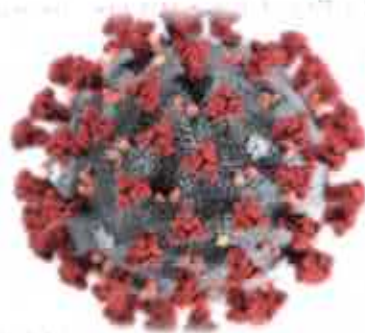




destea

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

2020/21 Report: Elements of a transformed Free State Economy developed: Paper 2



Enquiries: krugerb@destea.gov.za
Sub-directorate: economic research management
Economic Research Directorate

i. Disclaimer

This report was compiled using available information from various sources referenced in the document's bibliography. Any views or opinions expressed in this report are not necessarily those of, nor endorsed by, the Department of Economic, Small Business Development, Tourism and Environmental Affairs. Information disclosed in this report may not be accurate, current or complete and the Department disclaims all liability in this regard. Comments and enquiries relating to this report are welcomed and should be addressed to; krugerb@destea.gov.za or belots@destea.gov.za.

This report was compiled by:



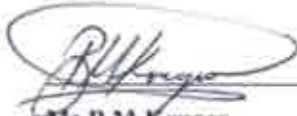
Mr S.T Belot

Assistant Director: Economic Research Management

Economic Research Management Sub-directorate

Date: 14 / 12 / 2020

Checked by:



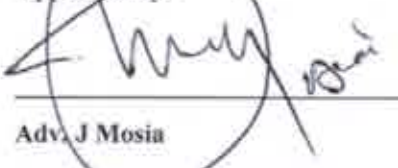
Ms B.M Kruger

Deputy Director: Economic Research Management

Economic Research Management Sub-directorate

Date: 18 / 12 / 2020

Approved by:



Adv. J Mosia

Economic Research Director

Economic Research Directorate

Date: 22 / 12 / 2020

Table of Contents

1. Disclaimer	1
1. Background.....	3
2. Problem Statement.....	6
3. Objectives of the study.....	7
4. Research methodology	7
5. The Role of Mining in Economic Transformation.	8
6. The Role of Tourism.....	9
7. The Role of Transport.....	13
9. Recommendations	19
10. Conclusion.....	19
11. Bibliography	21

1. Background

The *first paper on Elements of a Transformed Free State Economy* clearly outlines the fundamentals of economic transformation, which is regarded as a rapid and essential change in the systems, patterns of ownership and control that govern the economy.¹ The previous paper discussed two elements of economic transformation as part of development, the dynamic process through a country's economy, society and institutions modernize and move to more developed levels as is relevant to the Free State province.

It is often associated with a fundamental change in the structure of the economy and the drivers of growth and development. It necessarily involves:

- I. Reallocation of resources from less productive to more productive sectors and activities;
- II. An increase in the relative contribution of manufacturing sector to the Gross Domestic Product (GDP);
- III. A declining share of agricultural employment to total employment;
- IV. A shift in economic activity from rural to urban areas;
- V. The rise of a modern industrial and service economy;
- VI. A demographic transition from high rates of births and deaths (common in underdeveloped and rural areas) to low rates of births and deaths (associated with better health standards in developed and urban areas); and
- VII. A rise in urbanization.

Despite South Africa reintegrating into the international community, the South African economy has not displayed significant transformation.² The *second paper on Element of a Transformed Free State Economy* will provide in-depth discussions on other sectors that have the potential to change the economy of the Free State. The proceeding section will provide a brief economic overview of the Free State economy.

¹ Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa.

² United Nations Economic Commission for Africa: Economic Transformation for Africa's Development

1.1 Economic Overview of the Free State Province

Figure 1: Snapshot of Free State Economy



Source: IHS Markit Regional Explorer, 2020: 1.

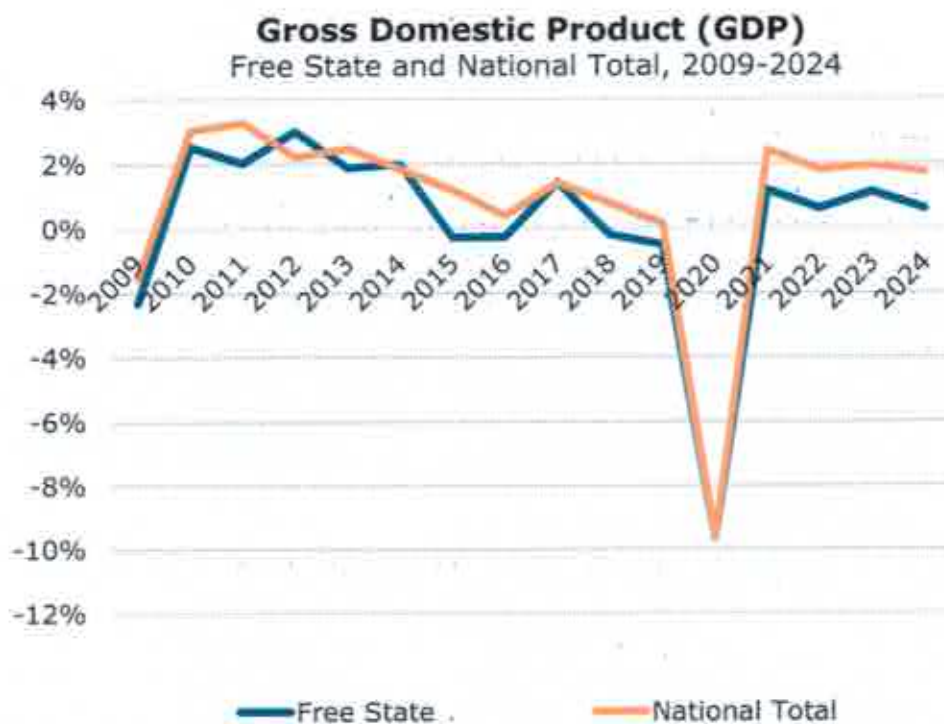
The Free State Province achieved a negative annual growth rate of -0.21% in 2019 which was significantly lower than the national growth, where the gross domestic product (GDP) growth rate was 0.79% during that same period. The province ranked eight position to other provincial economies and had a total GDP of R251 billion. During the ten year period 2009 to 2019, the Free State reached an average annual growth rate of 1.2% which was constant to 2010 prices. During the same ten year period, at municipal level, Fezile Dabi recorded the highest annual economic growth, averaging 2.12%, followed by the Xhariep District Municipality, averaging 1.97%. The lowest average annual growth rate for 2009 to 2019 was Lejweleputswa District Municipality, averaging a negative growth rate of -1.14%. The Free State's economic and labour market is constant with that of national government. The unemployment rate in the Free State have been on a steady increase reaching 35% (narrow definition) and 37% (expanded definition) in quarter four of 2019. Hence the provincial government is faced with two daunting tasks, firstly to resuscitate the provincial economy and secondly, drastically reduce the unemployment rate with constraint limited financial resources (Free State Department of Treasury, 2020

