presently experiencing all of these negative externalities as a result of increased trucking and these externalities are affecting the efficiency of both the Port of Durban and private business.

8.2.3 Truck congestion

As stated above, the demise of rail over the last few decades has lead to increased volumes of heavy vehicles being used in logistics chains. This explains the truck congestion in the suburbs surrounding the Ports of Richards Bay and Durban. In eThekwini Municipality congestion is a major obstacle to future logistical and industrial development, and has played a role in discouraging the further expansion of the Port of Durban.

This congestion is also a source of frustration, air pollution and a safety concern for the private traffic and pedestrians that share these routes within the municipal areas.

8.2.4 KwaZulu-Natal topography

The KwaZulu-Natal topography is another obstacle in the development of efficient logistic and transport systems. Expensive road, rail and pipeline infrastructure is required to overcome steep hills, valleys and rivers. This is an issue in the development of improved roads and railway lines, as well new pipelines. Topography is also slows speeds and is a safety hazard for freight, private and public transport.

8.2.5 Lack of inter-municipal spatial planning along the N2 and N3 corridors

As discussed in 2.1.2 above, there is currently little or no inter-municipal spatial planning among KwaZulu-Natal municipalities, which could lead to conflicting land uses on the borders as you move between municipalities. As land becomes increasingly scarce in the
eThekwini Municipality, there will be a spill-over effect of increased demand for land in neighbouring municipalities to eThekwini, particularly along the N2 and N3 corridor. Neighbouring municipalities need to plan land uses together along the major corridors to achieve a seamless flow in land uses from one municipality to the next.

Without the appropriate inter-municipal spatial planning, private development and investment becomes haphazard, which may lead to conflicting and inefficient land uses locating next to each other. Future road developments and municipal services risk being planned inappropriately and ay be mis-timed without co-ordinated spatial planning.

9. **Infrastructure and logistics SWOT analysis for the Richards Bay, Durban and Pietermaritzburg business nodes**

The following section is a detailed infrastructure and logistics SWOT analysis for the three core business nodes of uMhlathuze, eThekwini and uMsunduzi Municipalities, namely Richards Bay, Durban and Pietermaritzburg.

9.1 **eThekwini Municipality infrastructure and logistics SWOT analysis**

9.1.1 **Strengths**

9.1.1.1 **The Port of Durban**

The Port of Durban is a well-established port that has been in operation since the 1840s. As such the port is well established with more than a century-and-a-half of investment spending both in the port precinct and in the logistics corridors linking the port to the hinterland.

Since the introduction of containers in the 1970s, the Port of Durban has become South Africa’s leading container port. Containerisation has increasingly become the standard for transporting cargos in the international shipping industry over the last decade, and this gives Durban a competitive advantage as this trend continues. In addition to these containers, the port has well-established liquid bulk terminals, bulk terminals, break bulk terminals and a motor vehicle terminal, all of which are extensively utilised.
The Port of Durban is the shortest distance with the most established rail and road links to Gauteng, South Africa’s economic hub. Making it the obvious choice for any future port expansions that relate to containers, motor vehicles or raw materials used in manufacturing processes in Gauteng.

Major companies such as the petrol refineries in South Durban Basin (SAPREF and Engen), Toyota, Mondi Paper, Tongaat-Hulett Sugar and Unilever have situated themselves in the suburbs adjacent to the port and use the port to import and export raw materials and finished products. This location has given these businesses transportation and logistical advantages over their competitors who are further from the port and therefore incur higher transportation costs.

9.1.1.2 eThekwini Municipality Back of Port Project

eThekwini Municipality has initiated a back of port land use management planning project with a focus on planning the suburbs and industrial estates surrounding the port. The planning takes into account the possible port expansions, as well as increased container forecasts for the port of Durban over the next 30 years. The primary goal is to improve the infrastructure and layout of the South Durban Basin for optimal logistics operations. A few of the outcomes in achieving this goal are:

1. to create areas around the proposed port expansions for 3rd party logistics firms (as well as firms that support the port);
2. to rectify the congestion problems and improve linkages in and out of this area;
3. to improve the life of residents who live and work in this area.

Ultimately this project will lead to improved port efficiency and will motivate investment in port expansion in eThekwini Municipality.

Most importantly, this project demonstrates that the eThekwini Municipality places value in the Port of Durban, so much so they are willing to invest to enhance infrastructure and layouts to encourage further economic growth and development within the municipality. This project will not only make the Port of Durban and the supporting logistical linkages more efficient and competitive, but will serve as a logistics and infrastructural model for back of port zones throughout southern Africa.
9.1.2 Weaknesses

9.1.2.1 Transnet Freight Rail

The disadvantages and weakness of rail as a freight mode in KwaZulu-Natal have been discussed above in 2.2.2. In addition to what has already been discussed, the large number of tunnels between the Port of Durban and Cato Ridge limit the wagon length of trains and make future infrastructural investments expensive. The inefficiency and speed of rail transport along the Natcor corridor and within eThekwini Municipality has to be a major concern and improvements in this regard would open up the possibility of rail taking a bigger share of freight transportation in future.

9.1.2.2 Marianhill toll plaza

The toll plaza is a major deterrent to industrial development west of Marianhill. Companies located in eThekwini’s established industrial zones have a competitive advantage over companies who locate themselves in areas west of the Marianhill Toll Plaza. Companies who locate themselves in Cato Ridge not only incur higher trucking costs (due to the distance travelled accessing the other areas of the municipality), but also from the cost of paying a toll every time they need to access the central Durban area or the Port of Durban.

