

FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

SECOND QUARTER
2022

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Definitions of Labour Market Terms and Indicators

1. **Discouraged work-seeker** is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work.
2. **Economic activities** are those that contribute to the production of goods and services in the country. There are two types of economic activities, namely: (1) Market production activities (work done for others and usually associated with pay or profit); and (2) Non-market production activities (work done for the benefit of the household, e.g. subsistence farming).
3. **Employed persons** are those aged 15–64 years who, during the reference week, did any work for at least one hour, or had a job or business but were not at work (temporarily absent).
4. **Employment-to-population ratio** (labour absorption rate) is the proportion of the working-age population that is employed.
5. **Informal employment** identifies persons who are in precarious employment situations irrespective of whether or not the entity for which they work is in the formal or informal sector. Persons in informal employment, comprise all persons in the informal sector, employees in the formal sector, and persons working in private households who are not entitled to basic benefits such as pension or medical aid contributions from their employer, and who do not have a written contract of employment.
6. **Informal sector** has two components, namely:
 - a) Employees working in establishments that employ fewer than five employees, who do not deduct income tax from their salaries/wages; and
 - b) Employers, own-account workers and persons who are helping and getting unpaid in their household business and are not registered for either income tax or value-added tax.
7. The **labour force** comprises all persons who are employed plus all unemployed persons.
8. **Labour force participation rate** is the proportion of the working-age population that is either employed or unemployed.
9. **Long-term unemployment** refers to persons among the unemployed who were without work and trying to find a job or start a business for one year or more.
10. **Not in education and not in employment (NEET)** comprises persons who are not in any form of education or training and not in employment.
11. **Not economically active** refers to persons aged 15–64 years who are neither employed nor unemployed in the reference week.
12. **Underemployment** (time-related) includes employed persons who were willing and available to work additional hours, whose total number of hours worked during the reference period was below 35 hours per week.
13. **Underutilized labour** comprises three groups that are defined as follows: under-employed, persons who are unemployed, and persons who are discouraged.
14. **Unemployed persons** are those (aged 15–64 years) who:
 - a) Were not employed in the reference week; and
 - b) Actively looked for work or tried to start a business in the four weeks preceding the survey interview; and
 - c) Were available for work, i.e. would have been able to start work or a business in the reference week; or
 - d) Had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and where available.
15. **Unemployment rate** is the proportion of the labour force that is unemployed.
 - a) **Official unemployment rate** includes only the unemployed who are actively searching for work, thus excluding the discouraged.
 - b) **Expanded unemployment rate** includes the unemployed who are actively searching for work and those who are not actively searching.
16. The **working-age population** comprises all persons aged 15–64 years.

Source: Statistics South Africa

Quick hard facts

- The unemployment rate in South Africa has eased to 33.9% in 2022:Q2, down from 34.5% in 2021:Q1, and a record high of 35.3% in 2021:Q4. A large number of people moved from the "not economically active" category to the "economically active" category between the two quarters. The number of inactive people decreased by 636 000 (-3.7%), while the number of unemployed and employed people increased by 132 000 (1.7%) and 648 000 (4.3%), respectively. Year on year, the unemployment rate is about 0.5 percentage points lower than the previous year.
- All sectors of the economy have created jobs in this quarter, in South Africa, compared to the previous quarter. The formal sector has created the highest number of jobs (420 000), followed by the informal sector (147 000 jobs), private households (52 000) and agriculture (30 000).
- The number of employed persons increased in all provinces between 2022:Q1 and 2022:Q2, except for the Northern Cape which recorded a decrease of 3 000 jobs over the review period. The largest employment increases were recorded in Gauteng (201 000), Limpopo (126 000) and KwaZulu-Natal (110 000). Free State province created about 26 000 jobs.
- The Free State's official unemployment rate increased by 1.3 percentage points from 31.1% in 2022:Q1 to 32.4% in 2022:Q2. The rate of unemployment amongst women also increased by 1.5 percentage points, from 36.3% to 37.8%, while the unemployment rate among men increased by 1.2 percentage points, from 27.1% to 28.3% in the same period.
- Total employment in the Free State grew by 3.3% between the first and second quarters of 2022. The formal sector created about 7 000 jobs. The informal sector on the other hand created 14 000 jobs, while the agricultural sector created 2 000 jobs and private households generated 4 000 jobs.
- Seven of the ten industries in the Free State reported employment increases quarter-to-quarter. Construction (12 000), finance (7 000) and transport (5 000) created the most jobs in the province, while trade (-8 000), and manufacturing (-1 000) shed jobs in 2022:Q2.
- On employment by industry and gender in the Free State, more men (489 000) were employed relative to women (317 000). In 2022:Q2, female employment increased by 7 000, while male employment increased by 19 000, compared to the previous quarter. Year-on-year, the number of women in employment decreased by 5 000, whereas the number of men in employment increased by 89 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 44.1% in 2022:Q2, which is 11.7 percentage points above the provincial rate (32.4%). The unemployment rate decreased across all age cohorts, except the 35 to 44 years age cohort.