1.2 Economic forecast of the Free State Province

It is expected that Free State Province's GDP will grow at an average annual rate of -1.32% from 2019 to 2024. South Africa as a whole is forecasted to grow at an average annual growth rate of -0.46%, which is higher than that of the Free State Province.

Figure 1: GDP of National vs Free State total forecast 2009-2024 (Average annual growth rate, constant 2010 prices)

Figure 2: GDP Forecast of South Africa vs Free State (2009-2024)



Source: Source: IHS Markit Regional eXplorer version 2023

It is forecasted that the Free State GDP would be approximately R151 billion (constant 2010 prices) or 4.9% in 2024 of the total South African GDP. In terms of ranking, it is anticipated that the Free State will be in a similar position between 2019 and 2024. The Free State will have an estimated contribution of 4.9% in 2024 which is lower than the 5.1% in 2019. The Free State Province will rank eighth position compared to its peers because of an expected average annual GDP growth rate of -1.32% between 2019 and 2024. The table below indicate the economic forecast of the municipalities of the Free State from 2019 to 2024.

Table 1: Economic forecast of Free State Municipalities (2019 – 2024)

	2024 (Current prices)	Share of province	2019 (Constant prices)	2024 (Constant prices)	Average Annual growth
Mangaung	125.4	42.35%	66.1	63.4	-0.83%
Xhariep	10.9	3.68%	5.6	5.7	0.21%
Lejweleputswa	39.1	13.19%	23.1	20.6	-2.24%
Thabo Mofutsanyane	54.6	18.44%	27.3	26.3	-0.73%
Fezile Dabi	66.1	22.34%	38.8	34.6	-2.28%
Free State	296.1		160.9	150.6	

Source: IHS Markit Regional eXplorer version 2025

2. Problem Statement

The high unemployment rate in South Africa, has resulted in unemployment becoming a structural issue facing the economy. The South African economy has been struggling even prior to the outbreak of COVID-19 pandemic and the subsequent lockdown regulations: The outbreak of COVID-19 further exposed the inequality and poverty rate in South Africa.

The 2020/21 research-based proposal on a transformed-Free State economy developed, published by DESTEA. Identifies sectors that have the potential to transform the economy. According to the report in question; manufacturing, agriculture, mining, tourism and transport have been identified as such sectors in the Free State. It should be noted that the report only briefly discusses the importance of each sector but does not outline how they can be a catalyst for transformation. Hence, a series of two research papers are schedule to follow to discuss the role of the respective sectors. The *First Paper* on Elements of a transformed Free State Economy focused on manufacturing and agriculture. This paper will discuss the following sectors; mining, tourism and transport. The mining and tourism sector are two sectors that are often regarded as sectors that provide employment to lower and middle skilled workers. The mining sector in the Free State has been on a sharp decline since 1980s (DESTEA, 2018a). While the tourism sector in the Free State have failed to conduct proper analysis of its tourism products and product providers that would influence proper policy frameworks and institutional support systems to grow the sector (Visser & Kotze, 2004). In terms of transport, despite the province being centrally located in South Africa, it's not the logistical hub in South Africa. Mangaung Metropolitan Municipality for example have 71 minibus-taxi routes that originates from Mangaung with distance ranging from 1km to more than 500 km per route for

long distance (Toba, Campbell, Shoeman & Lesia, 2012). Therefore, one could argue that Free State Province have not taken full advantage of utilising these sectors to transform both its ownership structures as well as creating job opportunities.

3. Objectives of the study

The Department of Economic, Small business development, Tourism and Environmental Affairs (DESTEA) has been tasked to be at the forefront of creating an enabling environment to produce a transformed Free State economy. It is therefore, important for DESTEA to have a comprehensive understanding of what are the elements of a transformed economy.

This paper seek to understand the elements of a transformed Free State economy. Investigating the sectors in the Free State that can be used to catalyse transformation. With an emphasis on the importance of growth and development. Therefore, the objectives of the study includes the following;

- To further determine which sectors are important to catalyse transformation for growth and development in terms of transformation in the Free State; and
- Investigating the sectors in the Free State that can play an important role for growth and development, displaying an understanding of the components of a Transformed economy of the Free State province.
- Provide recommendations on which element (s) of the Free State need to be transformed to create suitable growth and job opportunities

4. Research methodology

The research report made use of qualitative research methodology and is descriptive in nature. A literature review is provided on the different sectors namely; mining, tourism and transport by making use of data collected from various sources. Additional sources were consulted from previous research in order to provide the reader with an in-depth discussion on the above-mentioned sectors. It's through the use of contextual analysis that the researchers were able to provide the reader with a holistic understanding of the potential of these sectors to transform the Free State economy.

