



KWAZULU NATAL ECONOMIC ANALYSIS REPORT 10 YEAR PERIOD TO 2022



Project Objective:

To examine key economic indicators, track the provincial economy and look at the prospects of the KwaZulu-Natal province with a particular focus on eThekweni Metropolitan for the past decade.



Background:

The Department of the Premier (KwaZulu-Natal) requested an economic analysis report to be drafted for the province covering the last decade. The report examines key economic indicators, tracks the provincial economy, and looks at the prospects of the KwaZulu-Natal province with a particular focus on eThekweni Metropolitan for the past decade. The aim was to provide insights into the current and historical data to inform stakeholders, strategic decision-makers, policymakers, and other interested parties pertaining to the local economy.



Problem:

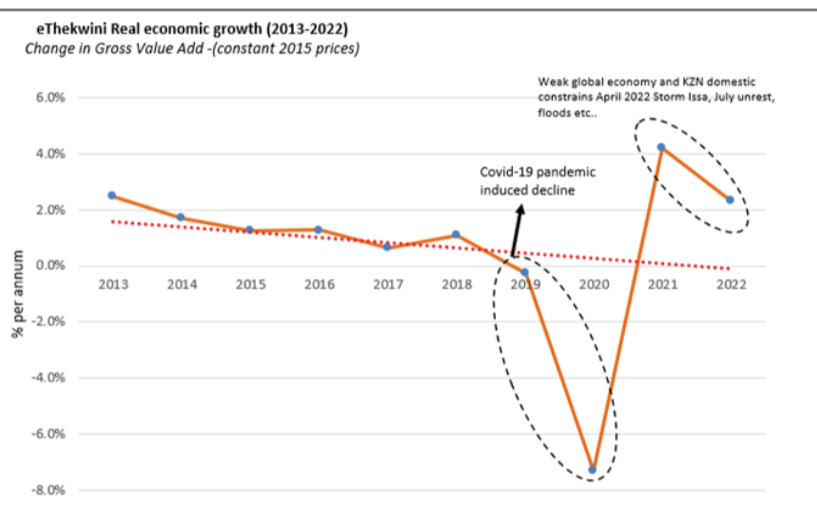
There is often a lack of readily usable and already structured information in the province to facilitate an understanding of the complex economic status quo in the province through simplified explanation.



Methodology:

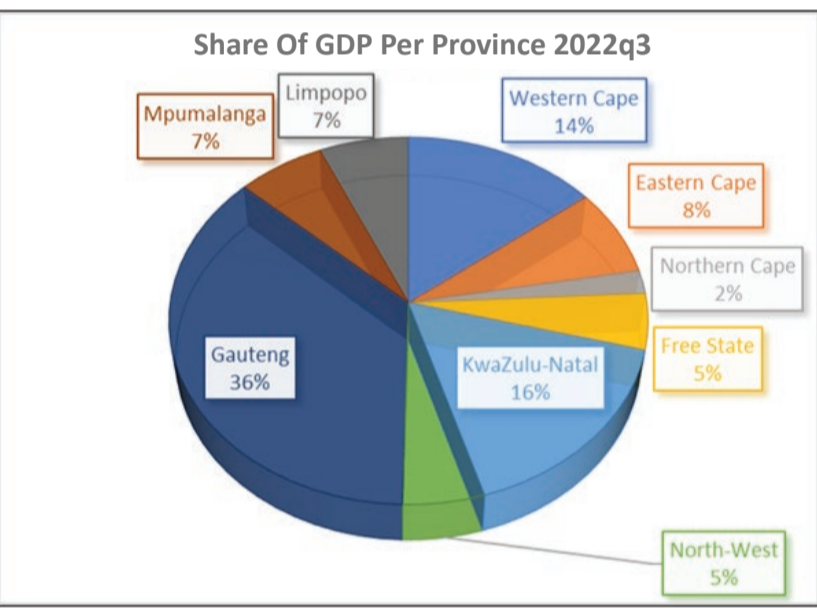
Official data obtained from credible institutions such as STATSSA and SARB. Vendor data relating to South Africa and KwaZulu-Natal additionally sourced, cleaned, manipulated, and organised in the form of charts, graphs, figures, and related analysis.