1.1 Economic growth outlook in South Africa

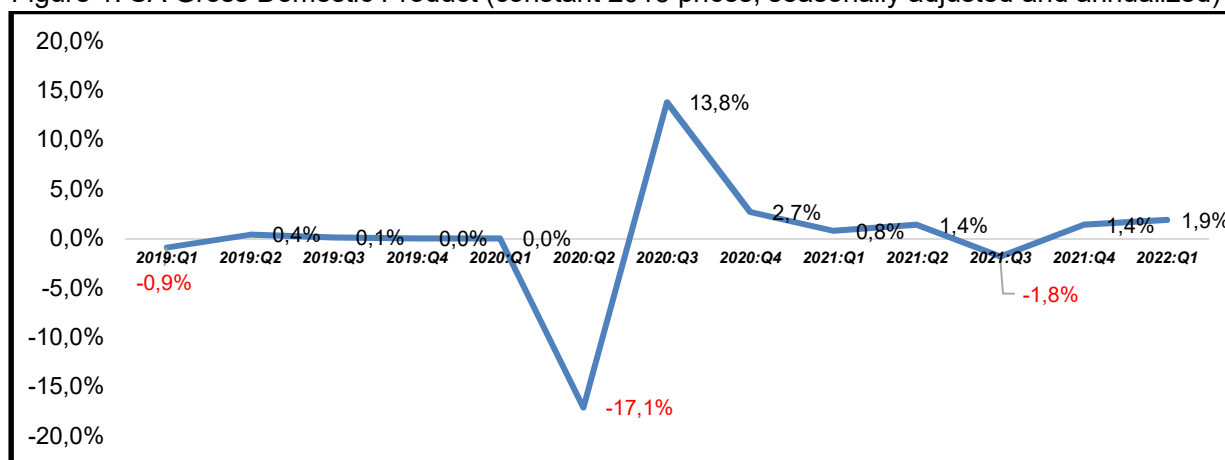
The global economy is facing an increasingly gloomy and uncertain outlook as it is still reeling from the COVID-19 pandemic and Russia's invasion of Ukraine (IMF, 2022). The world is overburdened by high commodity prices, supply chain disruptions, increasing food insecurity and poverty, high inflation, tighter financial conditions and heightening policy uncertainty. Subsequently, global economic growth is expected to decline in 2022. The global growth is expected to slow sharply from 6.1% in 2021 to 3.2% in 2022 and decelerate further to 2.9% in 2023.

Meanwhile, the outlook of advanced economies was 2.5% in 2022 (5.2% in 2021) due to various downside risks, including intensifying geopolitical tensions, reduced household purchasing power and tightening monetary policy. The growth is expected to drop further to 1.4% in 2023 due to growing stagflationary headwinds and rising financial instability.

Growth in emerging markets and developing economies (EMDEs) in 2022 has been downgraded to 3.6% (6.8% in 2021), as negative spillovers from the invasion of Ukraine more than offset any near-term boost to some commodity exporters from higher energy prices. Thereafter, the growth is forecasted to accelerate to 3.9% in 2023. The invasion of Ukraine has also led to a significant increase in agricultural commodity prices, which is exacerbating food insecurity and extreme poverty in many EMDEs.