5. The Role of Mining in Economic Transformation.

The mining sector in the Free State used to be one of the sectors that was driving the economy. However, previous research conducted by scholars and DESTEA indicate that there has been a rapid decrease in the mining sector of the Free State. In 1980 the Free State Goldfields (Matjhabeng) region, employed 154 343 people which decreased to 34,633 in 2001, presenting 77% in job decrease. Over the ten year period from 2006 to 2016, the Free State mining sector had an average annual growth rate of -1.03% (DESTEA, 2018a). The decline in mining production reflects a change in the economic dynamics, moving from mining production. The South African economy has moved to more of a services industry. The traditional economic drivers in the country were Gold mining. This decline has resulted in wide spread unemployment and has severely affected single industry towns which have been dependant on mining.

In Free State province, Virginia to be more specific, have recently become a significant producer of helium gas with the initiation of the Tetra4 project. The project aims to ensure that by the year 2021 the Free State will be a prominent role player in the helium market because of the rich concentrate levels. This would make South Africa the eighth country to export helium. The Tetra4's Virginia Gas Project comprises exploration and production rights of 187 000 ha of gas fields across Welkom, Virginia and Theunissen, in the Free State. The source of the Virginia Gas Project's natural gas is primarily microbial. It originates from deep within the Witwatersrand Supergroup, via groundwater circulating through large faults and contacting bacteria deep within the earth's crust. This means the methane is a biogenic and a continuing renewable resource (Renergen: internet).

In order for the Free State Province to transform the mining sector, it needs to encourage mining companies to move away from only extracting natural resources and rather add value (beneficiate) to those minerals. Mineral beneficiation can be defined as the beneficiation or value-added processing of primary material (produced by mining and extraction), add more value to the finished product and sell it at a higher cost (export sales value). In recent years, mineral beneficiation has become one of the most significant drivers of empowering previously disadvantaged communities in South Africa. It represents new opportunities for emerging entrepreneurs in both small and large mining industries (Department of Mineral Resources:

internet). In 2016, the Premier of Gauteng announced that De Beers in collaboration with the Gauteng Government and Anglo America would be launching the Diamond Enterprise Development Project. The objective of the project is to assist in transforming the economy and create employment opportunities in the diamond beneficiation industry. Hence, the OR Tambo jewellery precinct is an infrastructure that will facilitate mineral beneficiation, create job opportunities in the province and strengthen industrialization.³

It is crucial for the Free State Province to reevaluate its approach to economic transformation. The outbreak of the Covid-19 exposed how vulnerable the South African economy is. When the virus reached South Africa, the country had just come out of two consecutive quarters of recession, and therefore, the outbreak worsened the economic crisis. As a result, the South African Government published the "South African Economic Reconstruction and Recovery Plan" (hereafter referred to as the Economic Reconstruction and Recovery Plan). The Economic Reconstruction and Recovery Plan calls for prioritising a commitment towards local beneficiation of mineral beneficiation, building minerals value chains and strengthen broad-based industrialization. Lessons learned from both developed and developing countries have found great level of investment towards research, development and innovation (RDI) as key for economic recovery. Therefore, in the South African context, the Economic Reconstruction and Recovery Plan calls for RDI and sector master plans in mining and beneficiation, manufacturing and agriculture (South African Government, 2020). The main focus with regards to mining and minerals beneficiation is in Platinum Group Metals (PGM) sector which employs 38% of the mining labour force. The Mining Precinct is currently focusing on RDI towards longevity and sustainability of the gold and platinum mines in South Africa (South African Government, 2020).

6. The Role of Tourism

The Free State province is in dire need to revitalise a number of its tourism attractions and take advantage of the provinces historical cultural heritage and an ultimate migration towards digitization and a general. Globally, tourism is regarded as one of the fastest growing sectors, continuously exhibiting high levels of growth irrespective of the ever changing economic and

³ Fin 24. (2016). Beneficiation the future of SA's diamond industry. (<https://www.news24.com/fin24/economy/beneficiation-the-future-of-sas-diamond-industry-20160713>).

geopolitical factors in its operating environment. The tourism sector is one that continues to evolve with technology, the administration of travel has been simplified and is very much customisable. The global community is able to make use of Fully Independent Traveller (FIT) through ITC and the Sharing economy. With the use of Mobiles one can search for real time travel information. The local based visitor information centres, coupled with the sharing of experiences through social network sharing. And finally convenience and access to goods through the sharing economy (DESTEA, 2019).

