

- HIV/AIDS prevalence rate of 33.5% – the highest in the country.

The KwaZulu-Natal Government's Industrial Strategy document of March 2004 offered a somewhat more positive perspective on provincial economic growth, but acknowledges its underperformance in social output terms (e.g., jobs).

The KwaZulu-Natal economy differs from the structure of the national economy in that it has a larger share of manufacturing and, to a lesser degree, 25% of GDP compared to 19% of GDP for South Africa and (to a lesser degree) services. Transport and logistics are key activities in the province, and there has been recent growth in business and financial services.

The diversity and level of development of the provincial economy is a source of strength and flexibility, and is a solid foundation from which to seek a more advantageous position in the global economy. The role of KwaZulu-Natal as a logistics gateway for South Africa and the region increases the importance of optimising the province's logistics functions.

The average annual GDP growth rates over the past decade between 1995 and 2000 for KwaZulu-Natal is over 4%, higher than any other province over that period. However, these growth rates have been insufficient to meet the socioeconomic objectives of the province. The KwaZulu-Natal economy has to meet the needs of 21% of the South African population, province, and production process but it has only contributed 15% to South Africa's gross domestic product in 2001. Production processes and technology developments have, in many cases, lagged behind global competitiveness trends. Similarly, the shift towards higher value-adding manufacturing, from basic manufacturing, has been insufficient.

From the perspective of the N2 Wild Coast Project, the most relevant part of the Province of KwaZulu-Natal is the South Coast strip illustrated by means of the maps provided in Figures 3.3 and 3.4 on 45 and 46 below. The coastline is dotted with small towns, many of which serve as seasonal recreational hubs. The climate of the coastal areas is humid and subtropical. The KwaZulu-Natal Tourist board includes towns like Margate, Port Shepstone, Scottburgh and Port Edward in its definition of what constitutes the South Coast. Beaches of world-class quality are to be found along virtually every part of the South Coast. The hinterland is predominately agricultural.

### **3.1.2.1. District and municipal description**

The eThekweni Municipality (EM) is located on the central coast of KwaZulu-Natal and, as stated, is the province's only metropolitan municipality. The municipality consists of 100 wards. The geographical area of the municipality is 2 292 km<sup>2</sup>. The 2001 census recorded a population of 3 070 572 for the municipality. As such the density is just over 1 000 people per km<sup>2</sup>.

For the 2004/2005 financial year the municipality had an income of R8.5 billion. Total nett budgeted municipal expenditure was also R8.5 billion. This is the highest in KwaZulu-Natal. The eThekweni

## Social Impact Assessment of the Proposed N2 Wild Coast Toll Highway

Municipal Area (EMA) is only 1.4% of the total area of the province, but is home to one-third of the population, and contains over 60% of the province's economic activity. Only 35% of the EMA area is urban with 80% of the population concentrated there. The estimated population is 3 million. In terms of a middle AIDS scenario, the population will still be close to 3 million in 2020.

Durban is South Africa's major port city and the second largest industrial hub. It is a key trading gateway, and the main entry and exit point for imports and exports. Per capita income is higher than for South Africa as a whole, R25 529 as opposed to R17 756<sup>5</sup>.

The four major sectors of the economy are manufacturing, tourism, finance, and transport. The EMA has a strong presence in 'advanced' sectors of the economy. Manufacturing contributes 30% to the economy. Tourism contributes 24%.

The areas close to the main national roads are well provided with physical infrastructure and social amenities. Areas on the periphery of the City tend to be poorly resourced. Communities living there have the lowest access to services and the lowest socioeconomic status.

Broad challenges articulated in the current Integrated Development Plan (IDP) are:

- Creating economic growth, jobs and income.
- Meeting basic needs.
- Pushing back the frontiers of poverty.
- Developing our people.
- Managing the HIV/AIDS pandemic.
- Ensuring a safe and secure environment.
- Reversing our unsustainable development path.

Needs identified during the consultative process for the current IDP included housing and services, safety and security, jobs and economic development, and community infrastructure. Overall, the main concerns of residents are unemployment, HIV/AIDS, crime, and poverty.