This causes three significant problems:
1. Land in existing industrial areas (within Marianhill toll plaza) is in high demand (this is discussed in 3.1.2.3 below);
2. Industrial land beyond the Marianhill toll plaza hasn’t realised its full potential and is either undeveloped or inefficiently used; and
3. 3rd party logistics handlers won’t locate themselves beyond the Marianhill toll plaza as they’re more likely to locate themselves next to manufacturing and industrial firms who would use their services.

Therefore Cato Ridge is unlikely to be a successful inland terminal (for inland container depots) until there is significant development of private industry to create sufficient critical mass to warrant logistics infrastructure west of the Marianhill toll plaza.
9.1.2.3 Lack of available industrial land

As stated in 3.1.2.2, land in industrial areas is in high demand, which inflates property prices within these areas. A prime example of this is the recent development and land acquisition in Riverhorse Valley (eThekwini Municipality’s most recently developed industrial area); land purchases were highly contested by firms, which resulted in property prices being inflated. The higher property prices restricted firms with high capital expenditure intensity from locating themselves within Riverhorse Valley, and, being east of the Marianhill toll plaza and therefore having toll-free access to the Port of Durban, thereby explaining why the area now comprises of a large proportion of warehousing and 3rd party logistics operations.

In eThekwini’s older and more established industrial areas east of the Marianhill toll plaza, such as the South Durban Basin, we observe that properties have high values even when there are outdated buildings on the sites. In modern logistics, warehousing and manufacturing these buildings are mostly inefficient, and either need major renovations, or need to be demolished and replaced with up-to-date structures. Although this may seem inefficient and expensive, it has been taking place in the Congella and Umbilo areas with logistics and transport companies buying up old properties, only to demolish them and replace them with state-of-the-art warehouses. Another major reason for this trend in Umbilo and Congella is the development of the Khangelo Bridge, providing a direct link between the Umbilo-Umgeni arterial road system and the Port of Durban and which will be the shortest route to Durban Container Terminal (DCT.)

9.1.2.4 Truck/traffic congestion

Truck congestion has been discussed in 2.2.3 infrastructural and logistical disadvantages in KwaZulu-Natal.

9.1.3 Opportunities

9.1.3.1 Port expansion

Transnet has indicated that in 2015 they want to embark on a port expansion in either the Ports of Ngqura (Eastern Cape), Durban or Richards Bay. If the port expansion takes place
At the Port of Durban, it will give the Port of Durban the capacity to handle approximately 23 million containers a year by 2043, compared to the 3 million containers the port can currently handle in a year. This growth in containers would bring major investment and growth to eThekwini Municipality and would require major logistical infrastructure planning and investment on the part of the municipality and the province (discussed in 3.1.3.3 Back of port logistic zone below.)

The Port of Durban as opposed to the Port of Richards Bay is a more obvious and logical choice for a container port expansion, due to the Port of Durban not only being shortest distance and most established road and rail link to Gauteng, but an established shipping route for container ships and shipping lines. The Port Evolution model discussed in Section 2 stresses the importance of Ports specialising in certain cargos, it is therefore our recommendation that the Port of Richards Bay specialise in bulk and break bulk cargos, while the Port of Durban focus on primarily container, liquid bulk and motor vehicle cargos. The Port of Richards Bay is too close to the Port of Durban to sustain two container ports, as it is too costly for shipping lines to stop at both ports.

9.1.3.2 Back of port logistics zone

This has been listed as a strength in 3.1.1.2, but is also an opportunity for the eThekwini Municipality to correct the inefficiencies that exist in the current back of port setup.

A dedicated back of port (logistics) zone needs to be established adjacent to the port. This zone would be primarily for 3rd party logistics movers, empty container storage and export buffers. If this zone is laid out correctly with roads, rail and good linkages into the port and to N2 and N3, it should enhance the efficiency and productivity of the port and private companies in this area.

The back of port zone needs not only look at land adjacent to the port but needs to develop appropriate linkages to other industrial areas and future industrial areas within and beyond the eThekwini Municipality. The back of port zone can then be extended into these areas by offering satellite inland terminals (logistics zones) to companies who operate in these disconnected industrial areas.
This back of ports logistics zone could be developed into a duty free zone, thereby encouraging transhipment manufacturing companies to locate themselves in the municipality. There would be no tax or customs benefits for South Africa, but the municipality would benefit from employment created and services to the factory.

9.1.3.3 Truck road from the Port of Durban to Cato Ridge

An alternative truck road needs to be considered, as the N3 is already overloaded with heavy vehicles and private traffic. A truck road that links the Port of Durban directly to the N3 and N2 would be ideal as it will reduce truck movements on intersections and roads that are used extensively by local traffic in the South Durban Basin and the Durban CBD. If the port expansion takes place in eThekwini Municipality we can expect an increase in the number of containers being moved through the city, this will result in higher volumes of heavy vehicles on roads that presently have limited additional capacity. This further motivates a dedicated truck road that routes trucks off roads used by local traffic.

This dedicated route would ideally link to the N3 near Cato Ridge, which would bypass Marianhill toll plaza and thereby encourage the industrial development of Cato Ridge as well as the development of an inland terminal linking with the port.

The back of port project is proposing the construction of a truck route alongside the uMhlatazana River linking the South Durban Basin (Clairwood) with a direct route to the N2. This route would need to be extended in the future to independently link through to the N3.

9.1.3.4 Develop Cato Ridge into inland terminal/logistics zone

As mentioned in sections 3.1.3.3 as well as 3.1.3.4, Cato Ridge could be developed into an inland terminal, making it more attractive as an industrial area. An efficient and cost effective road and rail link to the Port of Durban would need to be developed to fully realise this potential.

