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FREE STATE PROVINCE

[An Economic Intelligence Report]

[Positioning of mining as a collaborative engine for economic growth.]

[June 2016]

[The performance of the mining industry for South Africa and Free State has, in recent years, been influenced by labour market disruptions; rising input costs to mining; electricity crisis in South Africa; China's slow demand for commodities, which has resulted in lower commodities prices; and interest rate expectations in relation to investment.

This report in light of the above provides an insight on the current situation and its impact on the economic performance of the Free State province.]

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The issue of the *Economic Intelligence Report* focuses mainly on the three months quarter ending *June 2016*.

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1. Introduction

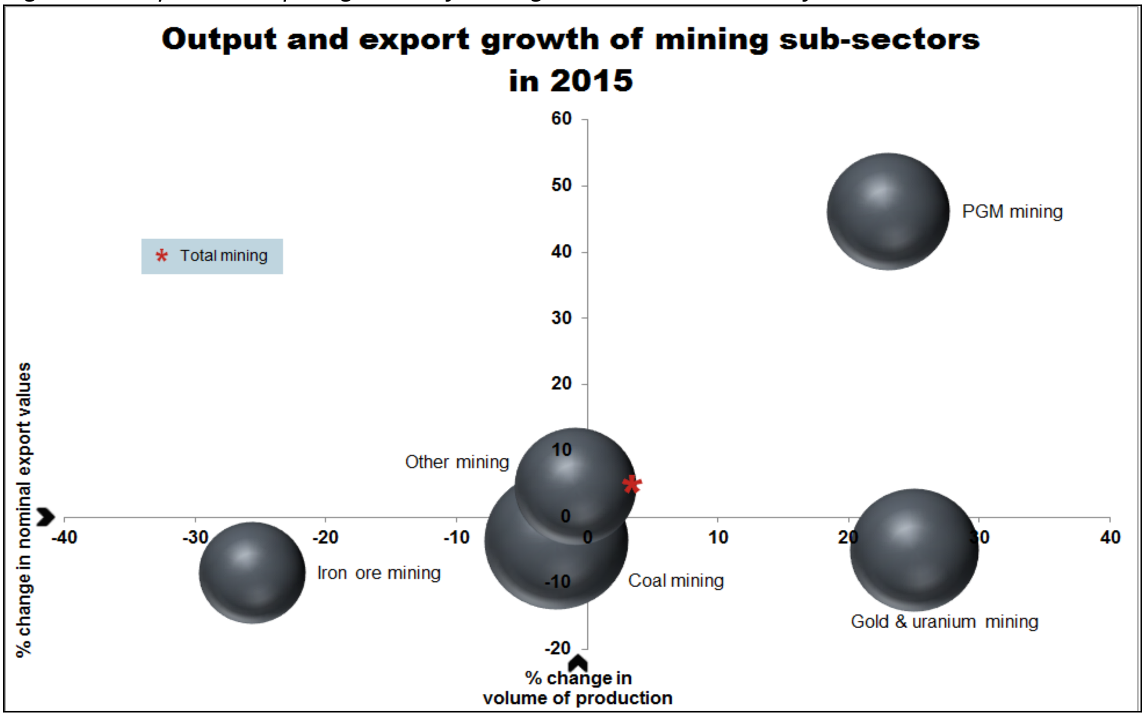
Conditions in the mining sector in South Africa remained extremely challenging throughout 2015 as very low commodity prices and faltering demand growth, particularly from China, continued to weigh heavily on the sector's performance. The rand's weakness has provided a degree of support to local producers on the income side, while the expenditure side has benefitted from the impact of low oil prices, until more recently, on operating costs.[1]

Furthermore, the sector's performance in the first half of 2015 was still characterised by the normalisation of production levels, following the long output stoppage in the platinum group metals (PGM) mining sub-sector due to industrial action during the first five months of 2014. The performance of this important sector in the second semester, however, was more indicative of a sector that was grappling to deal with the sharp and protracted downturn in global commodity markets, according to the IDC's report.

It is recorded that although the physical volume of mining production increased by 3.4% in 2015, this was largely due to the low base of 2014. Furthermore, overall mining production declined by 0.4% in the second half of 2015 compared to the same period in 2014. This contrasts with the 7.4% year-on-year growth recorded in the first semester of 2015.

The iron ore, gold and coal mining sub-sectors recorded declines in production volumes for the year as a whole, while the PGM and 'other' mining sub-sectors recorded increases as per figure 1 below.