### **Ugu District Municipality**

The Ugu District Municipality (DC21) is situated along the coastline in the southern portion of KwaZulu-Natal. It consists of six local municipalities. These are:

- Vulamehlo
- Umzambe
- Umdoni
- eZinqoleni
- uMuziwabantu

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<sup>5</sup> 2003 figures

- Hibiscus Coast

The geographical area of the municipality is 5 046 km<sup>2</sup>. Ugu District Municipality has a population of just over 700 000 people. Only 16% of the population is classified as urban. As such the Ugu District Municipality has focused on the rural sector of its population in terms of its priority service and development goals which are listed as:

- Provision of basic services and infrastructure.
- Refurbishment and expansion of existing infrastructure (focus on development pressure in the coastal strip).
- Promoting and enhancing local economic development.
- Ensuring sustainable integrated rural development (including local agenda 21 issues).
- HIV/AIDS, TB and STDs.
- Tourism development and marketing and broadening access in the industry.
- Speeding land reform.
- Institutional development.
- Programmes for youth, women and the disabled.

At present the Ugu District Municipality has an annual per capita GDP of R9 452. This compares to R11,075 for coastal district municipalities of a similar nature. As such the district municipality might be classified as somewhat more marginal than others of a similar nature. These figures suggest that the population of Ugu is significantly poorer, in economic terms, than populations in other rural-inland districts in South Africa. Ugu has a high rate of unemployment – 51% of the potential labour force is unemployed. However, the average unemployment rate in rural-coastal district municipalities outside KwaZulu-Natal is comparably high – 49%. Given low employment levels, it is not surprising that an estimated 49% of the population is reliant (directly or indirectly) on income from state pensions and grants. The people of Ugu District Municipality have relatively poor access to basic services when compared with people living in similar rural-inland districts. Only 29% of people living in Ugu have access to piped water, on or off site. Thirty-nine percent rely on candles for lighting, 57% are reliant on either paraffin or wood for cooking and only 26% have access to good sanitation, flush or chemical toilets. See Appendix 2 for a comparison with the ‘average’ rural-inland district.

The economy of the district municipality is largely dependent on finance and business services, 16%, manufacturing, 15%, government services (15%), wholesale, retail and tourism (15%) and agriculture, forestry and fisheries (13%).

### **Sisonke District Municipality**

As indicated the Sisonke Municipality is relevant to the overall study as the N2 that now runs through it will bypass the municipality if the proposed route is constructed.

Sisonke is an inland district municipality situated in the south of KwaZulu-Natal. The district includes the southernmost part of the Ukhahlamba Drakensberg Park (adjacent to Lesotho) and borders the Eastern Cape Province in the west. The following five local municipalities are located within the Sisonke District Boundaries:

- Ingwe
- Umzimkhulu
- Ubuhlebezwe
- KwaSani
- Greater Kokstad.

Sisonke has the smallest population of all district municipalities in KwaZulu-Natal, with a population of approximately 304 000 people, two-thirds of which live in Ubuhlebezwe and Ingwe. According to Census 2001, the vast majority of the population, 81%, live in rural areas as compared to an average of 78% in similar rural-inland districts in South Africa. In 2004 annual per capita income in Sisonke was an estimated R9 920 compared with R16 460 average for 16 rural-inland districts outside KwaZulu-Natal. These figures suggest that the population of Sisonke is significantly poorer, in economic terms, than populations in other rural-inland districts in South Africa. Sisonke has a very high rate of unemployment – 53% of the potential labour force<sup>6</sup> is unemployed. However, the average unemployment rate in rural-inland district municipalities outside KwaZulu-Natal is comparably high – 51%. Given low employment levels, it is not surprising that an estimated 53% of the population is reliant, directly or indirectly, on income from state pensions and grants. The people of Sisonke District Municipality have relatively poor access to basic services when compared with people living in similar rural-inland districts; only 33% of people living in Sisonke have access to piped water, on or off site, 57% rely on candles for lighting, 74% are reliant on either paraffin or wood for cooking and only 22% have access to good sanitation, flush or chemical toilets. See Appendix 9 for a comparison with the 'average' rural-inland district.

Economic output or GDP generated in Sisonke in 2004 totalled R3.01 billion, 1.49% of total GDP generated in KwaZulu-Natal. On the basis of 2004 GDP figures, Sisonke ranks as the second-smallest district economy in the province. Agriculture is by far the largest economic sector in Sisonke, accounting for some 38% of GDP, followed by wholesale/retail trade and government services both at 15%. Agriculture contributes more than twice as much to the Sisonke economy as it does to any other district economy in KwaZulu-Natal. The predominance of the agricultural sector in Sisonke is striking, but not surprising considering the strong rural characteristic of the area and the fact that the district has a very small and undiversified economy. According to Labour Force Survey estimates, agriculture is also the most important source of employment in Sisonke, with roughly 6 741 people being employed in the formal sector accounting for 29% of total formal employment, while a further 8 711 are employed in the informal agriculture sector amounting to 44% of informal sector employment.