The rail distance between the Port and Cato Ridge is between 25-50 kilometre and therefore the rail service is economically viable when servicing the immediate area and
uMsundusi Municipality. This would relieve some of the truck traffic and congestion and could serve as a potential initiation of industrial investment and growth in the Cato Ridge and uMsunduzi area.

9.1.3.5 Improve the freight rail service to and from the Port of Durban

Freight rail needs serious investment and attention, as discussed in disadvantages to industry and logistics in KwaZulu-Natal. If rail was developed into an attractive and efficient option, congestion could be reduced and road safety would improve.

9.1.3.6 Multipurpose pipeline

Liquid bulk is the one cargo that can be pumped out of and into the port. With the planned development of a multi-purpose pipeline pumping liquid bulk to and from the Port of Durban, road and rail transportation of liquid bulk will be reduced, thereby freeing up capacity on both these modes of transport.

9.1.4 Threats

9.1.4.1 Proposed toll roads

Two new toll gates have been proposed within the eThekwini Municipality. The first would be just south of Prospecton on the N2 and the other would be at the entrance to the new King Shaka International Airport. Both of these proposals would have hugely negative effects on the municipality. No other international airport in South Africa has tolled access and penalising tourists and businesses utilising this airport will constrain economic development. The proposed toll gate south of Prospecton has been proposed to fund road development in the Eastern Cape, and there is no logical justification for residents and companies in the eThekwini Municipality to be targeted for a highly detrimental tax to be used for the benefit of far distant communities in the Eastern Cape. It is the role of national government, not of toll road companies, to fund justifiable redistributions of tax revenue in a fair and equitable manner.
The toll gate in Prospecton is particularly disturbing, as this would cut off the industrial areas of Southgate and Umbogintwini from the rest of the South Durban Basin industrial area. This would further box in development and demand for land in the South Durban Basin and other central areas of Durban. Furthermore, if the dig-out port at the current Durban International Airport site takes place, then land south of Prospecton will be required for future back of port development.

9.1.4.2 Port expansion not in eThekwini Municipality

It would be a huge loss of future growth for eThekwini Municipality if future Transnet port expansions take place at the Port of Ngqura or Richards Bay. It would also be a loss to South Africa, as transportation costs would increase making the country as a whole globally less competitive. Transportation costs would rise due to the Ports of Richards Bay and Ngqura being further from South Africa’s economic hinterland. eThekwini Municipality is the obvious choice for port expansion and the only factors that could justifiably dissuade Transnet from expanding the port in this node are the congestion problem, lack of available land, and outdated access road infrastructure to the Port of Durban.

9.1.4.3 No improvements to the South Durban Basin (back of port area)

As stated in 3.1.4.3 above, if there is a lack of infrastructural improvements and appropriate planning in the South Durban Basin (back of port area), this represents a disincentive for Transnet to expand the Port of Durban southwards into the Bayhead area or by means of construction of a new harbour at the Durban International Airport site.

With maximum expansion at the Port of Durban, when running at full capacity, the larger facilities will be able to handle 23 million TEUs annually. Thus we can safely assume that as the port expands, so will the support services of companies who utilise the port, including 3rd party logistics handlers, empty container depots and other container industry facilities. Graham Muller Associates have estimated that by 2043, the minimum amount of land required for back of port activities will be 770ha.
9.1.4.4 No dedicated truck road

If no dedicated truck road is built then we will see the number of trucks using the existing roads to access the port and the N3 and N2 increasing. This poses a safety threat to private traffic using these roads and will slow traffic even further, making eThekwini less efficient and productive.

9.1.4.5 Rail remains in its present state

Rail needs major improvements and upgrades done if it is to not only gain a bigger market share of freight transportation, but maintain its current share. If rail remains in its current state, we will see more and more trucks being used to move freight to the economic hinterland. This increases safety risks on the roads and passes the responsibility of paying for additional infrastructure (new or improved roads) onto SANRAL and the Department of Transport.

9.2 uMhlathuze Municipality infrastructure and logistics SWOT analysis

9.2.1 Strengths

9.2.1.1 John Ross highway upgrades

The John Ross Highway is currently the main access road to Richards Bay and the port of Richards Bay. This road is single lane for long stretches in both directions. There is no additional capacity on the current road as large numbers of heavy vehicles use it to access the port.

This road is in the process of being expanded so traffic travelling in opposing directions will be separated. Multiple lanes will be opened up to traffic in both directions; reducing safety risks and increasing traffic speed and efficiency.
9.2.1.2 The Port of Richards Bay

The Port of Richards Bay is a major strength and asset to the uMhlathuze municipality. The port is South Africa’s premier bulk port and has the highest tonnage of cargo passing through it annually of any port in Africa. The port is a major draw card for companies to locate themselves within the municipality.

9.2.1.3 Land availability

The Richards Bay area within the uMhlathuze municipality is a relatively newly-developed city and thus has lots of land available.

9.2.1.4 Industrial development zone

The Richards Bay industrial development zone has been set up by the municipality to attract industrial development and investment. A company has been established to oversee this zone and to make sure that services are delivered and that the interests of the companies in the area are taken care of.

9.2.2 Weaknesses

9.2.2.1 Container exports

The Port of Richards Bay doesn’t have a dedicated container terminal. Currently export containers from uMhlathuze are loaded onto the deck of bulk ships or transported to the Port of Durban, while import containers destined from uMhlathuze are offloaded at the Port of Durban and trucked to uMhlathuze. These are inefficient and expensive transportation options and are a deterrent for companies’ deciding whether or not to locate in uMhlathuze.

