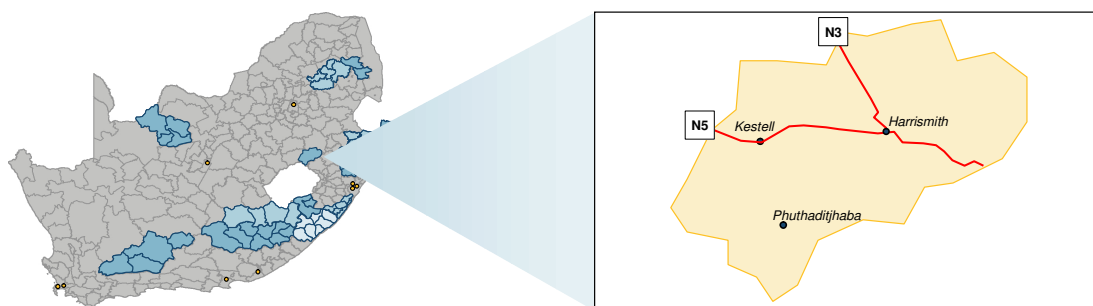


Economic snapshot: Maluti-a-Phofung, Free State



Base data (Based on the Stats SA 2001 Census, unless indicated otherwise)

<i>Population</i>	360,787	<i>Rural population</i>	49%
<i>Employment rate</i>	23% (average for rural nodes: 15%; average for SA: 33%)	<i>Min Grade 12 education</i>	23% of population aged 20+
<i>Potential labour pool*</i>	61% of total population	<i>Access to electricity</i>	57% of households (average for rural nodes: 43%; average for SA: 70%)
<i>GDP per capita</i>	R 7,087 (Quantec)		

* Percentage population aged 15 to 64

Private sector performance: Key sector overview

Tourism The tourism sector is the most important commercial sector in Maluti-a-Phofung, providing some 16.5% of all employment and contributing 17.6% to GDP. This is mainly due to the node's location along the N3 and its function as a main travel stop for people travelling between Johannesburg and Durban. The node possesses significant natural resources including the Golden Gate Highlands National Park, the Sterkfontein Dam and its overall proximity to the Drakensberg. Significant potential exists to expand the tourism sector by focusing on adventure, cultural and eco-tourism. The key challenge is, however, to package and market the node more effectively as an appealing destination.

Manufacturing The manufacturing sector, despite the removal of previous State subsidies under the homeland regime, remains a key contributor to GDP (some 12.2%) and the main contributor to employment in the area (21.7%). Key products manufactured include textiles, clothing, footwear and furniture. Although the manufacturing sector is faced with the threat of cheap imports, some potential exists for a viable clothing and related manufacturing cluster. This is supported by good road and rail access, and relative proximity to key markets and export ports in Johannesburg and Durban. The continued presence of manufacturers suggests the availability of good skills and a reasonable overall cost base.

Agriculture The agricultural sector (mainly for domestic / subsistence consumption) is important to the economy of the former QwaQwa homeland areas. However, agriculture contributes only 2.1% to GDP and employs 6.7% of the working population. A temperate climate, adequate rainfall and fertile land make the area conducive to farming. Current production includes livestock and a few crops including wheat, maize and dry beans. There is potential to increase the value of this sector by expanding the scale of production and introducing agro-processing activity into the area.

Public sector performance: General observations

- While the municipality has an LED strategy, overall understanding of the key economic sectors' challenges and opportunities remains limited.
- To date, a number of LED projects have been initiated but have failed. These have, in some instances, been resurrected on numerous occasions. The development of sustainable initiatives is a key challenge, as is the ability to exit failing projects.
- A new director of LED and tourism has recently been appointed. The appointment is hoped to bring renewed energy and direction to the various initiatives.

Opportunities to facilitate economic growth

Specific investment opportunities

Footwear manufacturing in Phuthaditjhaba	Estimated cost: n/a (Free State Development Corporation [FDC] to fund); Estimated jobs: 300
Platberg Game Park and Lodge	Estimated cost: n/a; Estimated jobs: 40 to 60 during construction
Basotho Cultural Village expansion	Estimated cost: R2 million; Estimated jobs: 10 direct jobs

General actions

- Improved marketing of the area in order to attract increased numbers of tourists and travellers.
- The development of improved accommodation offerings, and the creation of packages that link several activities.
- The development of strategy and public sector support interventions for a clothing cluster.