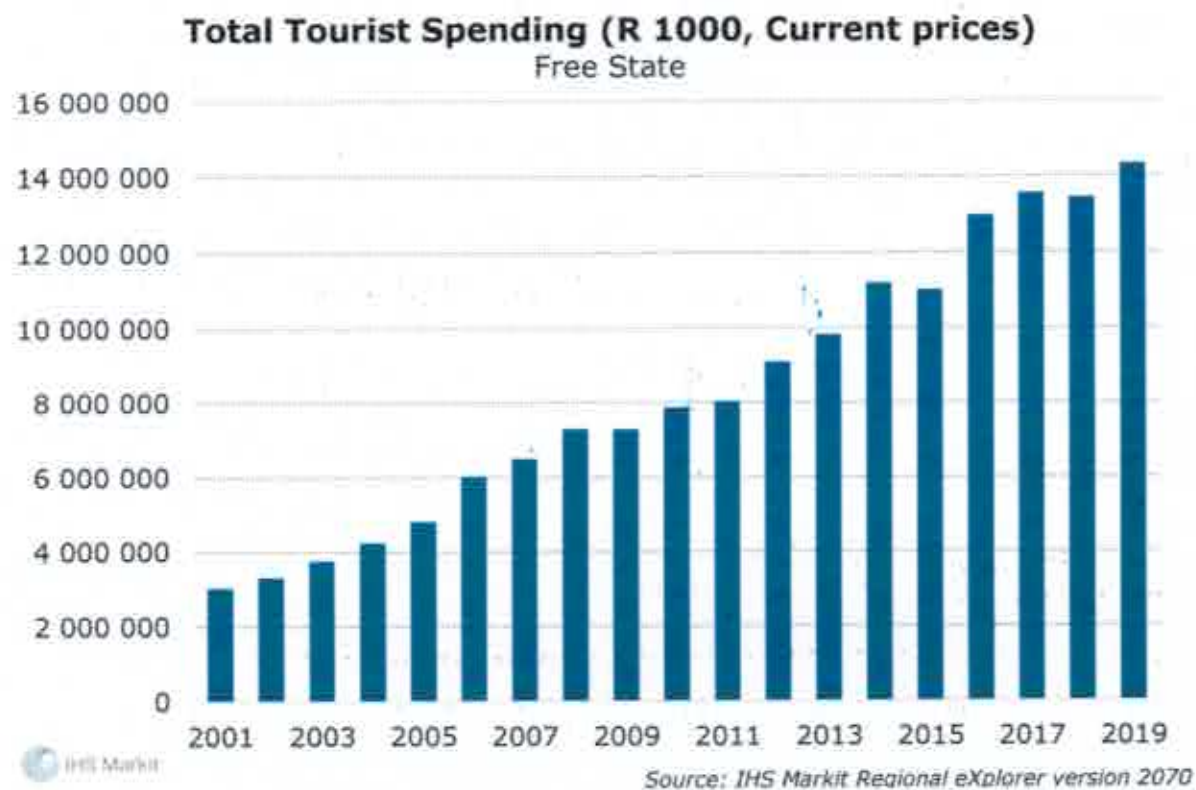
Tourism is dynamic and has many different spheres, such as Event, Food tourism and Festival tourism to which the Free State is no a stranger to either. The purpose of festival tourism, is typically to generate or build the local economy, through attracting inward investment, new businesses or expenditure, and increased tourist visitation. Economic benefits may also increase economic stability, improved infrastructure and amenities, which are important for developing destinations. Events often play an important motivation for tourists to travel, as this plays as an anchor to the travel itinerary. According to Getz, there are three main types of events; business events, sports and events and festivals. He further elaborates that businesses regard tourism events as a dominant external motivator to travel and do business, either to advance one's career, or because it is required by one's job. Sport events are organised and a competitive component of the event industry such as world cups, incorporating a range of single sport or multisport events like the Olympics.⁴ Festivals in general play a significant role in the lives of the host community and in the case of Ficksburg Cherry Festival the assumption is the former. They are seen to provide important activities with spending outlets for local community and visitors and has the potential to enhance the economic activity of the community. Local and regional festivals have the advantage of keeping the domestic market active.⁵ Festival tourism has proven to be an emerging form of event tourism and the importance of festivals is becoming ever more recognised in both national and international spheres.⁶ The figure on the preceding page indicate the total tourist spending over the last decade.

⁴ Event Tourism: definition, evolution and research. Tourism Management. Getz 2007

⁵ Events Management. A developmental and managerial approach, Tassiopoulos, 2005

⁶ Festival tourists' emotion, perceived value, and behavioural intentions: A test of the moderating effects of festivals. Cape Yang, Gu, Cen 2011

Figure 3: Free State Tourism Spending from 2001 to 2019



The Department of Tourism have supported a number of Community Based Tourism (CBT); which is often been promoted as a way where the socio-cultural, environmental and economic needs of a local community. CBT is premised on using tourism as a means for sharing development benefits of tourism. The tourism industry does not automatically benefit the destination and its citizens unless dedicated steps are instated to ensure that they are pro poor.⁷ CTB is a form of local tourism that favours local service providers and suppliers in translating local culture and empowering the community. Utilization of digitization and Social media. There is a growing concern over South Africa's local tourism's industry ability to compete on a global level. Fast growing technologies such as social-media has played a huge role in bridging the global divide. Larger companies have found the use of Social media to be very instrumental in generating new and thriving consumer markets, insights and preferences.