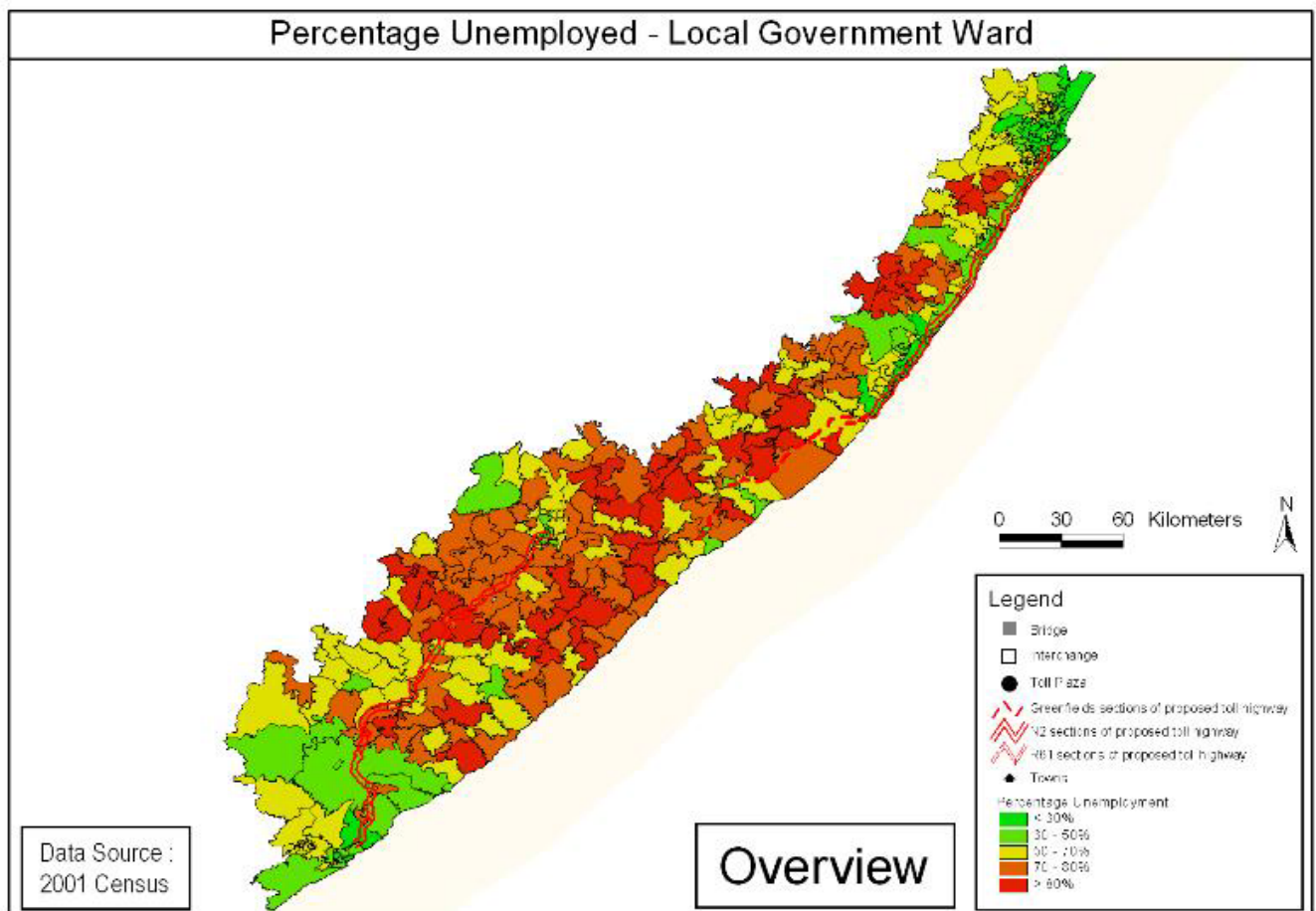
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<sup>6</sup> The broad labour force is defined as all individuals who are employed or who want to work and would be available to start work within two weeks. Labour Force Survey – Statistics South Africa September 2004.