9.2.2.2 Rail capacity to Gauteng

The coal line has capacity problems and coal is therefore increasingly being transported by truck to uMhlathuze. This increases congestion around the port and John Ross Highway.
The coal line is currently being upgraded to increase capacity, but until the expansions are over capacity has been reduced even further.

The rail line also can only handle coal and therefore all other products needing to be moved through the port, are forced to be moved by truck.

9.2.2.3 Air pollution
Air pollution is a major problem in the uMhlathuze municipality and any further noxious industry wanting to invest in the municipality will have a hard time getting their environmental impact assessment approved.

9.2.3 Opportunities
9.2.3.1 Improve corridors beyond the N2

A more direct route to the KwaZulu-Natal capital uMsunduzi would improve the capital’s linkages to Northern KwaZulu-Natal.

West to East corridors and linkages to rural and agricultural areas need to be enhanced. This would reduce the cost of transport and improve the efficiency of agriculture, as well as spreading development beyond the N2 corridor to the rural areas on the new corridor.

9.2.3.2 Inland terminal/logistics zone

An inland terminal with adequate linkages to the port of Durban could be established in the uMhlathuze municipality, provided that Transnet’s port expansion takes place in eThekwini. This facility would offer companies located in uMhlathuze container handling facilities and container services that would normally be located around a container terminal.

The success of the inland terminal depends on the regular, efficient and cost effective transportation of containers/freight to the port of Durban. This transportation should preferably be conducted via rail, due to cost advantages.
9.2.4. Threats

9.2.4.1 Interrupted electricity supply

A number of heavy and noxious industries that need large amounts of electricity are located in the uMhlathuze municipality. Any interruption to electricity for the municipality not only affects the productivity of uMhlathuze municipality, but also discourages existing industries from expanding and new industries from locating themselves in this municipality.

9.2.4.2 Increased numbers of trucks

With rail being restricted by capacity constraint the number of trucks being used to access the port should increase. If this continues without any road or rail upgrades uMhlathuze will become increasingly inefficient and unproductive.

9.3 uMsunduzi Municipality infrastructure and logistics SWOT analysis

9.3.1 Strengths

9.3.1.1 Central to major farming areas

uMsunduzi Municipality is central to the KwaZulu-Natal midlands agricultural areas, such as Greytown; Ixopo; Dalton; Camperdown and Mooi River. With the N3 passing through the municipality it is understandable that a considerable amount of agricultural processing takes place within the municipal boundaries.

9.3.1.2 Within 100km’s of the eThekwini municipality

uMsunduzi Municipality is within a 100 kilometre proximity to eThekwini Municipality and the Port of Durban, making it an attractive locational alternative to eThekwini Municipality where industrial land is in short supply. The distance from Cato Ridge to the outskirts of the uMsunduzi Municipality is approximately 12 to 13 kilometres; thus if Cato Ridge is an
option for development then adjacent parts of uMsunduzi is just as likely to be an attractive industrial/logistical development option.

9.3.1.3 Land availability

uMsunduzi Municipality has sufficient land available for industrial development and growth. This makes it even more attractive to industry and logistics firms who are considering relocating from within the eThekwini Municipality.

9.3.1.4 Located on major route between port and Gauteng

uMsunduzi Municipality is located on the N3 - the main arterial route between the Port of Durban and the economic hinterland of South Africa. Various types of private development and investment will, in all likelihood, continue to be attracted to areas along this corridor, especially existing cities and towns along this route.

9.3.2 Weaknesses

9.3.2.1 2nd in logistical efficiency and cost to eThekwini

uMsunduzi Municipality will always be a second choice to eThekwini Municipality for companies who use the Port of Durban for imports or exports, due to the added transportation costs incurred. Transnet Freight Rail has also indicated that uMsunduzi Municipality is too close to eThekwini Municipality for rail to be a viable option in the movement of freight. This restricts movement of freight to and from the Port of Durban to uMsunduzi Municipality to trucks, thereby incurring toll costs and added distance costs.

Furthermore, once a truck leaves eThekwini Municipality for Gauteng, it is unlikely that it will stop in uMsunduzi Municipality, as it is only a short distance along the N3. The truck driver would more than likely stop at Mooi River, Escourt or Harrismith in the Free State if they stop at all on the journey.
9.3.2.2 On the wrong side of Marianhill toll plaza

uMsunduzi Municipality is located on the other side of Marianhill toll plaza. This means that when freight passes through the toll plaza headed for eThekwini Municipality (KwaZulu-Natal’s economic hub) or the Port of Durban, it is subject to toll road costs. These toll costs increase transportation and logistical costs and reduce a company’s competitive advantage.

9.3.2.3 No direct road/rail connection to Dube trade port or uMhlatuze Municipality

Freight that is being moved from the uMsunduzi Municipality to the Dube Trade Port currently travels down the N3 to the “Spaghetti Junction” interchange and then onto the N2. “Spaghetti Junction” (the N3 to N2 interchange going North) is currently heavily congested at peak hours and this only adds to the congestion. A more direct route to the Dube trade port and King Shaka airport would improve the speed and safety of freight destined for Dube trade port and private traffic destined for King Shaka airport.

9.3.2.4 Town Hill (N3) is problematic for the volume of truck traffic

The gradient and winding nature of Town Hill is a safety issue for heavy and light vehicles. An alternative route will eventually need to be built, especially as the number of heavy vehicles increases.

