



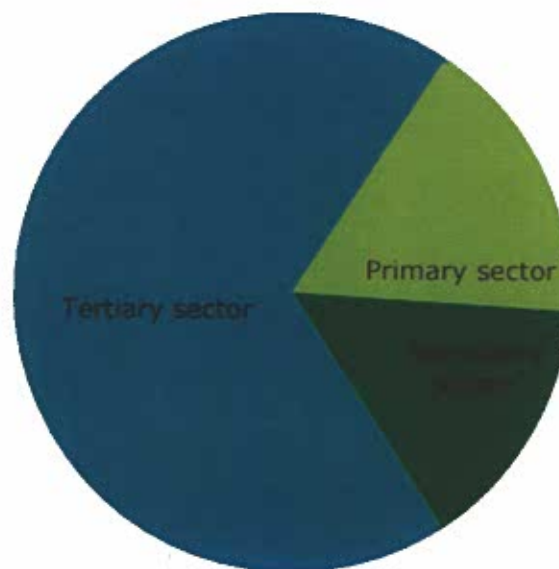
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department of
economic, small business development,
tourism and environmental affairs
FREE STATE PROVINCE

RESEARCH DOCUMENT ON KEY FACTORS IMPACTING THE PROVINCIAL ECONOMY

Key sectors driving the Free State's economy

December 2022



This issue of the Economic Intelligence Report examines the key sectors that are driving the provincial economy. Emphasis in this report is on mining, agriculture, manufacturing, transport and tourism identified in the Free State Growth and Development Strategy (FSGDS) as potential growth sectors.

DISCLAIMER

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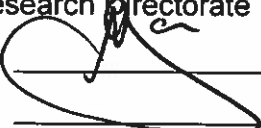
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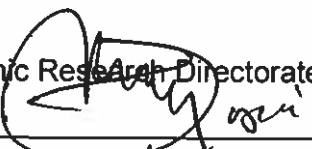
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1. INTRODUCTION AND OVERVIEW

For most of the previous 20+ years, the Free State Province has ranked eighth leading the Northern Cape in the total contribution to the Gross Domestic Product (GDP) of the country. The province also ranks 8th in terms of population, with 2 973 000 people¹.

Table 1: Gross Domestic Product (GDP), Free State and National Total, 2011-2021
(Annual percentage change, Constant 2010 prices)

	Free State	National Total
2011	2.1%	3.2%
2012	3.1%	2.4%
2013	1.9%	2.5%
2014	1.4%	1.4%
2015	0.0%	1.3%
2016	0.1%	0.7%
2017	1.2%	1.2%
2018	0.9%	1.5%
2019	-0.2%	0.3%
2020	-7.1%	-6.3%
2021	3.6%	4.9%
Average Annual growth 2011-2021	0.44%	0.95%

Source: IHS Markit Regional eXplorer version 2257

The GDP growth rate of the Free State was recorded at 2.1% in 2011, decreased to 0% in 2015 and further declined to -0.2 in 2019 just before the start of Covid-19 in 2020. The annual growth rate of 3.6% is the highest GDP growth in the last 10 years.

Table 2: Employed by industry and province, Quarter 3:2021 – Q3: 2022

	Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Q-to-Q change	Y-on-Y change	Q-to-Q change	Y-on-Y change
	Thousands							%	
Free State	720	727	781	806	798				
Agriculture	72	66	84	86	93	7	21	8.2	28.6
Mining	19	23	18	21	25	4	6	18.7	30.6
Manufacturing	31	33	52	51	56	5	25	9.4	78.4
Utilities	5	4	9	10	2	-8	-4	-83.2	-69.3
Construction	33	32	38	50	45	-5	12	-10.7	36.6
Trade	163	190	181	173	166	-7	2	-4.2	1.3
Transport	48	54	37	42	44	2	-4	4.1	-9.1
Finance	88	74	64	71	58	-13	-30	-18.1	-33.8
Community and social services	178	171	222	224	248	24	70	10.6	39.5
Private households	82	80	76	78	61	-17	-12	-22	-25.2

Source: StatsSA, Quarterly Labour Force Survey, Quarter 3 (2022)

¹ Statistics South Africa, 2021,

Unemployment is an ongoing problem in the province and country as a whole and was worsened by the Covid-19 pandemic. There has been an unstable employment growth within the province in 2021-2022. The total employment in 2022 was 781 000 in quarter 1, 806 000 in quarter 2 and 798 000 in quarter 3².