Figure 1: Output and export growth of mining subsectors in South Africa



Source: Sector Trends, 1st Quarter 2016, IDC

[1] Sector Trends, Performance of the primary and secondary sectors of the South African economy, 1st Quarter 2016 (April 2016), Department of Research and information, IDC

The IDC report also highlights key issues with regard to specific minerals and the performance of the mining sector in terms of exports and import of mining products as follows:

- Coal production, the largest segment of South African mining output, declined by 3.5% in 2015, with production in the second half of the year falling 5.6% year-on-year. China's restrictions on imports of coal with high sulphur and ash content, such as South African coal, impacted adversely on export demand, with the low price climate aggravating the situation. As a result, capital expenditure in the coal sector remained highly restrained, which is likely to weigh on production growth going forward.

- Gold output declined by 4.9% in 2015, with the contraction in the second half of the year being much lower than in the first (-2.2% compared to -7.5%). This reflected the operational performance at Goldfields' South Deep mine, which saw gold production increasing in the second semester of 2015. While productivity growth in gold mining remains constrained by deep-level mining and declining ore grades, the sector's drive towards improved production efficiencies is leading to a reduction in the all-in sustaining cost level at most major operations. This trend, if sustained, could help moderate the rate of decline in production volumes that has gripped the domestic gold sector for many years.

- The broad mining sector's exports increased by 2.4% in 2015 to R336 billion, which is still below the levels recorded in 2013. The increase in the value of exports partly reflected the effect of the rand's depreciation on a trade-weighted basis, but also an expansion in demand for some of the major mineral exports. For example, PGM exports increased by a robust 23% or R16.3 billion in 2015 to a total of R86.9 billion. This was underpinned by a strong recovery in global jewellery consumption, a slowdown in metal recycling and a rebound in investment demand due to lower prices.

- Imports of mining products fell by almost R81 billion in 2015 to R114.5 billion, reflecting the impact of sharply lower oil prices on the import bill, as well as the decline in the volume of imported crude in favour of refined petroleum products. The high rates of growth in both the value and volume of gold imports in 2015 pertain to very small quantities (i.e. a mere R18.5 million imported in 2015).

With the mining sector facing a prolonged and steep downturn in global commodity markets, as well as structural and operational challenges domestically, its overall employment declined by 4.7% to 476 000 in the third quarter of 2015, a loss of 23 400 jobs compared to the equivalent quarter in 2014. However, remuneration per worker rose by 9.7% over this period, reflecting wage settlements significantly above inflation.

The performance of the mining sector in the Free State province is not immune against these global and domestic factors and the loss of job opportunities heavily impacted on the current unemployment rate of 33.9% for quarter 1, 2016.

2. Domestic Outlook: South Africa

Statistics SA recently announced the growth figures for the first quarter of 2016 declined with 1.2% quarter-on-quarter mainly caused by the mines, where production fell by a staggering 18% on an annualised basis (see figure 2, p8). The fall in production came mostly from the platinum sector, but there were also significant drops in coal and iron ore output.

The decision taken by Moody's to keep South Africa's credit rating unchanged at Baa2, with a negative outlook, surprised the market positively. However, the rating agency raised its concerns over the downside risks to economic growth and fiscal stability. The adverse trends in business and consumer confidence, alongside the poor performance of the agriculture, mining and manufacturing sectors in the first quarter of the year, reflect the generalised weakness in the economy at the present time and the challenges lying ahead.[2]

The other two ratings agencies also kept South Africa's credit rating above junk status in their most recent review. Fitch ratings agency affirmed South Africa's investment grade credit, and surprisingly kept its outlook stable. This followed by Standard & Poor's rating, which affirmed its BBB- level with a negative outlook.

3. Growth outlook in the medium term

The growth outlook for the South African economy has deteriorated substantially as both domestic and external factors are taking their toll. The leading business cycle indicator, which provides an indication of economic conditions in about 6 months' time, has dipped sharply over the past two years. At 91.6 index points in February 2016, it has fallen to its lowest reading since October 2009. This provides advance warning of a difficult year ahead.[3]

The economy is therefore expected to grow only marginally in 2016, with the momentum rising modestly over the next two years (see table 1 below). The rates of increase in household consumption expenditure and government spending will be initially weak, while fixed investment is forecast to contract marginally in 2016. Export growth is projected at 3.8% for 2016, accelerating in subsequent years as the global economy potentially resumes a higher growth trajectory.

At a broad sector level, it is projected that the goods-producing sectors - agriculture, mining and manufacturing - will record contractions in real value added during 2016, albeit to varying degrees, while fairly modest rates of expansion are anticipated for most other sectors as per table 1 below.