9.3.3 Opportunities

9.3.3.1 Link the uMsunduzi Municipality with Cato Ridge industrial area and inland terminal

The distance from the outskirts of uMsunduzi Municipality to Cato Ridge is approximately 12 to 13 kilometres. If eThekwini Municipality plans and develops Cato Ridge for industrial investment with an inland freight logistics terminal, then there is no need for another inland terminal to be located within the uMsunduzi Municipality. uMsunduzi Municipality should piggy back on the eThekwini Municipality plans and land developments, by planning and developing land within the Ashburton and Camperdown areas.
9.3.3.2 Improve linkages to agricultural areas

uMsunduzi Municipality is currently the centre of agriculture activities and agricultural processing within the KwaZulu-Natal midlands area. If improvements in road linkages to Greytown, Ixopo, Dalton, Camperdown and Mooi River were to be made, this would add value to agricultural production in these areas in the form of reduced transport costs and improvements in road safety.

Further improvements in the roads leading into rural areas around these regions would also give more disadvantaged farmers access to markets outside their areas and agricultural processing plants in uMsunduzi Municipality.

There is also an opportunity for agricultural produce from the uMsunduzi and surrounding areas to be exported from the Dube. Thus, an improved road link from uMsunduzi to the Dube tradeport needs to be developed.

9.3.3.3 Road to Dube/uMhlathuze

As already raised above, there is a need for a more direct route to Dube Trade Port. A more direct route to and from uMhlathuze Municipality needs to be developed. Such a route would also improve links between the Midlands region and Zululand.

9.3.3.4 Truck road avoiding Town Hill

As raised in 3.3.2.4 above, an alternative truck route to Town Hill (the N3 route west out of Pietermaritzburg) needs to be planned and built to cater for future freight volumes.
10. Implications and recommendations

10.1 Port expansion in eThekwini Municipality

It is absolutely imperative that Transnet’s port expansion takes place in KwaZulu-Natal. The economic growth and employment that this would bring to the province would be massive. The ideal location for the container port expansion would be the Port of Durban, as this is the closest South African port to the country’s economic hinterland. If the Port of Durban is not chosen for the port expansion, then the Port of Richards Bay should be the next option. The Port of Richards Bay would not be optimal because building a container terminal at Richards Bay would split container handling capacity between two ports less than 200kms apart. This would prejudice the development of a globally competitive container hub port in South Africa. The Port of Richards Bay should rather be further developed as a specialist bulk cargo port.

10.2 Inland terminals in uMhlathuze Municipality and Cato Ridge

Inland terminals with strong linkages to the Port of Durban need to be established in uMhlathuze Municipality and Cato Ridge. These inland terminals would require the usual container handling facilities normally found in terminals located within the proximity of the port, to allow for the regular, efficient and cost effective transportation of containers and other freight to the Port of Durban.

These inland terminals would be most efficient and cost effective if they were served by rail. However, Transnet Freight Rail have clearly stated that short distance rail movement of containers isn’t an attractive business option for them, due to the large overhead they are required to cover throughout the country. However, a number of private companies involved in shipping have expressed an interest in running short distance rail trains to Cato Ridge as a service for clients and truckers needing to drop off or collect containers for onward trucking into the hinterland.

10.3 Truck congestion

Truck congestion around the Ports of Durban and Richards Bay, as well as the increased number of trucks using the N2 and N3, needs to be addressed. Appropriate road planning needs to be initiated to alleviate the congestion and capacity problems experienced on
roads within the three municipalities, with a priority focus on roads that attract large number of heavy traffic. It is most optimal to separate local traffic from heavy long distance traffic as it not only relieves congestion problems on roads with conflicting uses, but also reduces frustrations and improves road safety. Therefore planning should take into account the possibility of building completely separate roads for trucks and other heavy vehicles.

10.3.1 Dedicated truck road into back of port

A dedicate truck road is required into the Port of Durban back of port area. This road would ideally exit the back of port area west of Clairwood and follow the uMhlatazana River Valley to the N2. This road would need to be extended in the future to link with the N3, bypassing the Marianhill toll plaza.

10.3.2 Rail improvements

Improvements in rail efficiency, capacity and speed will assist in reducing truck congestion. The Natcor line needs major investment and upgrades.

At some point in the future a short distance rail service needs to be established. This rail service would be best run by a private company already involved in shipping. A company that operates more than one mode of transport is best suited to running a short distance rail service, because there is an incentive for the company to minimize handling costs as cargo moves from one mode to another.

10.4 Inter-municipal spatial planning along the corridors (Cato Ridge/uMsunduzi)

The municipalities along the N2 and N3 national routes need to work together in producing a spatial plan along these two corridors. This will facilitate private investment and development in suitable areas and avoid conflicting land uses being located next to each other. Appropriate road linkages can be established to future industrial areas and the various municipal departments can roll out services to these areas.
10.4.1 Agricultural routes

Road to agricultural areas around the three nodes need to be upgraded or constructed, these roads can be extended in rural areas. This will reduce the transportation costs of freight and give rural farmers access to larger markets.

10.4.2 Conceptual diagram

Figure 10.1 overleaf shows a conceptual diagram of how an ideal setup of logistical infrastructure.