As presented in table 2, Community and Social services had the highest quarterly (Q2:2022-Q3:2022) increase of 24 000. Four other sectors namely Agriculture, Mining, Manufacturing and Transport also expanded in quarter 3. The biggest loss in Q3:2022 was in Private Households, with a quarterly decline of 17 000, whilst Finance recorded the highest decline of 30 000 annually.

Free State Provincial Growth and Development Strategy (FSGDS) identified agriculture, mining, manufacturing, transport and tourism as potential growth sectors with great opportunities for entrepreneurial development, employment and economic diversification. This report therefore will focus on the aforementioned sectors.

2. Mining

The mining sector has been declining in the Free State province for many years leaving the province without one of its economic bases. The provincial government has put more focus in trying to revitalise the mining sector in the province and elongate the lifespan of the mines mostly in the Lejweleputswa District. The mining sector employment figures, in Matjhabeng, contracted from 180 000 in the 1980s to less than 30 000 in 2013³.

The deteriorating mining sector has left Lejweleputswa with increasing unemployment rates, poverty rates and a decrease in population growth as most people are migrating from the mining towns.

One of the main strategies from the FSGDS is to develop a post mining economy for mining the areas, by means of finding innovative ways to utilise the abundant/closed

² Statistics South Africa, Quarterly Labour Force Survey, 2021,

³ Marais, L. (2013b). The impact of mine downscaling on the Free State Goldfields. *Urban Forum*, 24(4), 503–521.

<https://doi.org/10.1007/s12132-013-9191-3>

mines, like transforming the space to be use for renewable energy, infrastructure, and tourism.

Table 3: 2021 Mining sector economic performance

Update	Amount or %
Total contribution to the provincial GVA, 2011	R17.8
Total contribution to the provincial GVA, 2021 (rands in billions, 2010 constant prices)	R15.1
Average annual growth rate (2011-2021)	-1.63%
Forecasted GVA, 2026 average annual growth rate	-4.17%
Total employment, 2021	46,300

Source: IHS Markit Regional eXplorer, version 2257

The industry is expected to contract with an average annual growth rate of 4.17% by 2026. The mining sector contributed an average of R15.1bn, ranking significantly low comparing to the other sectors. The tertiary sector recorded the highest percentage of the total GVA of the province. Table 4 provides details of the operational mines in the province.