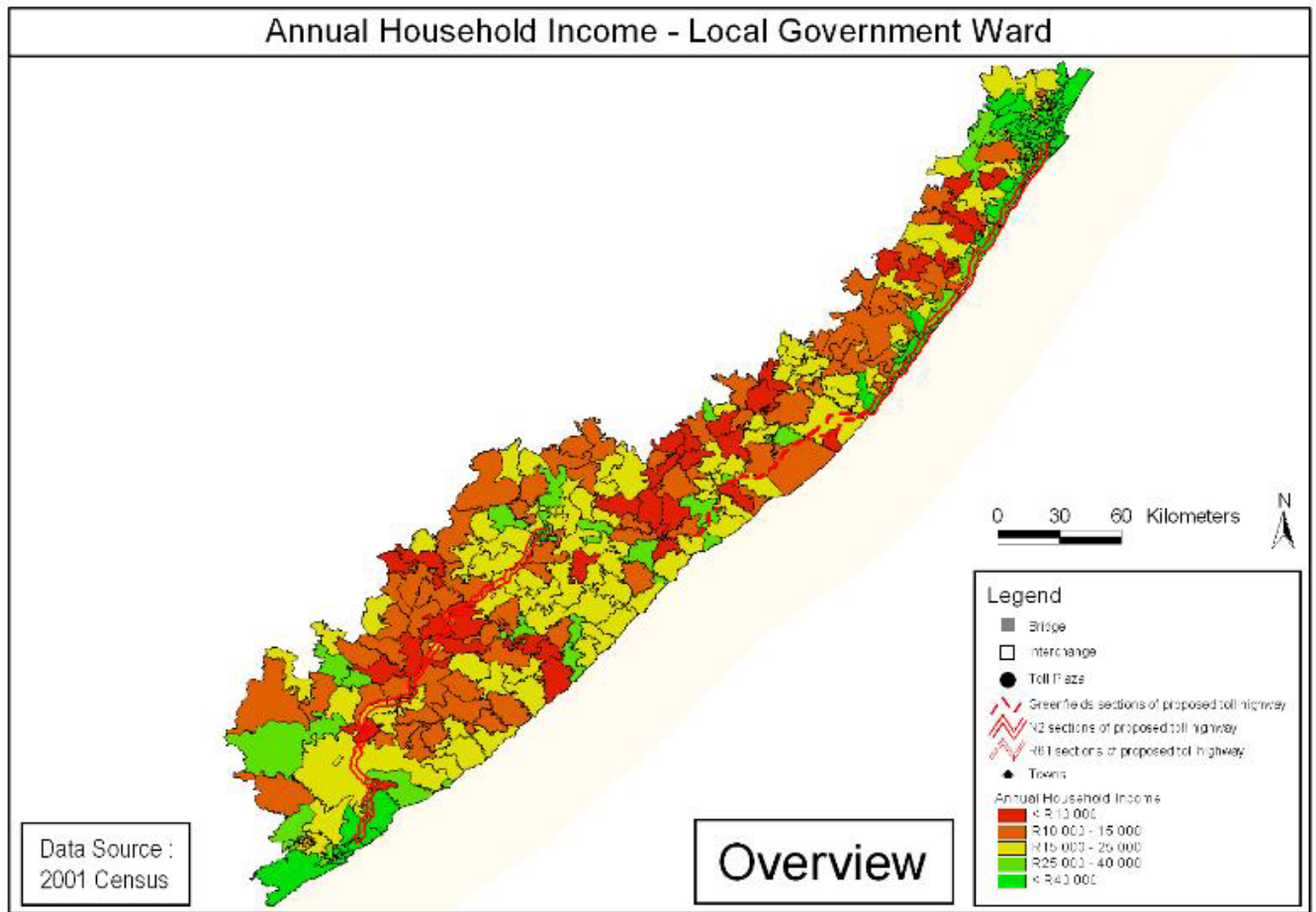
### 3.2. Route specific description

Under this heading a more specific social description, pertinent to each of the 7 sections of the route as described under section 1.1 project description above, will be provided. On an overall basis it can be seen that unemployment and household income closely follows the patterns of urbanisation and population density across the entire route. As Figure 4.3 illustrates, on a general basis, lower levels of unemployment are found towards the northeast end of the route in the more urbanised eThekweni municipal area of KwaZulu-Natal. In the rural areas of the Eastern Cape unemployment is at its highest, with a few exceptions at the East London end of the route and around the more industrial areas such as Mthatha. As can be expected, annual household income, illustrated in Figure 3.4, follows a somewhat similar pattern as unemployment.