- The red dots represent back of port facilities or inland terminals with container handling facilities.
- The black dots highlight other significant regions or locations that generate freight.
- The solid grey lines are the arterial routes that current exist
- The dashed grey lines represent future roads that are required
- The curved line between Cato Ridge and the Port of Durban represent a new dedicated truck route bypassing the Marianhill toll plaza
- While the other lines from Cato Ridge/Camperdown represent a more direct route from uMsunduzi Municipality to Dube Tradeport and uMhlathuze Municipality. These lines could come from the uMsunduzi dot.
- The dashed orange lines represent linkage to agricultural and rural areas
Figure 10.1 Conceptual diagram of logistical infrastructure

Port of Richards Bay:
1. Bulk
2. Break Bulk

Port of Durban:
1. Containers
2. Motor Vehicles
3. Liquid Bulk
4. Break Bulk
10.5 Suggested Interventions

10.5.1 Tourism

- There is a need for the municipalities to realise that three city attractions add depth to existing tourist attractions within the province and provide a more balanced tourist product for KwaZulu-Natal. Currently Durban is the province’s only notable metropolitan tourist destination.
- Steps need to be made towards marketing the smaller cities as metropolitan/urban tourist destinations.
- Marketing and positioning of the three cities as gateways to the tourism regions surrounding them. Richards Bay as gateway to Zululand/Elephant Coast; Durban as gateway to eThekwini are and the North and South coast; Pietermaritzburg as gateway to the Drakensberg and Midlands.
- Creation of dedicated tourism zones within the three cities. These zones should maintain a consistent set of standards and basic design layouts in all three cities.
- Tourism specialization within each of the cities. For instance the province’s museum and historical resources could be moved to Pietermaritzburg, as the cultural capital. Durban could be the beach capital, and Richards Bay the bush/wildlife capital.
- Urban renewal tax incentives need to be applied in the tourist context. This is especially relevant in Pietermaritzburg where cultural tourism will flourish with the restoration of the many attractive buildings in the city. The refurbishment of culturally significant and historical buildings with government tax incentives as well as incentives from the municipality would greatly enhance appeal. The city could sponsor work teams and architects for interested land owners.
- There should be a degree of harmonization between the various tourism bodies in the three cities and perhaps the establishment of an integrated metropolitan tourism body.
- Transport linkages between the three cities should be improved
- To encourage visits to all three cites, foreign tourists, spending a certain length of time in the province, could be offered free transport (whether by road, rail or air) to the other two cities.
- Tour packages must be developed such that tourists are encouraged to spend at least one night in Richards Bay and Pietermaritzburg and not just Durban.
KwaZulu-Natal should market an integrated tourism product with multiple dimensions rather than separate tourism products as offered by the different tourist regions.

Critical mass attractions need to be developed, particularly in Richards Bay and Pietermaritzburg.

Potential Catalytic developments for tourism within the three cities are:

- A passenger liner terminal in Richards Bay and development of a tourism zone around this terminal, incorporating resort-style developments on Naval and Pelican islands
- An upgrade of Durban beachfront and of the Point development, especially along Mahatma Ghandi Road, which is a little better than a grimy haven of crime and sleaze at present.
- King Shaka International airport – due to open next year.
- Creation of a cultural cluster in Pietermaritzburg. Development of an iconic, world-class KwaZulu-Natal museum?

10.5.2 Electricity

As the main users of electricity and the largest generators of gross domestic product (GDP) in the province, the three cities need to consider the opportunities afforded to them by alternate power sources - in particular the opportunities surrounding sugar cane as a source of electricity. The cities are ideally located to benefit from bio-ethanol and bagasse as sources of power:

- These opportunities exist in the sugar industry which is located in and around these cities.
- This natural locational advantage needs to be exploited.
Table 10.1 The Relative Value of Sugar Bagasse

Source: KwaZulu-Natal Department of Economic Development

Research in Brazil by the UNDP (http://www.undp.org/gef/portfolio/writeups/cc/brazil_biomass.html) showed that biomass-gasifier/gas turbine (BIG/GT) technology, with trash supplementing bagasse, could increase the production of electricity by a sugarcane mill by 500%. Electricity production could be increased from 50 to 60 kWh/ton cane processed (with conventional high pressure steam turbine technology firing only bagasse) to 250 to 300 kWh/ton of cane processed with a BIG/GT system using both bagasse and trash. Furthermore there are a variety of benefits to leaving trash on the fields rather than burning and guidelines regarding these need to be implemented.

In Mauritius a regulatory framework was set up to promote private sector investments in power production and sugar factory modernisation and to encourage an efficient market in bagasse. This model should be studied and replicated in KwaZulu-Natal.

The KwaZulu-Natal Department of Economic Development has already highlighted sugar cane bagasse as the most viable source of alternate energy in KwaZulu-Natal and the strategic locations of the 3 cities in the study make them crucial to implementing any plan towards producing and consuming this electricity. Following on from the report by the KwaZulu-Natal Department of Economic Development in 2009 more research and a viable
business plan needs to be investigated. This would include the additional environmental, employment and sugar cane productivity benefits which could result.

Tongaat Hulett does currently have the ability to provide the national electricity grid with 100 megawatts using their existing mills and technology, however this could be greatly increased with extra investment. Tongaat Hulett chief executive Peter Staude believes that this could be expanded to 266 megawatts during peak harvesting season. by including the tops and trash, or cane waste produced in the fields. Based on initial investigations this could be 15% of total electricity consumption in KwaZulu-Natal.