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[2]www.miningweekly.com/article/low-mining-production-stats-add-to-south-african-economic-woes-2016-06-09/rep_id:3650

[3]Recent Developments in the South African economy, 19 May 2016, Department of Research and Information, IDC, p3

Table 1: Real GDP growth and outlook at broad sector level (% change per annum)

Economic sector	2010	2011	2012	2013	2014	2015	2016f	2017f	2018f
Agriculture, forestry & fishing	-0.3	1.3	0.6	1.5	5.6	-8.4	-7.6	3.4	5.4
Mining & quarrying	5.3	-0.7	-2.9	4.0	-1.6	3.0	-2.9	0.1	1.6
Manufacturing	5.9	2.9	1.9	0.7	0.0	0.1	-0.1	1.4	2.9
Electricity, gas & water	2.4	1.4	-0.1	-0.6	0.0	-1.0	-0.5	2.1	4.1
Construction	0.7	0.4	2.1	2.7	2.9	1.9	0.4	1.3	3.4
Trade, catering & accommodation	4.4	3.8	3.6	1.9	1.3	1.4	1.0	1.1	2.5
Transport, storage & comm.	1.7	3.0	2.5	2.0	2.3	1.4	0.5	0.9	2.2
Finance, insurance & bus services	1.2	4.1	3.0	3.0	2.2	2.8	1.9	2.0	3.6
Community, social & personal serv.	0.4	2.4	2.1	1.8	1.4	1.1	1.0	1.2	2.0
General government	2.7	4.5	3.6	3.1	3.0	0.9	1.1	0.6	1.0
Total GDP growth	**2.9**	**3.0**	**2.2**	**2.3**	**1.6**	**1.2**	**0.4**	**1.2**	**2.6**

Source: Stats SA (historical data); IDC forecasts

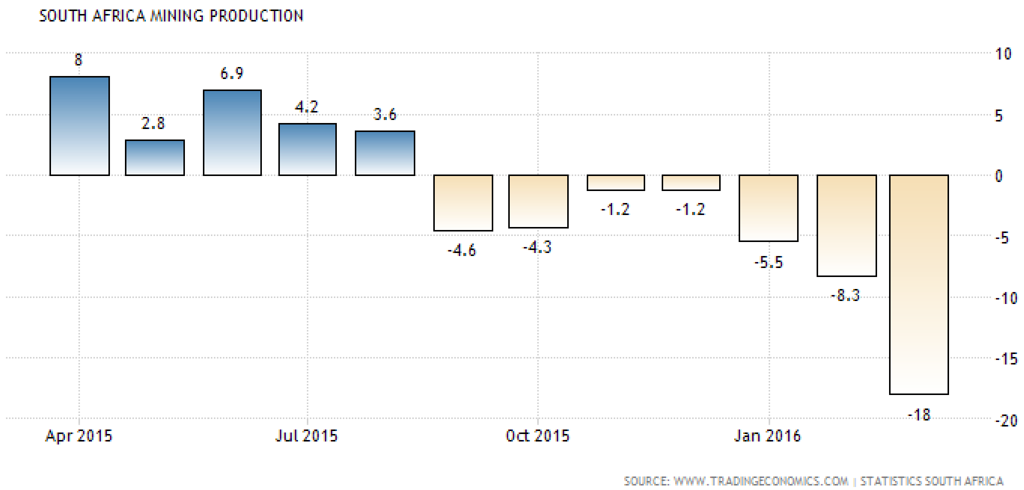
4. Mining Production and Sales (South Africa)

Mining production in South Africa shrank 18 percent year-on-year in March of 2016 following a downwardly revised 8.3 percent (figure 2) fall in the previous month and worse than market expectations of 12.8 percent drop.[4]

It was the sharpest decrease on record as copper production declined the most by 38.3 percent, followed by other metallic minerals (-27.5 percent), manganese ore (-24.3 percent), platinum-group minerals (-23.7 percent) and iron ore (-21.4 percent). Diamond output fell 18 percent and gold production dropped by 7.4 percent. On a monthly basis, mining output decreased by 3.4 percent compared to an upwardly revised 2.1 percent growth in February.

Considering the first quarter, mining shrank 5.2 percent from the previous period. Mining Production in South Africa averaged -0.08 percent from 1981 until 2016, reaching an all time high of 24.30 percent in October of 2013 and a record low of -18 percent in March of 2016.