Table 4: Operational mines in the Free State

Name	Commodity	Location
ANGLO ALLIED BRICKS	CLAY BRICKMAKING	WELKOM
BANKFONTEIN - LETHABO POWERSTN 1814	SAND NATURAL	HEILBRON
BESTREIN EINDOMME (PTY) LTD	DIAMONDS ALLUVIAL	BOSHOF
BETHLEHEM OPERATION	AGGREGATE, SAND NATURAL	BETHLEHEM
BETHLEHEM STEENWERKE	CLAY BRICKMAKING, SHALE BRICKMAKING	BETHLEHEM
BLAAUWBOSCH DIAMOND MINE	DIAMONDS KIMBERLITE	BOSHOF
BLAZECOR 226 CC (434 MP)	AGGREGATE, SAND NATURAL	THEUNISSEN
BLUESTONES SAND AND STONE	AGGREGATE, SAND NATURAL	BLOEMFONTEIN
CJM FOUCHE	DIAMONDS ALLUVIAL	BOSHOF
COROBRIK - ODENDAALSRSUS QUARRY	CLAY BRICKMAKING, SHALE BRICKMAKING	WELKOM
DE BEERS - VOORSPOED	DIAMONDS KIMBERLITE	KROONSTAD
DON DIAMONDS	DIAMONDS ALLUVIAL	BOSHOF
DYSSELSRUST	AGGREGATE, SAND NATURAL	BLOEMFONTEIN
FIKA LE MORITI	DIMENSION STONE SANDSTONE	WITSIESHOEK
FINDCOR DIAMONDS	DIAMONDS KIMBERLITE	THEUNISSEN
FLORA MAZIBUKO	DIMENSION STONE SANDSTONE	HARRISMITH
FREGOLD OPERATIONS	GOLD, SILVER	WELKOM
FREESTATE BRICKS (PTY) LTD	CLAY BRICKMAKING, SHALE BRICKMAKING	HENNEMAN
FREESTATE OPERATIONS (MASIMONG UNISEL & PHOENIX)	GOLD, SILVER	VENTERSBURG
G & W BASE - OCEAN BENTONITE MINE	BENTONITE	KOPPIES
GERT TACK STAAL EN KONSTRUKSIE CC	AGGREGATE, SAND NATURAL	REITZ
GIDEON JACOBUS BEUKES	SAND NATURAL	HOOPSTAD
HENQUE 4052 CC T/A PIKA MINING	AGGREGATE, SAND NATURAL, CLAY BRICKMAKING	BLOEMFONTEIN
IDC OOSTHUIZEN	SALT	BOSHOF
J & B SANDSTONE	DIMENSION STONE SANDSTONE	WITSIESHOEK
JACOBUS IGNATIUS DE WET	DIAMONDS ALLUVIAL	HOOPSTAD
JAGERSFONTEIN DEVELOPMENTS (PTY) LTD	DIAMONDS KIMBERLITE	FAURESMITH
JAMMERSDRIFT SAND	SAND NATURAL	DEWETSDORP
KOFFIEFONTEIN EMPOWERMENT JV	DIAMONDS KIMBERLITE	KOFFIEFONTEIN
KUDU GRANITE - PARYS	DIMENSION STONE GRANITE	PARYS
LACE DIAMOND MINES (PTY) LTD	DIAMONDS KIMBERLITE	KROONSTAD
LAFARGE - OLIVE HILL QUARRY	AGGREGATE, SAND NATURAL	BLOEMFONTEIN
LANCASTER QUARRIES - HARRISMITH	AGGREGATE, SAND NATURAL	HARRISMITH
LANCASTER QUARRIES - QWA QWA	AGGREGATE, SAND NATURAL	HARRISMITH
LEHLABATHE DEV - ALPHEN	SAND NATURAL	LADYBRAND