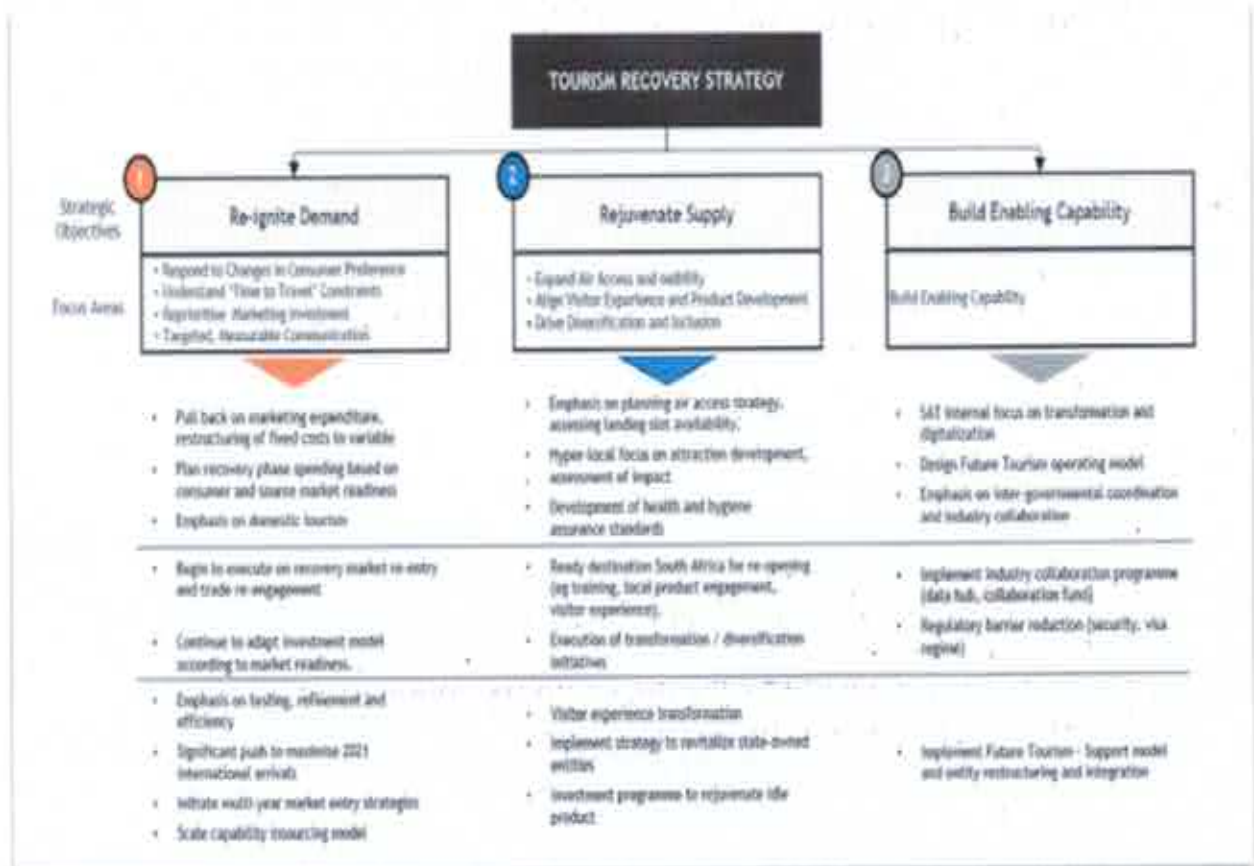
⁷ Geo Journal of Tourism and Geosites. Making community based tourism sustainable: Evidence from the Free State, South Africa. 2019

Table 2: Some key Tourism attractions in the Free State province.

Activity	Route
Rose garden	Cheetah
Mangaung African cultural festival (Macufe)	Cheetah
National women's memorial	Cheetah
Gariiep dam and Nature reserve	Springbok
Clocolan cherry scenery	Eagle
Llandaff Oratory	Eagle
Anglo-Boer memorial	Cheetah
Golden gate highlands	Eagle
Vredefort dome	Lion
Flower Festival	Lion

The tourism sector in South Africa took the hardest hit since the outbreak of Covid-19. Therefore, the tourism, cultural and creative industries forms an integral part of the reconstruction and recovery effort. According to the Economic Reconstruction and Recovery Plan, the industrial linkages of the tourism sector have major implications for overall stimulation of the South African economy. It is through a multiplier effect from the expenditure side which is linked up with the following sectors; agriculture, transport and petroleum industry.

Figure 4: Tourism Recovery Strategy



Source: South African Government, 2020.

The figure above outlines the recovery plan for tourism sector which is divided into three phases; Protect and rejuvenate supply, Re-ignite Demand and Strengthening the capacity of the sector (South African Government, 2020).

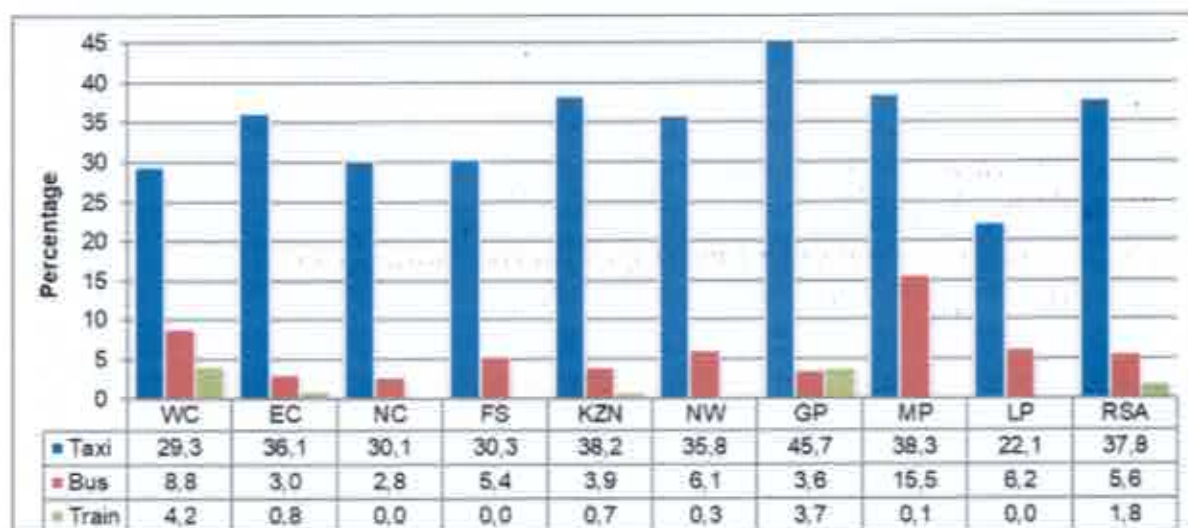
7. The Role of Transport

The Constitution identifies the legislative responsibilities of different levels of government with regards to airports, roads, traffic management as well as public transport. Transport is a function that is legislated and executed at all levels of government. In addition, transport responsibilities, role and functions occur a national level. The majority of implementation is assigned to public entities that are overseen by the Department of Transport. The department in turn is responsible for the legislation and policies for rail, pipelines, roads, airports, harbours, and the intermodal operations of public transport and freight.⁸ The Taxi industry remains the