Figure 2: SA mining production



4 http://www.tradingeconomics.com/south-africa/mining-production

4.1 Production: Results for April 2016

Mining production, according to Statistics SA, decreased by 6,9% year-on-year in April 2016. The largest negative contribution was iron ore (-23,4% and contributing -4,3 percentage points).[5]

Table 2: Key growth rates in the volume of mining production

	Nov -15	Dec -15	Jan -16	Feb -16	Mar -16	Apr -16
Year-on-year % change, unadjusted	-1.4	-2.0	-6.0	-8.3	-17.8	-6.9
Month-on-month % change, seasonally adjusted	1.6	-0.9	-5.5	2.6	-2.6	2.7
3-month % change, seasonally adjusted 1/	-3.6	-1.0	-1.3	-2.4	-4.8	-2.4

1/ Percentage change between the previous three months and the three months ending in the month indicated.
Source: Stats SA, Statistical Release P2041, Mining Production and Sales, April 2016

Seasonally adjusted mining production increased by 2,7% in April 2016 compared with March 2016. This followed month-on-month changes of -2,6% in March 2016 and 2,6% in February 2016.

4.2 Sales: results for March 2016

Mineral sales, according to Statistics SA, decreased by 1,1% year-on-year in March 2016. The largest negative contributor to the decrease of 1,1% was Platinum group metals (-17,1% and contributing -4,1 percentage points). A significant positive contributor was gold (23,5% and contributing 3,9 percentage points).

Table 3: Key growth rates in mineral sales at current prices

	Oct-15	Nov -15	Dec -15	Jan -16	Feb -16	Mar -16
Year-on-year %change, unadjusted	-2.8	-3.6	2.3	-2.2	1.3	-1.1
Month-on-month % change, seasonally adjusted	1.1	-1.9	2.5	-4.2	4.3	-1.5
3-month % change, seasonally adjusted 1/	-3.0	0.1	2.1	-0.3	0.1	-1.0

1/ Percentage change between the previous three months and the three months ending in the month indicated.
Source: Stats SA, Statistical Release P2041, Mining Production and Sales, April 2016

Seasonally adjusted mineral sales at current prices decreased by 1,5% in March 2016 compared with February 2016. This followed month-on-month changes of 4,3% in February 2016 and -4,2% in January 2016.

[5] Statistics SA, Statistical Release P2041, Mining: Production and Sales (Preliminary), April 2016

5. Provincial outlook: **Mining and quarrying**

The performance of the mining industry for South Africa and Free State has, in recent years, been influenced by labour market disruptions (e.g. in the platinum industry in 2014 and in the coal and gold industries in 2015); rising input costs to mining; electricity crisis in South Africa; China's slow demand for commodities, which has resulted in lower commodities prices; and interest rate expectations in relation to investment (e.g. in gold as well as exchange rate fluctuations).[6]

Table 4 below depicts the contributions by all provinces to the national mining and quarrying industry. The largest average contributors to the national mining and quarrying industry between 2005 and 2014 are North West (25.4 per cent), Limpopo (23.3 per cent) and Mpumalanga (20.7 per cent), whilst the lowest contributors are Eastern Cape (0.3 per cent), Western Cape (0.4 per cent) and KwaZulu-Natal (3.4 per cent). Free State ranks at 5th position with an average contribution of 7.9 per cent, mainly boosted by a contribution of 8.6 per cent recorded in 2008.[7]

Table 4: Value added by province, mining and quarrying (% contributions - Current prices)

PROVINCE	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Western Cape	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Eastern Cape	0.2	0.3	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3
Northern Cape	7.0	6.8	6.7	6.7	6.5	6.5	5.8	6.0	6.1	6.1
Free State	8.2	8.2	8.2	8.6	8.2	8.2	7.4	7.4	7.3	7.3
KwaZulu-Natal	3.4	3.5	3.5	3.6	3.4	3.5	3.1	3.4	3.3	3.5
North West	26.1	25.6	25.6	25.3	25.5	25.4	26.4	22.7	26.2	25.7
Gauteng	12.2	12.5	12.6	12.2	12.1	12.1	11.5	12.0	11.3	11.4
Mpumalanga	19.6	19.6	19.6	19.8	20.1	20.4	21.5	24.1	21.6	21.6
Limpopo	22.9	23.1	23.1	23.2	23.3	23.2	23.6	23.7	23.6	23.8

Source: Stats SA, GDP, First Quarter, 2016

Over the 10-year reference period, South Africa's mining and quarrying contracted at an average of 0.7 per cent, whilst the provincial sector contracted by 0.5 over the same period. The provincial sector was more resilient than the national sector in 2005, 2009, 2012 and 2014. During 2012, the Marikana Strike, which affected platinum mining, resulted in a contraction of national mining and quarrying by 2.9 per cent, whilst the Free State sector remained largely unaffected with a growth of 1.1 per cent. Again, the platinum strike in the first half of 2014 resulted in contraction of the national mining and quarrying sector by 1.6 per cent, but the Free State sector remained unaffected and grew by 1.0 per cent.[8]

According to table 4 above, the contribution of the Free State to the total national mining and quarrying output has been on a constant decline over the past ten years. It went from 8.2 per cent in 2005 to 7.3 per cent in 2014; representing a 0.9 percentage points decline. The net gainers during the review period were Mpumalanga (2.0 percentage points), Limpopo (0.9 percentage points), KwaZulu-Natal and Eastern Cape with 0.1 percentage points respectively.