10.5.3 Infrastructure

- Inter-municipal spatial planning along the N2 and N3 corridors
  - Corridors attract investment and therefore need to be carefully planned by neighbouring municipalities
  - N3 corridor is being developed without appropriate planning as land becomes scarce within the eThekwini Municipality
- Port expansion in Durban is an essential opportunity for future growth within the province and municipality
- Port of Durban back of port logistics zone:
  - Improved access by means a dedicated truck road from N3 to the Port of Durban back of port area
  - Improved roads and infrastructure within the South Durban Basin
- Develop inland terminals/logistics zones in industrial areas such as Cato Ridge and inland from the Port of Richards Bay
  - Inland terminals offer container facilities traditionally situated around port
  - Offers a regular, efficient and cost effective transportation of container to the Port of Durban
- Improved freight rail service and rail infrastructure to Ports of Durban and Richards Bay
- Improve road corridors to rural and agricultural areas
- Block any further tolling of roads in and between the three municipalities and motivate the removal of existing tolls:
  - Tolls increase transportation costs in a distorted fashion
– Tolls discourage development beyond toll gate
  • Develop a more direct route from Pietermaritzburg to the Dube Trade Port and the Port of Richards Bay

10.5.4 Dube Trade Port

• The three cities, especially the two smaller ones, need to be fully aware of the opportunities that emanate from the new international airport at La Mercy.
• Having a world class international airport within 80 minutes of all three cities poses exciting opportunities.
• The new airport will be a great boon for tourism in these areas and has the potential to stimulate investment in additional international conference venues.
• The cities must consider marketing themselves as being within easy reach of a world class international airport. A business plan to supply buses (and hopefully efficient and frequent trains) for tourists seeking to travel to and from the airport to Pietermaritzburg and Richards Bay is essential to successfully marketing these cities as hub destinations for business and tourist travel.
• These links would ideally be best put in place before the 2010 Soccer World Cup, which would be an ideal opportunity for the launch of these services.
• The cities, especially Durban need to ensure that their land use management schemes do not encourage excessive housing and industrial development on land that would be better used for time sensitive agricultural production. The demand for well located housing must be balanced against the potential for agricultural exports through the new airport

10.5.5 Cato Ridge

• Cato Ridge is a unique opportunity to create a successful development hub in KwaZulu-Natal.
• The area’s proximity to the Port of Durban, to the N3 national route and to the Natcor railway line justify its choice.
• Currently industrial development is taking place without holistic planning from any municipality
• The undeveloped area between Cato Ridge and Pietermaritzburg needs well resourced planning and careful zoning. The area presently fall under an underfunded local municipality should be handled as a joint venture between uMgungundlovu and eThekwini Municipalities.
• Development must include the full range of access, housing, water, power and schools.
• Effective links between Cato ridge and the Port of Durban need to be established, including better, new or improved road and rail connections.
• A specially zoned logistics hub needs to be planned surrounded by areas for industrial development including manufacturing. The potential strong links to the Port of Durban and to the hinterland and existing heavy industry zoning indicate that this is be could an ideal location for mineral beneficiation and export production for raw materials from the hinterland.
• The manganese smelter has been operating on this basis for an extended period of time.
• Planning for the N3 corridor requires an urgent mandate from provincial government. Whilst plans do exist for area, the importance of this corridor as a development node needs to be converted into a syncronised plan for development by the national, provincial and local government authorities.
• Government should place faith in the development of the node by creating a development company to service and promote the area for developers. So far there has been no coordinated approach to the development of the area.

10.5.6 Education

• Education a key platform for knowledge based economic development and is a national and provincial competence
• Poor educational performance at all levels (pre-primary, primary, secondary and tertiary) is a major obstacle to economic growth, job creation and prosperity and needs to be addressed.
• Providing support for the creation of additional teacher training facilities within the private sector to enhance the
• The three cities’ four major universities are all currently exhibiting serious governance problems and student and graduate numbers are stagnant or falling. Municipal representatives on university councils need to actively promote good governance and a revival of university education in the three cities.
• All three cities need to work with business to promote on the job training and unlock the financial wealth of SETA’s for the benefit of the under-skilled and unemployed residents of the three cities. Municipalities can form joint task groups with the private sector operating within all three regions to assess where SETA funded training is viable. A SETA training programme for municipal staff for the three municipalities should be established.

**Key Interventions**

In this section projects that present the opportunity to introduce immediate positive impacts on the local economy are identified:

a) Catalytic projects to provide a critical mass for tourism in the province, specifically the development of a national museum in Pietermaritzburg, an island tourism development in Richards Bay (as laid out in the uThungulu Tourism report) and cruise liner terminals of world class quality in Richards Bay and Durban harbours.

b) A new road between the Port of Durban and the Cato Ridge area to enhance the province’s logistical advantages. This would follow the development of a full cross municipality local area plan for the N3 corridor between Cato Ridge and Pietermaritzburg.

c) The current tourist routes including the King Shaka route and the Valley of a Thousand Hills routes need to be expanded to link the three cities in ‘off the beaten path’ routes and provide access to some beautiful tourist areas which have been not been marketed to their full advantage.
References


Pinisterio De Fomento, Spain, Puertos del Estado. Guide for developing logistic activity zones in ports; Spanish State Ports Agency.
### Interview List