⁸ Transport: Official guide to South Africa 2017/18

most important part of the South African transport system. With approximately more than 200 000 taxis on the road; the taxi industry generates about R40 billion per year and has over 300 000 direct and indirect jobs, including drivers, taxi marshals and administrative support. According to the 2019 Statistics South Africa General household Survey (GHS); just under two-thirds 62.1% of the learners walked to school, while a further 9.6% travelled by private car, and 7.5% used taxis. The most commonly used mode of transport to travel to work was a private car 33%, followed by taxis 26.3% and walking 21.5%. The survey found that 9.8% of the working population worked from home and that they therefore had no need for transport. In the Free State 30.3% of households made use of Taxi's and 5.4% made use of busses.

Figure 5: Percentage of households who made use of public transport during the week preceding the survey by province, 2019.



Source: GHS, 2019

A previous study conducted in 2012 on the transport sector in Mangaung Metropolitan Municipality collected empirical data to examine the nature of the public transport in the municipality. The main findings of the study are as follow: (1) there are about 215 bus routes that depart from Mangaung with distances between 3km to 400 km per route. Almost half of commuters indicated that make use of busses travel from Botshabelo and Thaba Nchu for work daily. (2) The research also found that a mere 2% of the daily routes travelled in the municipality exceeds 100km. (3) The most popular mode of transport being used in the Mangaung Metropolitan Municipality are taxis, bus, walking, cycling, family or private

transport and other. The table below indicates a summary of the model of transport as per responses from the participants.

Table 3: Preferred Mode of Transport

No	Mode of transport	Number of respondents	Percentage (%)
1.	Taxi	349	35
2.	Bus	248	24,8
3.	Family or Private transport	198	19,8
4.	Walking	91	9,1
5.	Cycling	78	7,8
6.	Other (didn't specify)	34	3,4"
Grand total		998	100

Source: Toba, Campbell, Schoeman, Lesia, (2012).

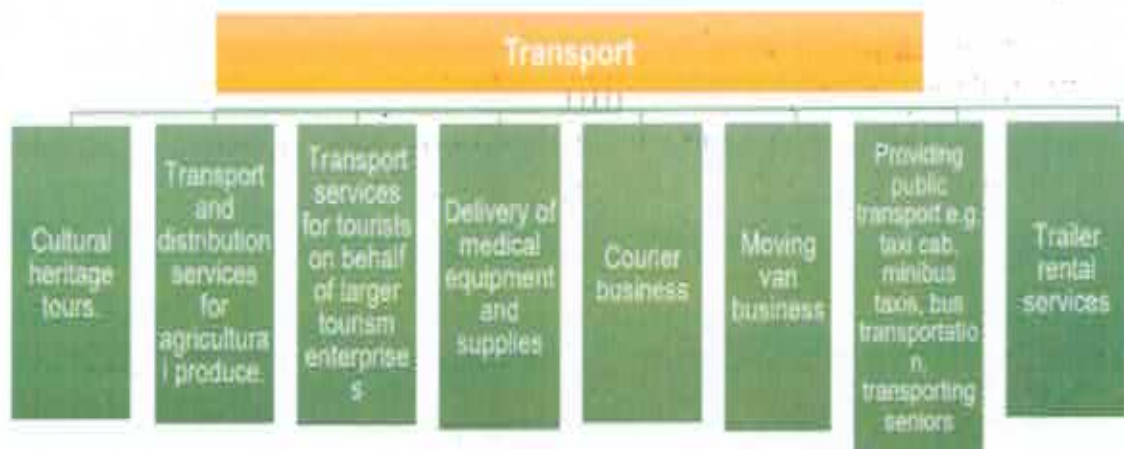
In terms of overall service delivery of public transport in the municipal area, commuters indicated that public transport system is characterised as “very poor” or “poor”. The motivation provided by respondents indicated that they were unsatisfied with the lack of adherence to timetables, security at bus stops and cost of transport. This should be a major red flag for the public transport in Bloemfontein. Furthermore, a majority of 92% of the respondents indicated that the transport routes were very far from their private residents, implying that they would have to walk long distances to get to the bus stops. Respondents with private transport, indicated that they prefer utilising busses or taxis because its more affordable (Toba, et.al., 2012). If stakeholders such as the Interstate Bus Lines (IBL) and the Free State Department of Police, Roads and Transport have considered the findings of the report done by Toba, et. Al, they could have anticipated and prevented the violent protest outbreak in both 2017 and 2019 regarding tariff hike of bus lines in Bloemfontein (News 24: internet). This once more reiterates the importance of breaching the gap between research and the public sector.

The popularity of the taxi and bus industry, does beg a consideration of the potential of integrating ICT into this sector. In the study by Bashingi, Hassan and Masinde on the comparison between taxi and bus services adoption of ICT services. A list of the preferred technologies by both operators and users alike.

- Tracking devices
- CCTV cameras
- Entertainment screens; games, movies, maps, etc.
- Wi-Fi
- Available seat detectors
- Online booking platforms and SMS notification
- Buzzers
- Vehicle speed monitors

The way the taxi industry operates is that the taxi moves once the taxi is full including the long distance taxis. A booking system would simplify the customer experience and positively affect the administration of the long distance line. Cameras, vehicle speed and tracking, can also positively influence the safety aspect of the taxi industry which is widely criticized for the gaps in safety protocols. The Small Enterprise Development Agency (Seda) published a report on the various market and value chains opportunities and gaps for small, medium and macro enterprises (SMMEs) in the transport sector. The opportunities are demonstrated in the figure below.