LEHLABATHE DEV - GLEN ALPHEN	SAND NATURAL	LADYBRAND
LEMOENKLOOF 1237	SALT	BRANDFORT
LEON NOEL OELSCHIG	DIAMONDS ALLUVIAL	HOOPSTAD
MAJORBRICKS	CLAY BRICKMAKING	BLOEMFONTEIN
MAMPUDI CRUSHERS	AGGREGATE	BETHLEHEM
MANROTRADE SEVENTEEN T/A BLOEM BRICKS	AGGREGATE, SAND NATURAL, CLAY BRICKMAKING	BLOEMFONTEIN
MANTSOPA LOCAL MUNICIPALITY	AGGREGATE, SAND NATURAL	LADYBRAND
MILLING EQUIPMENT	SAND NATURAL	SASOLBURG
MISSION POINT TRADING 41 (PTY) LTD	SILICA, AGGREGATE, SAND NATURAL	SASOLBURG
MONONELA SANDSTONE MINING	DIMENSION STONE SANDSTONE	WITSIESHOEK
MT NOVAL TDG	AGGREGATE, SAND NATURAL	BLOEMFONTEIN
MV SAND SUPPLY CC	SAND NATURAL	VIRGINIA
NEW ELANDS DIAMOND MINE	DIAMONDS ALLUVIAL	BOSHOF
NEW VAAL COLLIERY	COAL BITUMINOUS	SASOLBURG
NKP VERVOER	SAND NATURAL	HOOPSTAD
OMV CRUSHERS - VIRGINIA AND MERRIESPRUIT	AGGREGATE, SAND NATURAL	VIRGINIA
PARYS GRUISGROEF	AGGREGATE, SAND NATURAL	PARYS
PEAKSTAR DIAMONDS	DIAMONDS ALLUVIAL	THEUNISSEN
PETRA QUARRY	AGGREGATE, SAND NATURAL	BLOEMFONTEIN
PL DE JAGER	SILICA	HARRISMITH
PURE SOURCE MINE	SILICA, SAND NATURAL	PARYS
ROVIC DIAMONDS	DIAMONDS KIMBERLITE	BOSHOF
S BOTHMA & SONS TRANSPORT	SAND NATURAL	SASOLBURG
SAND VAN HEERDEN - KROONSTAD	AGGREGATE, SAND NATURAL	KROONSTAD
SAND VAN HEERDEN - VIRGINIA	SAND NATURAL	VIRGINIA
SANDY'S SAND MINE	SILICA	SASOLBURG
SHAFT SINKERS (PTY) LTD	GOLD, SILVER	WELKOM
SIBANYE GOLD LTD - BEATRIX DIVISION	GOLD, SILVER	THEUNISSEN
SIGMA COLLIERY	COAL BITUMINOUS	SASOLBURG
SONNENBERG DIAMANTE	DIAMONDS ALLUVIAL	BOSHOF
STAR DIAMONDS (PTY) LTD	DIAMONDS KIMBERLITE	THEUNISSEN
STONE & ALLIED - WELKOM	AGGREGATE, SAND NATURAL	WELKOM
SUID AFRIKAANSE SOUTKOOPERASIE (PTY) LTD - SOUTPAN	SALT	BRANDFORT
SWEET SENSATIONS VAAL SAND (PTY) LTD	SILICA, SAND NATURAL	PARYS
TARGET OPERATIONS	GOLD, SILVER	ODENDAALSRUS
TETRA4 (PTY) LTD	NATURAL GAS	VIRGINIA
THABA THAFITA DIAMOND MINING CC	DIAMONDS ALLUVIAL	BOSHOF
UITKOMS KLIPBREKER	AGGREGATE, SAND NATURAL	THABAN'CHU
VAALBRUG DOLOMIETMYN	LIMESTONE, LIME, AGGREGATE	VILJOENSKROON
VENTERSHOEK	SAND NATURAL	WEPENER
VIRGINIA DIAMOND FIELD (PTY) LTD	DIAMONDS KIMBERLITE	THEUNISSEN
WEPENER	SAND NATURAL	WEPENER
YELLOWSTAR BENTONITE	BENTONITE	VREDEFORT

Source: Department of Mineral Resources and Energy

The government has invested more in the mining sector to prolong the life span of most mines in Lejweleputswa. The operations of these mines are not 100% guaranteed due to the many retrenchments and more mines could possibly close sooner than expected, because of the high operational costs (e.g. Beatrix mine).

3. Agriculture

The agriculture sector is important for several reasons, including food security and labour absorption. Over 90% of land utilised in the Free State is dedicated to agriculture.⁴ Despite this, the contribution of agriculture to the economy has declined at an average rate of -5,5% per year between 2015 and 2020. Agriculture during this period experienced expansions, as well as recessions. It was influenced by weather patterns, global consumer demand factors, policies and implications of Land Reform

⁴Free State Growth and Development Strategy, vision 2030, (2013)

that bring about uncertainty to producers; and the Cobweb cycle, that is defined by fluctuations occurring in markets in which the quantity supplied by producers depends on prices in previous production periods.

Free State is responsible for 12.1% of South Africa's gross agricultural income. The sector contributes approximately 7% to the provincial Gross Domestic Product. Over a ten-year period, from 2011 to 2021, the Gross Value Added (GVA) in the agriculture sector had the highest average annual growth rate in Free State at 2.51%. The agriculture sector is expected to grow at an average of 1.59% annually from R 10.2 billion in 2021 to R 11.0 billion in 2026.⁵

As emphasised in table 2 employment in the agricultural sector had a constant increase of 28.6% annually from July-September 2021 (quarter 3, 2021) to July-September 2022 (quarter 3, 2022). The increase has been positive and indicates growth in agriculture. The provincial government has invested in this industry especially in the participation of young people/graduates in farming with the hope to improve the livelihoods of people from small communities and to decrease unemployment and ease employment dependence on the government.