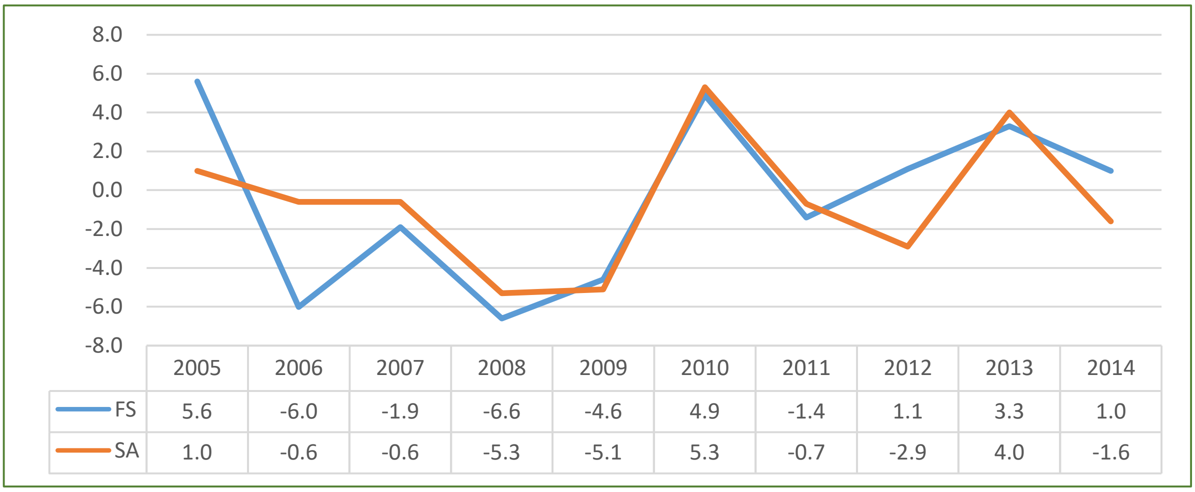
[6] Provincial Economic Review and Outlook (PERO), March 2016, p17

[7] Statistics South Africa, Gross Domestic Product (GDP), First Quarter, 2016

[8] Provincial Economic Review and Outlook (PERO), March 2016, p18

Free State's PERO (2014) indicates that large scale mining for the province includes gold, diamonds and coal, whilst small scale mining includes clay, salt, limestone, granite, gypsum and sand/stone aggregate. Therefore challenges around platinum mining have no direct impact on the province. Instead, in 2014 Free State had to worry about a growth of 1.0 per cent (figure 3 below) and associated reasons such as decline in coal prices; slower growth globally and nationally, which affect disposable income and therefore the performance of diamonds; ever deepening gold mines and associated growing cost-base related to the industry; as well as on-going electricity crisis.

Figure 3: South Africa and Free State mining and quarrying sector growth rates



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
FS	5.6	-6.0	-1.9	-6.6	-4.6	4.9	-1.4	1.1	3.3	1.0
SA	1.0	-0.6	-0.6	-5.3	-5.1	5.3	-0.7	-2.9	4.0	-1.6

Source: Stats SA, GDP, Third Quarter 2014; IHS Global Insight, Regional eXplorer, 2015

In 2013, according to Stats SA, mining and quarrying contributed 11.7 per cent to the province's GDP, compared to the 11.00 per cent in 2014 (table 8, p17). Lejweleputswa and Fezile Dabi District Municipalities account for 53.6 per cent and 39.7 per cent respectively of the province's mining and quarrying sector (IHS Global Insight, 2014).

6. Employment in mining

6.1 Employment by province

The mining industry in South Africa recorded a total workforce of 473 000 in Q1: 2016. Employment absorption, according to table 5, was the highest in North West, followed by Gauteng, Limpopo and Mpumalanga. Free State recorded the fifth highest with 35 000 employees in this sector.[9]

An employment increase of 30 000 jobs were recorded for the year ending January - March 2016 compared to January - March 2015. Employment for this period increased in four provinces, with the largest gains recorded in North West (17 000), Limpopo (12 000), Mpumalanga (9 000) and the Eastern Cape (4 000). Four provinces recorded annual decreases in employment during this period, namely Northern Cape (10 000), Western Cape

[9] Statistics South Africa, Quarterly Labour Force Survey, Quarter 1, 2016

(1000), KwaZulu-Natal (1000) and Gauteng (1000). Employment in the mining sector in the Free State remained unchanged.