Figure 6: Market and Value Chain Opportunities for SMMEs in Transport sector



Source: DESTEA, 2018.

The Free State Province is the only province in South Africa that is ideally centralised to become a major logistics hub. The Province connects to five of South Africa's major roads namely; the N1 to Cape Town, N3 to Kwa-Zulu Natal, the N5 which connects to N1 at Windburg with the N3 at Harrismith via Senekal, Paul Roux and Bethlehem, N6 to East London

and the N8 connecting to Kimberley. However, in 2019, the transport sector in the Free State recorded the least number of people employed, representing 4.3% (or 33 600) people employed.⁹ During the ten-year period 2009 to 2019, the transport sector reached its highest point of growth in 2011, reaching to 2.4%. The table below indicates the forecast of the Free State transport sector.

Table 4: Growth projection of the Free State Transport sector (2019 to 2024)

FS Sector	2019	2020	2021	2022	2023	2024	Average annual growth
Transport	12.9	11.6	11.9	12.1	12.4	12.6	-0.34%

Source: IHS Markit Regional eXplorer, 2020.

The commitments made by the South African Government in the Economic Reconstruction and Recovery Plan that relates to the transport sector;

- Ensuring the approval of Integrated Public Transport Networks in 5 Cities. This initiative will provide much-needed support to the taxi industry and development of small harbours projects.
- There is a scheduled labour intensive rural roads asset networks that will make use of technologies as well as local supply and value chains

Previous research conducted by DESTEA in 2018, identified opportunities available in the subsectors of transport where Free State SMMEs can embark on to grow the economy and create job opportunities.

Table 5: Opportunities in sub-sectors in the transport industry

Sub-sectors	Activities	Opportunities
Taxi	NVT Operator	<ul style="list-style-type: none"> • Pre-booked tours • Curo sales • Catering • Delivery of goods • JV with NTV manufacturers • Improved business operation
	NTV Manufacturing	

⁹IHS Regional eXplorer. (2020). Statistical Overview of the Free State.

		<ul style="list-style-type: none"> • Vehicle warehousing • Refurbishment
Rail	Transporting commuters	Harmonization (ensuring that proper schedules designed that are both time and cost effective).
	Freight Transference	Repairing buildings and structures
	Railway support activities and information transfer	Distributions of goods, operation of depots, warehousing and cargo collection Ensure that commuters have access to the correct information.
	Maintenance of lines	Preventative maintenance is required to make sure that lines are maintained and optimal operational level.
Aviation	Rotor & Fixed wing aviation equipment and services	Fixed wing – a patient unit box (one that is designed to hold the stretcher securely fastened to the box. Opportunity also for rotor wing-wing that can change into variable position that depends on need of a client.
	Manufacturing of Helicopters	Great level of sophistication of skills is required and will have to attract people with engineering background.
	Rotary type aircraft engine	This is a crucial temperamental piece of machinery inclined to seize in a spectacular shower of debris.
	Aircraft seats and parts	Services are provided during the manufacturing of aircraft, such as lights, seats, etc.
Bus	Joint venture	Joint ventures can be created for ad-hoc projects where to parties can equally share in profit, obligations and risks.
	Twining	Establishment of a bigger company that would act in mentorship capacity to a small company (strategic alliance).
	Set aside contracts	A number of contacts are reserved for bidding for vulnerable groups (small, black, women owned enterprises) excluding large companies from bidding

Source: DESTEA, 2018: 20-22.

9. Recommendations

Extensive literature highlights the importance of the endogenous growth theory which holds that economic growth is primarily the result of endogenous and not external forces. That investment in human capital, innovation, and knowledge are significant contributors to economic growth. The theory notes that the enhancement of a nation's human capital will lead to economic growth by means of the development of new forms of technology and efficient and effective means of production. The theory also focuses on positive externalities and spill over effects of a knowledge-based economy which will lead to economic development. The endogenous growth theory primarily holds that the long run growth rate of an economy depends on policy measures. Therefore, the recommendations include the following:

- New and innovative ways have to be approached towards mining and the treatment of raw materials in the Free State. SMMEs need to work with the Free State Government to ensure that capacity is developed to ensure that mineral beneficiation can occur in the Free State instead of only extracting raw materials.
- Tourism continues to be an important cultural and socio economic outlet. Event and festival tourism have had much successes around the world and the Free State province. Community based tourism. Is generally small scale and involves interactions between visitors and the host community. Innovative ways of facilitating youth participation in Tourism have the potential to drive widespread poverty reduction among youths and adults alike. A coherent and integrated approach that addresses challenges related to education.
- In terms of transport, the Free State needs to take advantage of the opportunities listed by Seda to ensure that SMMEs participate in the value chain. Additional opportunities were also highlighted in table 5 which provides a break-down of opportunities in the transport sub-sectors. Furthermore, stakeholders in the public transport sector should consider the findings and recommendations done by the 2012 study which is based on empirical evidence.