Table 5: Main Agricultural Co-Ops in Free State

NAME	DESCRIPTION
AFGRI	National agribusiness with divisions like AFGRI Food, Harvest Time Investment, UNIGROW and UNISERV.
GWK	GWK Agri -, GWK Farm Foods and GWK Trading
OVK	Includes CMW (Wool, Mohair and Livestock brokering division), Gariep Abattoir, OVK Grain, OVK Industries, OVK Logistics, Agricultural services, Client Financing Department, Mechanisation, Properties Trade and fuel.
Senwes	The core business functions of Senwes include agricultural production input products, market access for grain produce, support services to grain producers (financial, technical, and logistical).
Suidwes	Provides innovative marketing and financial products and services in addition to focal areas like: Suidwes Grain, Suidwes Retail, Financing, Insurance, Suidwes Mechanisation, Suidwes Pest Control, Suidwes Properties, Incentive Scheme, Suidwes Shares.
VKB	VBK provides services in both agriculture and agro-processing, which is supported by AE Solutions (Agri Enviro Solutions), VKB Flour Mills, VKB Foods, VKB Seed, VKB Milling.

Source: Free State Economic Sector Master Plan: Agro-processing, 2021

⁵ Source: IHS Markit Regional eXplorer version 2257, (2021) p27

The agricultural industry and the Agri value chains are monopolised by these agricultural co-ops and that has been very beneficial for the province but makes it difficult for the smaller companies to enter the market.

4. Manufacturing

The manufacturing sector involves making good/products from raw materials or individual products to form a completed/new product that can be purchase and use by consumers. This can be done by hand or the utilisation of machines. The manufacturing sector in South Africa is more prominent in the Gauteng province, with the focus on fuel, petroleum, and chemicals sub-sector⁶.

Manufacturing can be divided, but not limited to, sub-sectors that include agro-processing, meat, sugar, furniture, automotive, steel and pharmaceuticals. The manufacturing industry in South Africa decreased by 5,9% in the second quarter of 2022, contributing -0,7 of a percentage point to GDP growth. Eight of the ten manufacturing divisions reported negative growth rates in the second quarter. The petroleum, chemical products, rubber and plastic products division made the largest contribution to the decrease in the second quarter. The food and beverages division; motor vehicles, parts and accessories and other transport equipment division; and basic iron and steel, non-ferrous metal products, metal products and machinery division also made notable negative contributions to growth.⁷

Agriculture and Mining are two of the key sectors in the province and there is a link between the two sectors and manufacturing. Agro-processing is the link between agriculture and manufacturing and agro-processing can assist in expanding the manufacturing industry in the province.

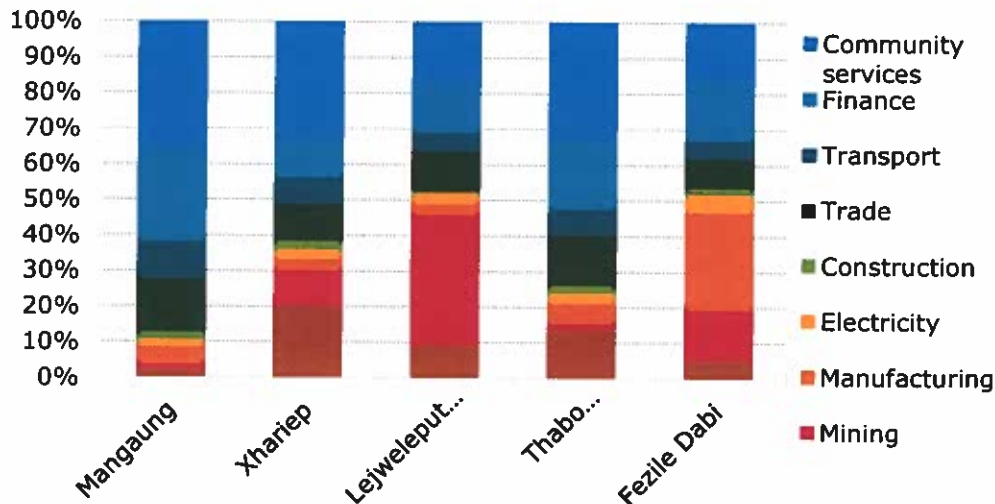
As emphasised by the FSGDS, for the Free State economy to increase by 7 percent by 2030 the manufacturing industry needs to enlarge its contribution of the provincial