Growth in Sub-Saharan Africa (SSA) is projected to slow down to 3.8% in 2022 (4.6% in 2021), due to forecast downgrades in over 60% of regional economies. Price pressures, partly induced by Russia's invasion of Ukraine, are sharply reducing food affordability and real incomes across the region. Growth is projected to firm slightly to an average of 4.0% in 2023, assuming further progress with pandemic containment, favourable terms of trade in commodity exporters, and a gradual easing of global food price pressures (IMF, 2022). Furthermore, IMF expects South Africa's economy to decelerate to 2.3% in 2022 (4.9% in 2021) and weaken further to 1.4% in 2023, speculating further electricity constraints and high inflation.

Figure 1: SA Gross Domestic Product (constant 2015 prices, seasonally adjusted and annualized)



Source: Statistics South Africa, Gross Domestic Product, 2022:Q1

According to Statistics South Africa (2022:Q1), the real gross domestic product (GDP) grew by 1.9% compared with the revised growth of 1.4% in 2021:Q4. Eight industries recorded positive growth during this period. The manufacturing industry reported the highest growth of almost 5%, driven by a rise in the production of petroleum and chemicals, food and beverages, and metals and machinery.

1.2 South Africa's Labour Market Overview

The 2022 socio-economic challenges in South Africa were mostly triggered by domestic and global events. The economic effects of the pandemic, the Russia-Ukraine war and inadequate electricity supply - with the highest levels of load-shedding, led to business interruptions and the shedding of jobs. More rapid implementation of economic reforms by the government (Economic Reconstruction and Recovery Plan), could lead to higher levels of economic growth over the long term and more job opportunities.

Table 1: South Africa's labour market at a glance

	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Population 15-64 yrs	39 599	40 033	40 177	145	578	0,4	1,5
Labour Force	22 768	22 776	23 556	780	788	3,4	3,5
Employed	14 942	14 914	15 562	648	620	4,3	4,1
Formal sector (Non-agricultural)	10 200	10 179	10 599	420	399	4,1	3,9
Informal sector (Non-agricultural)	2 686	2 818	2 965	147	279	5,2	10,4
Agriculture	862	844	874	30	12	3,6	1,4
Private households	1 194	1 072	1 124	52	-70	4,9	-5,9
Unemployed	7 826	7 862	7 994	132	168	1,7	2,1
Not economically active	16 832	17 257	16 621	-636	-211	-3,7	-1,3
Discouraged work-seekers	3 317	3 752	3 568	-184	251	-4,9	7,6
Other(not economically active)	13 515	13 505	13 053	-452	-462	-3,3	-3,4
Rates (%)							
<i>Unemployment rate</i>	34,4	34,5	33,9	-0,6	-0,5		
<i>Employed / population ratio (Absorption)</i>	37,7	37,3	38,7	1,4	1,0		
<i>Labour force participation rate</i>	57,5	56,9	58,6	1,7	1,1		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

Statistics South Africa (2022) pronounced that South Africa's unemployment rate decreased from 34.5% in 2022:Q1 to 33.9% in 2022:Q2. Under the expanded definition, which includes discouraged job-seekers, the rate decreased by 1.4 percentage points to 44.1%, as the number of discouraged work-seekers declined.

As shown in Table 1 above, the working-age population increased by 145 000 (or 0.4%) in 2022:Q2 compared to 2022:Q1. A large number of people moved from the "not economically active" category to the "employed" and "unemployed" statuses between the two quarters. The number of employed people increased by 648 000 (or 4.3%), while the number of unemployed people increased by 132 000 (or 1.7%), resulting in the increase of 780 000 (3.4%) in the number of people in the labour force during the period under review. A third of the economically active population has no jobs. Both the employment rate and the labour force participation rate increased by 1.4, and 1.7 percentage points respectively, while the unemployment rate decreased by 0.6 percentage points.