**Figure 3.3: Percentage unemployment across the proposed route**



**Figure 3.4: Annual household income across the proposed route**



Section 1 and 2 of the route between the Gonubie Interchange and Mthatha will now be considered.

**3.2.1. Section 1 – 2 Gonubie to Mthatha section**

The description of the local environment provided below focuses on the settlement and land use patterns in the affected area along both sections 1 and 2 of the route between Gonubie and Mthatha. In addition, the use of the N2 and the issues around safety are also described and route specific demographic data is graphically represented. A full list of all schools and clinics situated within the vicinity of 2 km of the route is provided on pages 72 to 81 of appendix 2 and is graphically represented for sections 1 and 2 of the route in Figures 3.5 and 3.6 respectively.

**Settlement**

There are three urban settlements through which the proposed highway runs, namely Butterworth, Idutywa and Mthatha. Mthatha is the largest town in the former Transkei region and acts as the main administrative and service centre for the central portion of the former Transkei region and is now the town where the O. R. Tambo District Municipality offices are located. This town has experienced significant population growth and growth of informal settlements in its peri-urban areas over the last decade. The other two towns, Butterworth and Idutywa are respectively the administrative and services centres for

their local municipalities. Butterworth, however, is larger than most of the administrative towns due to its proximity to East London and the incentives that were provided for industrial development in this town during the Apartheid era.

There are two types of rural settlement patterns along this section of road. In the Buffalo City and Great Kei Municipal areas at the western end of this section of road, large private commercial farms dominate the settlement pattern. There is only one communal settlement area along this section of road and that is the Mooiplaas settlement which was associated with a Mission station during the colonial period. In the rest of the local municipality areas that form part of the former Transkei, the dominant form of rural settlement is the communal settlement with communal forms of tenure. Most of these settlements have planned residential areas laid out in a grid type fashion. Some rural settlements, which have not undergone betterment planning during the Apartheid era, have a more scattered settlement pattern. These rural settlements are surrounded by areas of arable land and communal grazing lands that are used by local residents for farming and the harvesting of natural resources largely for subsistence purposes. As indicated in Table 3.10 below, there are 43 such settlements along this section of the proposed highway. In some cases two of these settlements may be located right next to each other but on opposite sides of the N2 road.

**Table 3.10: Number of rural communal settlements between Gonubie and Mthatha**

Type of access	Gonubie– Kei River	Kei River –Toleni	Toleni– Butterworth	Butterworth– Idutywa	Idutywa– Mthatha	Total
Number of rural communal settlements along the highway	1	2	5	5	30	43