⁶ Free State Growth Development Strategy, 2013, vision 2030

⁷ Statistics South Africa, Quarter 2 GDP Report, 2022

GDP from 14% in 2014 to 28% in 2030. A total of 712 000 people was employed in 2021, but only 41 100 was employed in the manufacturing sector (5.8%)⁸.

Figure 2: GVA by broad economic sectors



Source: IHS Markit Regional eXplorer version 2257

Figure 2 indicates that manufacturing is more prominent in Fezile Dabi, followed by Mangaung and Thabo Mofutsanyana. Sasolburg and Heilbron are the two cities in Fezile Dabi where most of the manufacturing takes place. Sasolburg (also known as the Chemical hub of the province) has a number of industries with oil-from coal related processes (Fezile Dabi District profile, 2020).

4.1 Challenges facing the Manufacturing Sector in the province and South Africa as a whole.

There are multiple obstacles that hinder the economically active population from taking part in the manufacturing industry. The first to come to mind is the increasing energy crisis within the country and lack of functional infrastructure. Another important factor is the influence from the global market, factors like Covid-19 and wars affect the global economic activities. This situation resulted in trends that causes changes in the type

⁸ IHS Markit Regional eXplorer, 2022, Statistical Overview, version 2257 (Free State Province)

and number of products that can be exported or being created. The costs for producing certain products make it difficult for small manufacturers to expand their client base and to have comparative advantages. Other challenges, includes:

- Supply-side constraints (skills shortages, high energy cost, and high fuel costs)⁹.
- Demand-side constraints (rising inflation rates, relatively low productivity, and unfavourable public policy)
- Environmental factors (demand for environmentally friendly production)¹⁰

5. Tertiary Sector

The tertiary sector dominates the Gross Value Added (GVA) of every district in the Free State province with community services taking the largest percentage.

Table 6: GVA by broad economic sector - Free State (Tertiary sector), [2010 constant price]

Sector	2011 R Billions	2016 R Billions	2021 R Billions	Average Annual growth
Transport	16.2	17.6	15.7	-0.33%
Trade	31.0	34.5	31.5	0.17%
Finance	32.4	34.6	38.4	1.72%
Community services	51.4	56.5	59.8	1.53%

Source: IHS Markit Regional eXplorer version 2257

5.1 Transport

The Transport industry includes water and land transport (including railway), air transport and transport supporting activities and post and telecommunication. This sector contributed R15.7bn in 2021 to the provincial economy with an average annual growth rate of -0.33%

Functional and efficient transportation can be a depiction of a functioning economy as it acts as a link between the materials, producers, and customers. Constantly increasing movement in an area, it being of people or goods, can be a positive result of labour and/or production of goods, meaning an economic activity cannot take place without the transportation factor and the mobility it provides¹¹.

⁹ Pan-African Investment & Research Services (Pty) Ltd & Proudly South Africa, 2022, Revitalising SA's Manufacturing Sector. <https://www.proudlysa.co.za/newsportal/pressrelease/Revitalising%20SAs%20%20Manufacturing%20Sector%20-%202022%20Final.pdf>

¹⁰ Pan-African Investment & Research Services (Pty) Ltd, Revitalising SA's Manufacturing Sector (2022).

¹¹ Dr. Jean-Paul Rodrigue & Dr. Theo Notteboom, "The Geography of transport systems," fifth edition, chapter 3 (2020)

The N3 (connects Gauteng and KwaZulu-Natal) is one of the two main roads passing through the province with the N8 (connects Groblershoop with Maseru via Kimberley and Bloemfontein) being the second. Railway infrastructure is available in the province, but it is not used to its fullest potential.