10. Conclusion

As previously indicated this report is the final report based on a series that commenced in the first quarter of 2020. In Q1:2020, DESTEA published a comprehensive *Research-based proposal on a transformed Free State economy developed*. The report in question identified the

sectors that have the potential to transform the Free State economy, which included the following sectors; manufacturing, agriculture, mining, tourism and transport. In Q2: 2020, DESTEA published the *Elements of a transformed Free State Economy: Paper 1. The report provided an in-depth discussion on the manufacturing and agriculture sectors. Lessons were drawn from the international community on their best practices, with special focus on our BRICS partners.* At the end of Q3: 2020, DESTEA will publish the *Elements of a transformed Free State Economy: Paper 2.* This paper provided the reader with a look at the potential of mining, tourism and transport sector have to transform the Free State economy. In conclusion, it is evident that the Free State Province has been struggling to achieve consistent and positive economic growth prior to the outbreak of Covid-19. However, there is still a silver lining for the Free State. The province is rich with natural resources, strategically placed in the heart of South Africa, which gives it competitive advantage and it has a large work force that is unemployed. The series of these three reports have found that a number of opportunities exist in all sectors that have formed part of the series of reports. The Free State Government will have to work with the private sector and take advantage of support towards the sectors as indicated in the South African Economic Reconstruction and Recovery Plan.

11. Bibliography

- Bankserv Africa 2020. Deep fall for recorded private sector salaries in June 2020.
- Bashingi, N, Hassan, H & Masinde, E.M. 2018. The Free State Public Transportation System. A comparison between busses and taxi services and adaptation of ICT solutions.
- BBBEE Commission 2019, National Status and Trends on Broad Based Black economic empowerment report.
- Business unity South Africa. 2007. Business approach to black economic transformation for inclusive growth.
- Chow, G.C. (2015). China's economic transformation. Chapter 3 and 4 in China's Economic Transformation. China's 40 Years of Reform and Development: 1978-2018. Retrieved from: (<http://press-files.anu.edu.au/downloads/press/n4267/pdf/ch06.pdf>).
- Department of Minerals and Energy. (2013). Beneficiation Strategy. Retrieved from: (<https://static.pmg.org.za/docs/091013draftbenefici.pdf>).
- DESTEA. (2018). Report on Opportunities for Small, Medium and Micro Enterprises (SMMEs) in the Free State Priority Sectors.
- Every CRS Report. (2019). China's Economic Rise: History, Trends, Challenges, and Implications for the United States. Retrieved from: (<https://www.everycrsreport.com/reports/RL33534.html>).
- Free State Department of Treasury. 2020. Investigating the Government Revenue – Expenditure Nexus: Empirical Evidence for the Free State Province in a Multivariate Model. ;
- Geo Journal of Tourism and Geosites. 2020 Making community based tourism sustainable: Evidence from the Free State, South Africa.
- Hofmeyr, J & A McLennan. 1992. The challenge of equalizing education. In R Schrire (ed), Wealth or Poverty? Critical choices for South Africa. Oxford UP, Cape Town.
- Inequality in South Africa. 2003. Nature causes and response.

- Mail & Guardian. (2019). KwaZulu-Natal tourism enjoys tangible growth. Retrieved from: (<https://mg.co.za/article/2019-05-10-00-kwazulu-natal-tourism-enjoys-tangible-growth/>).
- National Treasury. 2019. Economic transformation, inclusive growth, and competitiveness: Towards an Economic Strategy for South Africa.
- News 24. (2019). Bus fare hike put on ice. Retrieved from: (<https://www.news24.com/news24/SouthAfrica/Local/Express-News/bus-fare-hike-put-on-ice-20190709>).
- Office of the Presidency. National Development Plan 2030. Accessed: (<https://www.gov.za/issues/national-development-plan-2030>).
- Peterson Institute for International Economics. (2015). China's Economic Transformation: Lessons, Impact, and the Path Forwards. PIIE Briefing 15-3 China's Transformation. Retrieved from: (<https://www.piie.com/publications/briefings/piieb15-3.pdf>).
- Pillay and Everatt. 2016: O R Thambo Debate Series: Towards real economic transformation in South Africa.
- Radulescu, I.G., Panait, M & Voica, C. (2014). BRICS countries challenge to the world economy new trends. International Conference "Economic Scientific Research – Theoretical, Empirical and Practical Approaches, ESPERA 2013. Retrieved from (www.sciencedirect.com)
- Renegen. Introduces Renegen Cryo-cacc. Retrieved from: (<https://www.renegen.co.za/>).
- South African Government. (2019). Address delivered by the MEC for Economic Development Tourism and Environmental Affairs, Mr S Zikalala, on the occasion of the KZN Radical Economic Transformation Summit at the Olive Convention Center, Durban. Retrieved from: (<https://www.gov.za/speeches/mec-sihle-zikalala-kwazulu-natal-radical-economic-transformation-summit-28-mar-2019-0000>).
- South African Government. (2020). The South African Economic Reconstruction and Recovery Plan. Retrieved from: (https://www.gov.za/sites/default/files/gcis_document/202010/south-african-economic-reconstruction-and-recovery-plan.pdf).
- South African Government. Fifth BRICS Summit- General background. Retrieved from: (<https://www.gov.za/events/fifth-brics-summit-general-background>).

- Stats SA. (2019). Mbalo Brief: the missing piece of the puzzle. Retrieved from: (<http://www.statssa.gov.za/wp-content/uploads/2019/10/Mbalo-Brief-October-2019-web-final.pdf>).
- Toba L, Campbell M, Shoeman, D & Lesia P. (2012). A Critical Examination of Public Transport: A Case Study of Mangaung Metropolitan Municipality, South Africa. 48th ISOCARP Congress 2021. Retrieved from: (http://www.isocarp.net/Data/case_studies/2189.pdf).
- Twenty year review. 2018. Chapter 4, Economic Transformation.
- United Nations Conference on Trade and Development. (2018). Economic Development in Africa.
- Visser G & Kotze N. (2006). The Free State tourism economy: Current dynamics, immediate challenges and future research prospects. Retrieved from: (https://www.researchgate.net/publication/233130444_The_free_state_tourism_economy_Current_dynamics_immediate_challenges_and_future_research_prospects).
- World Bank. (2018). South Africa Economic Update: Jobs and Inequality. 11th Edition. United States: Washington.