Table 5: Employed by industry and province – Mining sector

	Jan-Mar 2015	Apr-Jun 2015	Jul-Sep 2015	Oct-Dec 2015	Jan-Mar 2016	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand							Per cent	
Mining	**443**	**446**	**446**	**483**	**473**	**-10**	**30**	**-2,1**	**6,8**
Western Cape	3	3	3	3	2	0	-1	-9,1	-26,1
Eastern Cape	0	0	2	1	4	3	4	334,0	1390,2
Northern Cape	31	25	22	22	21	-2	-10	-7,1	-33,2
Free State	34	34	30	35	35	0	0	-0,7	0,6
KwaZulu-Natal	9	8	7	8	8	0	-1	4,9	-7,4
North West	140	154	154	172	157	-15	17	-8,8	12,4
Gauteng	96	83	92	105	95	-10	-1	-9,8	-0,8
Mpumalanga	56	58	58	61	65	3	9	5,5	16,5
Limpopo	74	81	78	76	86	10	12	13,6	16,3

For all values of 10 000 or lower, the sample size is too small for reliable estimates.
Due to rounding, numbers do not necessarily add up to totals.
Source: Stats SA QLFS Q1, 2016

6.2 Employment by sector, Free State

The province recorded a total workforce of 790 000 for Q1: 2016, which represents a total loss of 35 000 jobs compared to Q4:2015 and 12 000 jobs compared to Q1:2015. Table 6, clearly indicates that employment absorption in the province during Q1: 2016 was the highest in Community and Social Services followed by Trade, Private Households and Agriculture. These industries recorded a workforce of 201 000, 166 000, 99 000 and 72 000, respectively. The situation a year ago (Q1: 2015) was the same for the first two industries, followed by Agriculture and Private Households (with 200 000, 167 000, 82 000 and 75 000 respectively).

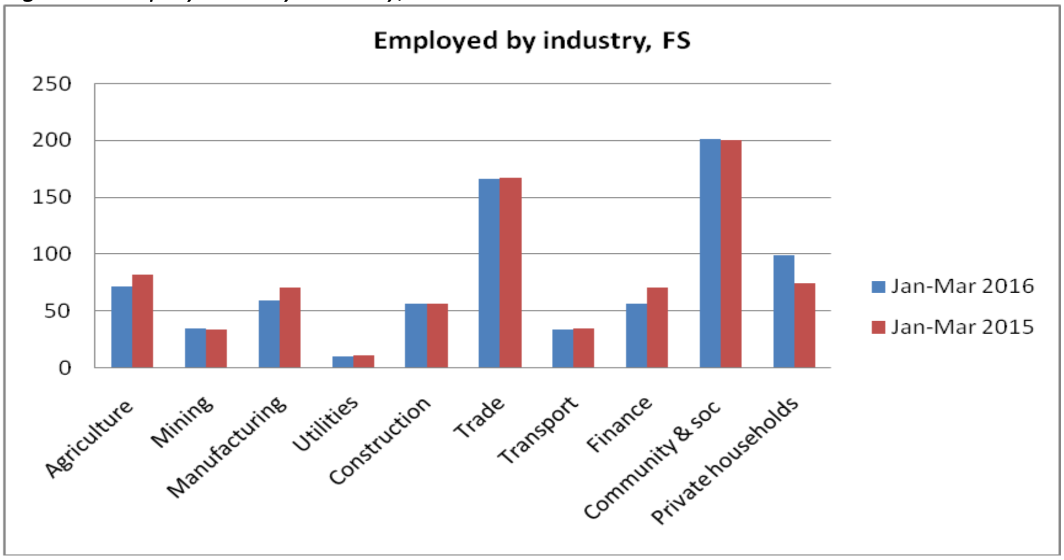
Table 6: Employed by industry, Free State

	Jan-Mar 2015	Oct-Dec 2015	Jan-Mar 2016	Qtr-to-qtr change	Year-on-year change	Qtr-to-qtr change	Year-on-year change
	Thousand					per cent	
Total	**802**	**825**	**790**	-35	-12	-4.2	-1.5
Agriculture	82	64	72	8	-10	12.3	-12.3
Mining	34	35	35	0	0	-0.7	0.6
Manufacturing	71	69	59	-9	-12	-13.5	-16.7
Utilities	11	9	10	1	-1	8.3	-6.3
Construction	57	53	57	5	0	8.7	0.0
Trade	167	187	166	-21	-1	-11.1	-0.4
Transport	35	38	34	-4	-1	-11.2	-2.6
Finance	71	65	57	-8	-14	-12.9	-19.8
Community & Soc	200	213	201	-11	2	-5.4	0.9
Private Households	75	93	99	6	24	6.7	31.8

For all values of 10 000 or lower, the sample size is too small for reliable estimates.
Due to rounding, numbers do not necessarily add up to totals.
Source: Stats SA QLFS Q1, 2016

The highest employment gains quarter-to-quarter (Q1: 2016 to Q4: 2015) were observed in Agriculture, Private Households and Construction contributing 8 000, 6 000 and 5 000 jobs respectively. Job losses were observed in five industries with the highest job losses in Trade (21 000), Community & Social Services (11 000) and Manufacturing (9 000).