5.2 Logistics Hub

The Maluti-A-Phofung Special Economic Zone (MAP-SEZ) was officially launched in 2017 with the objective of taking the transport and logistics management to another level. This logistics hub would bring more movement of goods in the province while acquiring domestic and international investment¹². The hub can take advantage of the N3 and N5 routes and provide the province with an advantageous link to importing and exporting.

6. Tourism

The World Tourism Organization (UNWTO), an agency of the United Nations, defines tourism as a social, cultural, and economic occurrence that involves a movement of people from their own environment to a different place. Tourism also entails going outside your usual environment for either personal or business purposes.

It has been the Free State government intension to improve the province's share of tourism, since 2013. As emphasised in the Free State Growth and Development Strategy (Vision 2030) there are strategies in place to develop and grow the tourism industry. These strategies involve; local municipalities have a clear and focused plan for tourism and government to facilitate improved marketing, improved product development and the development of a tourism establishment database¹³.

The table below depicts the specific spatial points for tourism in the province.

<https://transportgeography.org/contents/chapter3/transportation-and-economic-development/>

¹² Global Africa Network, Logistics hub with a compelling investment proposition (2018)

¹³ Free State Growth & Development Strategy, (2013)

[FinalFSGDSUpdatedFeb2013PDF.pdf](#)

Table 7: The spatial focal points for tourism in the Free State

Nature of tourism	Spatial focal point
Natural resource-based tourism and weekend tourism: Golden Gate, Maloti-Drakensberg Transfrontier Park, also agri-tourism (Cherry Festival), lifestyle and links to Lesotho, Xhariep Dam, Vredefort Dome.	Clarens, Golden Gate, Drakensberg area, Fouriesburg, Ficksburg, Rosendal, Memel, Xhariep Dam, Vredefort.
Events and entertainment: Casinos, conferences, theatres and concert halls, professional soccer, rugby, and cricket, Volksblad Arts Festival, Macufe, Women's Memorial, historical buildings.	Predominantly Bloemfontein (Mangaung)
Events and weekend tourism: Annual national event (Jukskei Park), Kroon Park	Kroonstad (Moghaka)
Events, weekend tourism, and entertainment: Arts, theatre, visits to petro-chemical factories, leisure, and water sports (Vaaldam)	Sasolburg, Deneysville, Parys, (Metsimaholo)
Events and entertainment: Phakisa Race Track events, Gold Mining, Other events.	Welkom (Matjhabeng)

Source: Free State Growth and Development Strategy (vision 2030), 2013.

The natural-based tourism and weekend tourism is mostly prominent in the districts. Mangaung Metro has the highest tourism potential in the Free State¹⁴, hence most big events are hosted in Bloemfontein. Mangaung has the largest working population and has more museums, theatres, casinos, and stadiums.

The table below depicts the number of trips in the province over a ten-year period.

Table 8: Number of trips by purpose of trips - Free State Province, 2011-2021 [Number, %]

	Leisure / Holiday	Business	Visits to friends and relatives	Other (Medical, Religious, etc.)	Total
2011	505,000	218,000	1,710,000	231,000	2,660,000
2012	495,000	226,000	1,610,000	239,000	2,570,000
2013	472,000	225,000	1,540,000	238,000	2,480,000
2014	445,000	217,000	1,530,000	230,000	2,420,000
2015	415,000	210,000	1,520,000	228,000	2,380,000
2016	447,000	228,000	1,610,000	255,000	2,540,000
2017	508,000	230,000	1,720,000	267,000	2,720,000
2018	585,000	228,000	1,870,000	274,000	2,950,000
2019	701,000	220,000	2,070,000	288,000	3,280,000
2020	470,000	141,000	1,130,000	139,000	1,880,000
2021	368,000	141,000	1,370,000	159,000	2,030,000
Average Annual growth					
2011-2021	-3.12%	-4.29%	-2.20%	-3.66%	-2.65%

Source: IHS Markit Regional eXplorer version 2257

¹⁴ Free State Provincial Government, 2013

As indicated in table 8 overnight trips can be categorised as either leisure/holiday, business, visits to friends and relatives or other (Medical, Religious, etc.). The overall total trips/excursions made to the Free State decreased by 630 000 from 2011 to 2021. This represent an average annual growth rate of -2.65% over a ten-year period. In 2021, visits to friends & relatives had the largest number of trips.