Figure 3.5: Schools and clinics along section 1

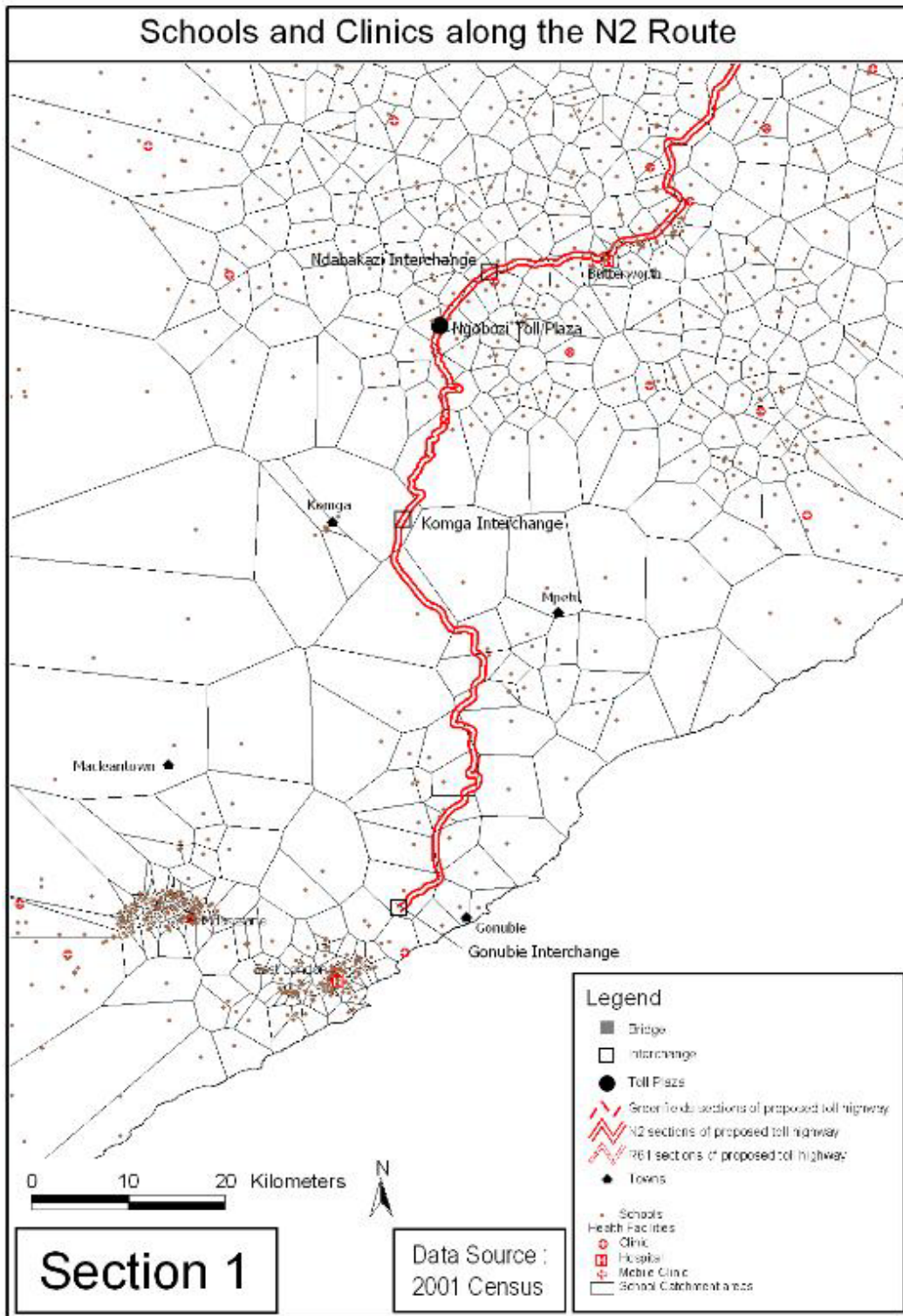
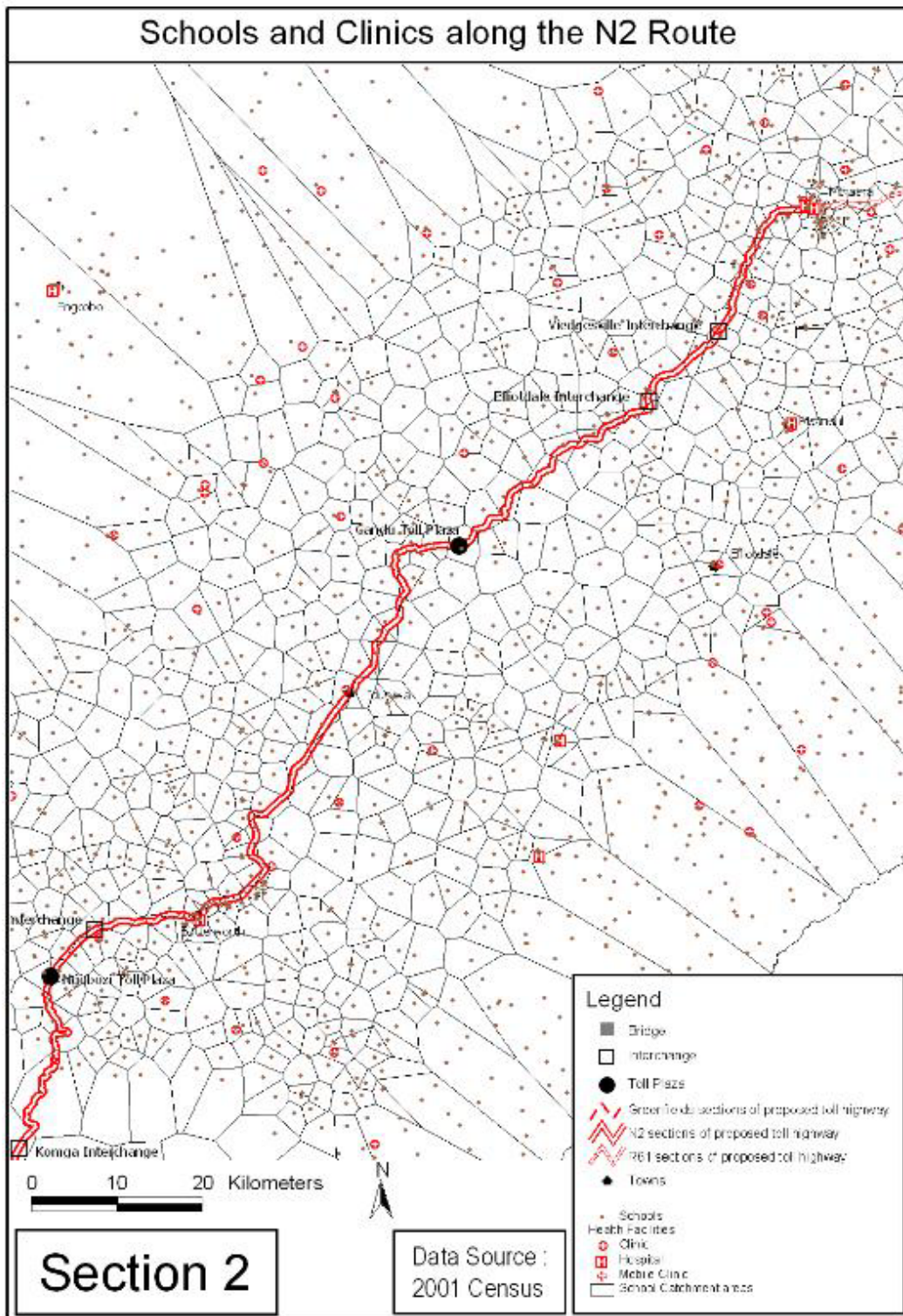