1.3 Cross-Provincial Labour Market Performance

A recent survey by the Department of Trade, Industry and Competition (2022), states that the floods in KwaZulu-Natal had affected about 30 000 jobs with eThekweni accounting for 68% of the jobs affected. Manufacturing has been badly impacted with temporary closures leaving employees across the industry out of work and without pay for at least three months. However, according to Statistics South Africa (2022), KwaZulu-Natal created 110 000 more jobs between April and June 2022.

1.3.1. Employment Levels

Between 2022:Q1 and 2022:Q2, employment increased in eight provinces, except for Northern Cape. South Africa created a total number of about 648 000 jobs in this quarter. The largest employment increases were recorded in Gauteng (201 000), Limpopo (126 000) and KwaZulu-Natal (110 000). Free State province created about 26 000 jobs. Northern Cape was the only province that shed jobs, equivalent to 3 000.

Table 2: Employment by Province

Province	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
South Africa	14 942	14 914	15 562	648	620	4,3	4,1
Western Cape	2 256	2 298	2 344	46	88	2,0	3,9
Eastern Cape	1 235	1 293	1 343	50	108	3,9	8,7
Northern Cape	256	321	318	-3	62	-0,9	24,2
Free State	723	781	807	26	84	3,3	11,6
KwaZulu-Natal	2 421	2 371	2 481	110	60	4,6	2,5
North West	979	917	924	7	-55	0,8	-5,6
Gauteng	4 648	4 586	4 787	201	139	4,4	3,0
Mpumalanga	1 166	1 082	1 167	85	1	7,9	0,1
Limpopo	1 257	1 265	1 391	126	134	10,0	10,7

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

As compared to 2021:Q2, employment again increased in eight provinces to a total of 620 000 more jobs. The highest employment increases were recorded in Gauteng (139 000), Limpopo (134 000) and Eastern Cape (108 000). During this period, Free State created about 84 000 jobs. North West was the only province that shed about 55 000 jobs.

1.3.2. Unemployment Rate

One of the pressing challenges for both youths and adults is criminal records. These records are a hindrance for job-seekers. The vetting by employers is a predicament to many as the system blocks most from accessing employment and funding for businesses. Offenders find themselves in a dilemma which could drive them back to criminal activities. According to the Department of Justice, a person can apply to have the criminal record expunged when 10 years have passed after the date of the conviction for that offence and has not been convicted and sentenced to a period of imprisonment without the option of a fine during those 10 years. Most of the offenders remained unemployed during this waiting period.

A decrease of 0.6 percentage points in the unemployment rate to 33.9%, was a result of a higher number of the inactive population moving to the unemployed status between 2022:Q1 and 2022:Q2. The quarterly decrease in the official unemployment rate was observed in five provinces. The official unemployment rate of Mpumalanga decreased the most by -2.5 percentage points, followed by Gauteng (-2.3 percentage points) and Eastern Cape and Northern Cape (-1.2 percentage points, each). On the contrary, Western Cape and North West recorded increases of 2.3 percentage points and 2.1 percentage points respectively, while Free State increased by 1.3 percentage points.

In comparison to the same period last year, the national official unemployment rate decreased by 0.5 percentage points. During this period, the official unemployment rate declined in five provinces. The highest decreases were in Northern Cape (-4.4 percentage points), Eastern Cape (-4.3 percentage points) and Free State (-4.1 percentage points). Inversely, Limpopo, Western Cape and Mpumalanga have experienced unemployment rate increases of 5.9 percentage points, 1.7 percentage points and 0.9 percentage points, respectively. Eastern Cape continued recording the highest unemployment rate in the country (42.8%), followed by Limpopo (36.3%) and Mpumalanga (36.1%). Free State's unemployment rate (32.4%) is currently ranked the sixth highest (fourth lowest) in the country.