International tourists recorded only 8.42% and domestic tourism about 91.58%¹⁵. An increase in job creation, production (producing to export), construction (safer & cleaner roads) and reduction in crime numbers have the possibility to increase the number of international trips made to the province.

6.1 Sports Tourism

The global sports industry at 1% of the global GDP is estimated to be worth \$600 billion. There are several sports programs running in the province, from both government and from private institutions. A number of stakeholders have identified the importance of airtime and broadcasting games and events to encourage a greater participation and investment. Free State province has been a host to a few large-scale tourism events as well as international events.

With both Free State Stars and Bloemfontein Celtics being sold outside the province football, based economic activities have been severely affected. The Free State Stadium is now mainly use for rugby matches and entertainment-based events. There are identifiable gaps when it comes to rugby, cricket, community sport and heritage that are delaying the development of sport tourism in the province.

The table below reflect on the challenges/gaps identified, as well as recommendations.

¹⁵ IHS Markit Regional eXplorer, Statistical Overview (Free State Province), (2021)

Table 9: Summary of challenges and recommendation

Sports element	tourism	Identified gap	Recommendation
Rugby		The Free State Rugby Union have a number of cups and tournaments running throughout the year.	Broadcasting and airplay, to generate a greater investment.
Cricket		Transformation hubs. Cricket is seasonal is requires a lot of infrastructure and supporting tools.	The use of low-cost fleek mats, to encourage wider participation.
Community sports		Low infrastructure games.	Partnerships, between the sporting codes and government departments. To capitalise on sporting events.
FSGTLA		Heritage sights are anchor points of tourism products.	Partnership and clear communication channels between the different sporting codes SACR, FSGTLA and DESTEA. By having a comprehensive calendar of events.
Heritage		A number of roles and responsibility between the SACR, DESTEA, COGTA and the FSGTLA, overlap and duplicated in some instances.	When a space is declared a heritage site. It is placed on the heritage register. Such a site should feature on the tourism register as well.

Source: Destea, Sports tourism study, 2022

Sports tourism could grow the tourism industry, which would give small enterprises an opportunity to grow and be open to a new market. A lack of partnership between the public and private sectors exist, which has led to a negative influence on the development of sports tourism despite opportunities in the province.

7. Recommendations

The fundamental principle of a successfully operational economy is production and functional infrastructure. Better and efficient infrastructure, it being railway, factories and proper roads and facilities can provide opportunities for small business to expand, revamps relations between the public and private sector, and have comparative advantages within the province.

An economy based on individual commodities is problematic as it can be easily dissolved with the unavailability of that commodity. There should be more diversity in GDP contribution. Covid-19 has taught many industries and entrepreneurs the importance of flexibility in the everyday business operations. Investing in educating employees and incorporating the Fourth Industrial Revolution (4IR) in our various business can further the development of the province.

Collaboration between the public and private sector is very important, but most importantly is the way it is being implemented. Corruption is another pandemic facing the country and this challenge are yet to be conquered.

Clear and conscious collaboration with the different sectors should be encouraged, all the different sectors must interact with one another, there should be a reduction or/and improvement in the policies or regulations involved with the public sector. The policy makers should be on the ground with local enterprises to have a clear picture of what is needed by the SMME's.

Availability of resources is also another obstacle to medium and small enterprises. Travelling to other provinces or even internationally requires more capital and time. Resources like electricity and internet can make daily operations more efficient and cost effective.

8. Conclusion

Community and social services have employed more people than any other sector for years and the 2020-21 financial year concludes that approximately 71.53 percent of the additional funding required is for compensation of employees¹⁶. The government should not be in the business of making business but should create an environment where entrepreneurs can be innovative, easily enter the market and for existing businesses to expand.

¹⁶ Free State Provincial Treasury, Vote 4 (2021)