<table>
<thead>
<tr>
<th>Company/Government Department</th>
<th>Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>uThungulu DED Manager</td>
<td>Rocky Chetty</td>
</tr>
<tr>
<td>Richards Bay Industrial Development Zone</td>
<td>Cliff Bell</td>
</tr>
<tr>
<td>uThungulu Strategic Forum</td>
<td>Fran Van Der Walt</td>
</tr>
<tr>
<td>uMhlatuze Council</td>
<td>Andries Skitter</td>
</tr>
<tr>
<td>uMsunduzi EDU Manager</td>
<td>Skumbuso Mpanza</td>
</tr>
<tr>
<td>uMgungundlovu EDU Manager</td>
<td>Philile Mhkize</td>
</tr>
<tr>
<td>KwaZulu-Natal EDU Trade &amp; Logistics Unit</td>
<td>Tangkiso Parkies</td>
</tr>
<tr>
<td>Provincial Department of Transport</td>
<td>Arishal</td>
</tr>
<tr>
<td>Bidfreighty Port Operation</td>
<td>Jannie Roux</td>
</tr>
<tr>
<td>DHL</td>
<td>Owen Shaw</td>
</tr>
<tr>
<td>Island View Storage Limited</td>
<td>Fanie Joubert</td>
</tr>
<tr>
<td>Greystones Cargo Systems</td>
<td>Ken Mouritzen</td>
</tr>
<tr>
<td>Grindrod Intermodal</td>
<td>Lindsay Heynes</td>
</tr>
<tr>
<td>Grindrod Limited</td>
<td>Dave Rennie</td>
</tr>
<tr>
<td>SAPREF</td>
<td>George Franklin</td>
</tr>
<tr>
<td>South African Container Depot</td>
<td>Derek Mayo</td>
</tr>
<tr>
<td>Rennies Distribution Services</td>
<td>David Leisegang</td>
</tr>
<tr>
<td>Transnet Freight Rail</td>
<td>Suria Singh</td>
</tr>
<tr>
<td>Toyota SA Motors</td>
<td>Henry Pretorius</td>
</tr>
<tr>
<td>Albany</td>
<td>Billy Allman</td>
</tr>
<tr>
<td>Tongaat Hulett Sugar</td>
<td>Norman Robinson</td>
</tr>
<tr>
<td>Transnet Planning</td>
<td>David Stromberg</td>
</tr>
<tr>
<td>ARUP</td>
<td>Theo Le Roux</td>
</tr>
<tr>
<td>eThekwini Municipality</td>
<td>Dept of planning &amp; environmental development</td>
</tr>
<tr>
<td>eThekwini Municipality</td>
<td>Transport Authority</td>
</tr>
</tbody>
</table>
APPENDIX A

SECTION 156 OF THE CONSTITUTION OF THE REPUBLIC OF SOUTH AFRICA ACT, NO. 108 OF 1996, AS AMENDED:

POWERS AND FUNCTIONS OF MUNICIPALITIES:

(1) A municipality has executive authority in respect of, and has the right to administer-
   (a) the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
   (b) any other matter assigned to it by national or provincial legislation.

(2) A municipality may make and administer by-laws for the effective administration of the matters which it has the right to administer.

(3) Subject to section 151 (4), a by-law that conflicts with national or provincial legislation is invalid. If there is a conflict between a by-law and national or provincial legislation that is inoperative because of a conflict referred to in section 149, the by-law must be regarded as valid for as long as that legislation is inoperative.

(4) The national government and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if-
   (a) that matter would most effectively be administered locally; and
   (b) the municipality has the capacity to administer it.

(5) A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.


SCHEDULE 4

Functional areas of concurrent national and provincial legislative competence:

PART A

Administration of indigenous forests
Agriculture
Airports other than international and national airports
Animal control and diseases
Casinos, racing, gambling and wagering, excluding lotteries and sports pools
Consumer protection
Cultural matters
Disaster management
Education at all levels, excluding tertiary education
Environment
Health services
Housing
Indigenous law and customary law, subject to Chapter 12 of the Constitution
Industrial promotion
Language policy and the regulation of official languages to the extent that the provisions of section 6 of the Constitution expressly confer upon the provincial legislatures’ legislative competence
Media services directly controlled or provided by the provincial government, subject to section 192
Nature conservation, excluding national parks, national botanical gardens and marine resources
Police to the extent that the provisions of Chapter 11 of the Constitution confer upon the provincial legislatures legislative competence
Pollution control
Population development
Property transfer fees
Provincial public enterprises in respect of the functional areas in this Schedule and Schedule 5
Public transport
Public works only in respect of the needs of provincial government departments in the discharge of their responsibilities to administer functions specifically assigned to them in terms of the Constitution or any other law
Regional planning and development
Road traffic regulation
Soil conservation
Tourism
Trade
Traditional leadership; subject to Chapter 12 of the Constitution
Urban and rural development
Vehicle licensing
Welfare services

The following local government matters to the extent set out in section 15.5 (6) (a) and (7):

PART B

Air pollution
Building regulations
Child care facilities
Electricity and gas reticulation
Fire fighting services
Local tourism
Municipal airports
Municipal planning
Municipal health services
Municipal public transport
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law
Pontoon, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto
Stormwater management systems in built-up areas
Trading regulations
Water and sanitation services limited to potable water supply systems and domestic waste-water and sewage disposal matters related thereto systems

SCHEDULE 5

Functional areas of exclusive provincial legislative competence:

PART A

Abattoirs
Ambulance services
Archives other than national archives
Libraries other than national libraries
Liquor licences
Museums other than national museums
Provincial planning
Provincial cultural matters
Provincial recreation and amenities
Provincial sport
Provincial roads and traffic
Veterinary services, excluding regulation of the profession’

PART B - overleaf
PART B

The following local government matters to the extent set out for provinces in section 155 (6) (0) and (7):

Beaches and amusement facilities
Billboards and the display of advertisements in public places
Cemeteries, funeral parlours and crematoria
Cleansing
Control of public nuisances
Control of undertakings that sell liquor to the public
Facilities for the accommodation care and burial of animals
Fencing and fences
Licensing of dogs
Licensing and control of undertakings that sell food to the public
Local amenities
Local sport facilities
Markets
Municipal abattoirs
Municipal parks and recreation
Municipal roads
Noise pollution
Pounds
Public places
Refuse removal, refuse dumps and solid waste disposal
Street trading
Street lighting
Traffic and parking