Some key analysis from report:

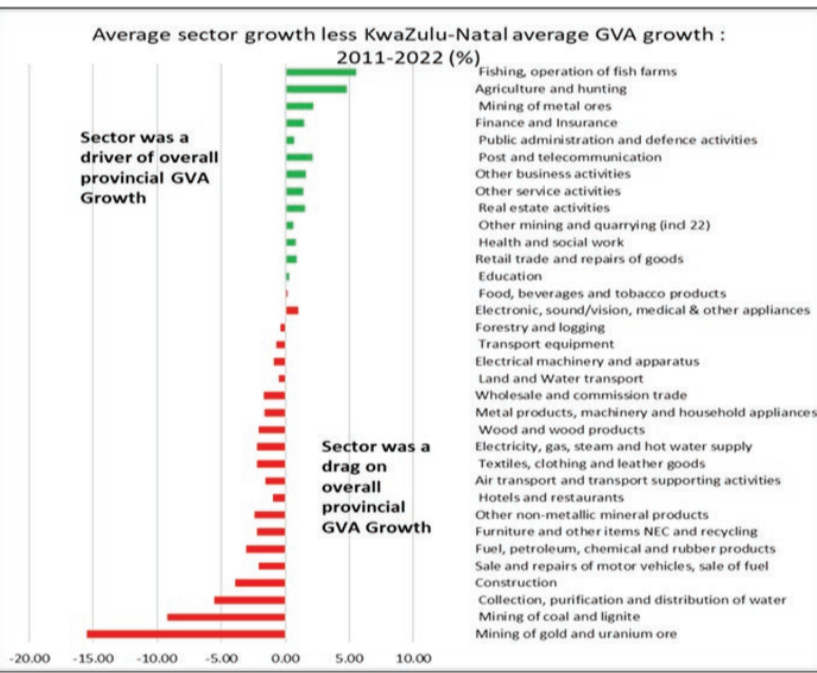


Over the past 10 years, eThekweni's economic output as measured by GVA has:

- Grown by over 4 percent in only 1 year.
- Grown by less than 2 percent in 7 years.
- Exhibited a general decline in its trend trajectory – as indicated by red dotted line.
- Grown by 4.2% in 2021 mostly due to its coming off a low base.



Despite its size and abundant natural assets, KZN still lags Gauteng in its share of Gross Domestic Product by a huge 20 percentage points.



The majority of Manufacturing sub-sectors, which South Africa's industrial policy aims to address, are clearly exerting a drag on the provincial economy. This is a sector with potential to employ huge numbers of skilled and semi-skilled workers in labour intensive sectors such as Clothing, Textiles and Leather goods.

Key Recommendations from report:



Stimulate growth in declining sectors: An analysis of KZN's economy shows that some sectors, such as manufacturing, construction, and utilities, have declined in recent years. The government should work towards stimulating growth in these sectors by implementing policies and incentives that encourage investment and expansion.



Diversify the economy: While Community services and Finance sectors contribute the largest share to the Province's GVA, it is essential to diversify the economy to reduce dependence on a few sectors. The province should explore the potential of other sectors such as its marine economy, to contribute more to the provincial GDP. There also a need to grow the primary and secondary sectors.



Encourage investment in the tourism sector: Tourism is a vital sector for the KwaZulu-Natal economy. Data shows that the province has lost its tourism top position (in 2006) to be the least performing in 2022. The provincial government should work towards promoting the province's beautiful beaches, game reserves, and historical sites to attract more tourists and retain top spot. Policies and incentives should be implemented to encourage investment in the tourism sector, which will lead to the creation of more jobs and increased revenue for the province.



Address the high unemployment rate: Analysis shows that unemployment in KwaZulu-Natal has risen by over 68% between 1996 and 2021. The provincial government should prioritize job creation by implementing policies and initiatives that encourage investment and growth in sectors that have the potential to create more jobs (i.e., labour intensive sectors).



Address income inequality: While KwaZulu-Natal has made progress in reducing income inequality, there is still room for improvement. The provincial government should focus on implementing policies and initiatives that promote inclusive growth, such as increasing access to education and healthcare and providing support for small and medium-sized enterprises while initiatives such as Public Wealth Fund and a local Stock Exchange should have clauses that cater for economic transformation and support to previously disadvantaged individuals (PDIs).



Address the high crime rates: The data highlights a concerning increase in murder and attempted murder in KwaZulu-Natal. The provincial government should prioritize addressing the underlying causes of crime, such as poverty and unemployment, and work with law enforcement agencies to increase security and reduce crime in the province.