Figure 3.6: Schools and clinics along section 2



The concentration of settlements along access roads in the former Transkei is a product of the history and social forces that have shaped it. There has been a gradual change in rural settlement patterns, from a very dispersed scattered settlement pattern to a concentration of residential sites around the access roads (Andrew & Fox, 2004). Part of this shift has been a result of the forced villagisation of settlements during the middle of the 20<sup>th</sup> century associated with betterment planning<sup>7</sup>. However, the change has also been encouraged by a decline in agricultural activities over the last 100 years combined with a growing dependence of wage employment (dominated by migrant employment on the mines) and state grants. This has encouraged people to live closer to the roads to gain access to transport services as illustrated in Plate 3.1 below.

**Plate 3 1: Rural settlements and dwellings adjacent to the existing N2 between Mthata and the Kei River, that may be affected by the widening of the road reserve associated with the proposed toll highway development**



Another feature of the settlement patterns along this section of road is ribbon development along the N2 particularly in the areas close to Mthatha and Butterworth. Some wealthier households with employed

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<sup>7</sup> Betterment planning was a government forced villagisation programme imposed during the colonial and apartheid eras. It consolidated residential sites into blocks laid out on an urban grid type pattern. Cultivated land was also reorganised, relocated, consolidated and often reduced in extent. Betterment planning was also supposed to convert the communal grazing lands into a rotational grazing system with fenced paddocks, as well as reducing the number of livestock and improving their quality. However, due to widespread resistance this aspect of the planning was often not implemented.

members have obtained permission from the Tribal Authorities to obtain a residential site and build a house alongside the N2. At least 60 houses with access directly onto the N2 were observed in August 2007. Many more households were located immediately adjacent to the road fences and servitude. In some cases these sites have been illegally demarcated within the current road reserve. This is partially a process of urban residents moving to outlying rural settlements along the N2 and partially a process of rural residents becoming more urbanised. These sites provide urban workers with easy access to the towns but they retain a safer rural environment. Poor services and high crime rates in towns, as well as better taxi services promote this process. A lack of adequate control over settlement processes due to capacity constraints and a lack of clarity over responsibilities between SANRAL, DLA, local municipalities and the Tribal Authorities with respect to responsibility for land use management, combined with a tradition of patron-client relations in the tribal authority system, have also facilitated this process. The population density along section 1 of the route is illustrated in Figure 3.7 below while that for section 2 is illustrated in Figure 3.8.