Figure 4: Employment by industry, Free State – 2015 & 2016



Source: Stats SA QLFS Q1, 2016

Annual changes as per the above table shows the highest increases in employment over the period Q1: 2015 and Q1: 2016 in Private Households (24 000) and Community & Social Services (2 000). No changes in employment were recorded in Mining and Construction. However, six industries shed jobs over the same period with the highest job losses in Finance (14 000), Manufacturing (12 000) and Agriculture (10 000).

7. CONCLUSION

The mining sector could still be facing very difficult conditions, at least in the short term, despite the recent recovery in commodity prices. A continued growth moderation in the Chinese economy is likely to affect its demand for South African mineral commodities and there is no certainty that commodity prices are on a sustained rebound. The strong up-tick in growth in mining output experienced in 2015 is expected to be reversed in 2016, as the 2015 growth rebound was mainly due to technical factors and not reflective of demand conditions. In addition, gold production is forecast to continue on its long-term declining trend and remaining a drag on overall mining output.[10]

New joint action, according to miningweekly.com, is to be embarked upon to address the devastating decline of the South African mining industry, which will involve the Mining Phakisa policy intervention seeking to boost the sector by positioning it as the centrepiece within a new, cohesive mining cluster that requires across-the-board competitiveness.[11]

[10] Economic Overview, Recent Developments in the South African economy and drivers of growth over the medium-term, 19 May 2016, Department of Research and Information, IDC,

[11]http://www.miningweekly.com/article/minings-rebirth-on-way-ritchken-2016-06-09

The view is that the mining industry had the breadth to play an absolutely critical role in driving industrialisation and rural development in twenty-first century South Africa, even though there was little chance of it becoming the industrial cornerstone that it was in the twentieth century.

New ways should be explored to drive development of digitally controlled electromechanical mining equipment and new mining systems to boost the value of the national resource base to a point where maximum value could be extracted and mines that were currently not possible to mine became mineable. Developments should also be stimulated with intermediate and advanced manufacturing capabilities through the involvement of South Africa-based manufacturers.[12]

Mining in South Africa has been hard hit by plummeting commodity prices in 2015, and Free State, being bountiful in gold, diamonds, etc. will not be exempted from the disappointing mining performance in 2015. Although not much can be done concerning external economic shocks, government, together with labour and the mining industry, has identified 10 areas to assist the sector and reduce the ailing sector's impact on jobs.[13] These interventions are:

- Delay the execution of retrenchments. This could allow consultations to be extended to continue during a section 189 of the Labour Relations Act notice period, to allow for the implementation of the interventions.
- Enhance productivity and managing cost pressures to improve efficiency.
- Accelerate concurrent rehabilitation activities to create alternative jobs for mineworkers.
- Sell distressed and other mining assets to possibly save and create jobs at alternative operators.
- Explore other options to avoid job losses. This will require the development of a framework for management, employees and the unions to seek solutions on a case by case basis, such as utilising the training layoff scheme or re-skilling employees.
- Provide adequate support, such as counselling, training, and obtaining Unemployment Insurance Fund payments for mineworkers when job losses are unavoidable.
- Use the Multinational Companies' procurement levy to support employment opportunities for retrenched mineworkers. In terms of the Mining Charter, multinational suppliers of goods to the sector must contribute towards a development fund, which could help to create alternative employment for mineworkers.

[12] http://www.miningweekly.com/article/minings-rebirth-on-way-ritchken-2016-06-09

[13] Provincial Economic Review and Outlook (PERO), March 2016, p48

- Streamline the processes for downscaling, updating the database and exploring fiscal instruments to enable comprehensive management of the circumstances facing mining.
- Investment in promotion and market development – this includes joint promotional activities to help increase the demand for South Africa's minerals.
- Communication and implementation plan – a milestone plan has been developed and progress regarding its implementation will be communicated from time to time.

Implementation of the above-mentioned interventions, as well as through Mining Operation Phakisa, announced by the President in the 2014 State of the Nation Address, investment and growth of the mining industry will be accelerated to maximise the contribution and performance of the mining sector both nationally and provincially.

Free State GDPR by activity

Table 7: (Current prices – Rand million)

Industry	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Industries	**11 889**	**14 926**	**18 116**	**24 405**	**23 959**	**25 582**	**26 195**	**26 503**	**28 251**	**28 987**
Agriculture, forestry and fishing	3 094	4 051	5 141	7 502	7 505	6 674	6 743	6 788	7 239	8 220
Mining and quarrying	8 795	10 875	12 975	16 903	16 455	18 908	19 452	19 715	21 012	20 767
Secondary Industries	**15 399**	**16 685**	**19 530**	**21 611**	**22 705**	**22 825**	**24 286**	**24 980**	**27 678**	**29 796**
Manufacturing	12 070	12 743	14 614	15 696	14 820	14 552	15 084	15 112	16 975	17 657
Electricity, gas and water	1 959	2 146	2 358	2 534	3 611	4 494	4 967	5 766	5 955	7 245
Construction	1 370	1 797	2 558	3 381	4 275	3 779	4 236	4 102	4 748	4 894
Tertiary industries	**49 509**	**59 131**	**64 425**	**71 737**	**76 927**	**85 219**	**91 127**	**96 129**	**104 541**	**110 426**
Trade, catering and accommodation	9 027	12 340	12 475	15 940	18 081	22 646	22 280	22 735	23 656	24 800
Transport, storage and communication	7 701	10 381	11 142	11 816	11 565	11 563	13 100	14 607	16 377	17 739
Finance, real estate and business services	12 222	14 679	17 221	18 562	19 195	20 495	21 622	22 211	24 374	25 384
Personal services	9 085	9 510	9 940	9 498	10 024	9 992	11 377	11 993	12 987	13 640
General government services	11 474	12 221	13 648	15 920	18 062	20 523	22 748	24 583	27 147	28 862
All industries at basic prices	**76 797**	**90 742**	**102 072**	**117 753**	**123 591**	**133 625**	**141 608**	**147 612**	**160 470**	**169 208**
Taxes less subsidies on products	8 658	10 480	11 942	11 972	12 347	13 564	15 962	16 303	18 669	19 975
GDPR at market prices	**85 456**	**101 223**	**114 014**	**129 725**	**135 939**	**147 190**	**157 570**	**163 916**	**179 139**	**189 183**

Source: Stats SA, GDP, First Quarter, 2016

Free State GDPR by activity

Table 8: (Current prices – Percentage contributions)

Industry	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Primary Industries	**13.9**	**14.7**	**15.9**	**18.8**	**17.6**	**17.4**	**16.6**	**16.2**	**15.8**	**15.3**
Agriculture, forestry and fishing	3.6	4.0	4.5	5.8	5.5	4.5	4.3	4.1	4.0	4.3
Mining and quarrying	10.3	10.7	11.4	13.0	12.1	12.8	12.3	12.0	11.7	11.0
Secondary Industries	**18.0**	**16.5**	**17.1**	**16.7**	**16.7**	**15.5**	**15.4**	**15.2**	**15.5**	**15.7**
Manufacturing	14.1	12.6	12.8	12.1	10.9	9.9	9.6	9.2	9.5	9.3
Electricity, gas and water	2.3	2.1	2.1	2.0	2.7	3.1	3.2	3.5	3.3	3.8
Construction	1.6	1.8	2.2	2.6	3.1	2.6	2.7	2.5	2.7	2.6
Tertiary industries	**57.9**	**58.4**	**56.5**	**55.3**	**56.6**	**57.9**	**57.8**	**58.6**	**58.4**	**58.4**
Trade, catering and accommodation	10.6	12.2	10.9	12.3	13.3	15.4	14.1	13.9	13.2	13.1
Transport, storage and communication	9.0	10.3	9.8	9.1	8.5	7.9	8.3	8.9	9.1	9.4
Finance, real estate and business services	14.3	14.5	15.1	14.3	14.1	13.9	13.7	13.5	13.6	13.4
Personal services	10.6	9.4	8.7	7.3	7.4	6.8	7.2	7.3	7.2	7.2
General government services	13.4	12.1	12.0	12.3	13.3	13.9	14.4	15.0	15.2	15.3
All industries at basic prices	**89.9**	**89.6**	**89.5**	**90.8**	**90.9**	**90.8**	**89.9**	**90.1**	**89.6**	**89.4**
Taxes less subsidies on products	10.1	10.4	10.5	9.2	9.1	9.2	10.1	9.9	10.4	10.6
GDPR at market prices	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Stats SA, GDP, First Quarter, 2016