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	34,4	34,5	33,9	-0,6	-0,5	44,4	45,5	44,1	-1,4	-0,3
Western Cape	25,8	25,2	27,5	2,3	1,7	29,1	29,0	31,3	2,3	2,2
Eastern Cape	47,1	44,0	42,8	-1,2	-4,3	53,0	52,6	51,8	-0,8	-1,2
Northern Cape	28,1	24,9	23,7	-1,2	-4,4	50,3	44,4	46,3	1,9	-4,0
Free State	36,5	31,1	32,4	1,3	-4,1	45,2	40,5	40,3	-0,2	-4,9
KwaZulu-Natal	32,5	33,2	32,7	-0,5	0,2	47,1	50,4	49,4	-1,0	2,3
North West	35,2	30,1	32,2	2,1	-3,0	46,9	49,2	49,2	0,0	2,3
Gauteng	35,4	36,7	34,4	-2,3	-1,0	42,7	43,4	40,8	-2,6	-1,9
Mpumalanga	35,2	38,6	36,1	-2,5	0,9	46,5	51,6	48,1	-3,5	1,6
Limpopo	30,4	35,6	36,3	0,7	5,9	49,9	50,9	47,5	-3,4	-2,4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

The national expanded unemployment rate decreased by 1.4 percentage points from 45.5% to 44.1% between 2022:Q1 and 2022:Q2. During the same period, the expanded unemployment rate decreased in six provinces. The largest decrease of 3.5 percentage points was recorded in Mpumalanga, followed by Limpopo (-3.4 percentage points) and Gauteng (-2.6 percentage points). On a year-on-year basis, the expanded unemployment rate declined nationally by 0.3 percentage points, due to the declines recorded in five provinces. The Free State Province recorded the highest decline in the expanded unemployment rate of -4.9 percentage points.

1.4 Decomposition of the Free State Labour Market

The Free State labour force rose to 1 193 000, representing an increase of 60 000 economically active population between 2022:Q1 and 2022:Q2 after it declined for two consecutive quarters and six quarters since the emergence of the COVID-19 pandemic. Regrettably, the labour force has not yet returned to the pre-pandemic level, which was 1 228 000 in 2020:Q1. Within the labour force, the

number of unemployed increased by 34 000 people (from 352 000 to 386 000), whilst the number of employed increased by 26 000 (from 781 000 to 807 000) in 2022:Q2. This translates into an official unemployment rate of 32.4%, 41.9% employment rate (absorption rate) and 61.9% labour force participation rate for the Free State.

As illustrated in Table 4 below, the inactive population in Free State decreased by 7.3% in 2022:Q2, which translates to 58 000 less inactive population in the province.

Table 4: Free State labour force characteristics

	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Population 15-64 yrs	1 920	1 925	1 927	2	7	0,1	0,4
Labour Force	1 138	1 133	1 193	60	55	5,3	4,8
Employed	723	781	807	26	84	3,3	11,6
Formal sector (Non-agricultural)	457	486	493	7	36	1,4	7,9
Informal sector (Non-agricultural)	108	135	149	14	41	10,5	38,0
Agriculture	74	84	86	2	12	2,1	16,3
Private households	84	76	78	3	-5	3,8	-6,4
Unemployed	415	352	386	34	-29	9,7	-7,0
Not economically active	782	792	734	-58	-48	-7,3	-6,1
Discouraged work-seekers	145	140	134	-6	-11	-4,1	-7,6
Other(not economically active)	636	652	600	-52	-36	-8,0	-5,7
Rates (%)							
Unemployment rate	36,5	31,1	32,4	1,3	-4,1		
Employed / population ratio (Absorption)	37,7	40,6	41,9	1,3	4,2		
Labour force participation rate	59,3	58,9	61,9	3,0	2,6		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

As compared to 2021:Q2, the provincial labour force in 2022:Q2 increased by about 55 000 economically active population. At the same time, the number of employed increased by 84 000 workers (or 11.6%), while the province's unemployment level decreased by 29 000 (or -7.0%).

1.4.1. Employment in the Free State Province

Free State Province had about 807 000 people employed in 2022:Q2, of which 61.1% (493 000) of the jobs were in the formal sector, 18.5% (149 000) were in the informal sector, 10.7% (86 000) were in the agricultural sector and 9.7% (78 000) in the private households. In the period under review, jobs were created in all sectors, with informal (14 000) and formal (7 000) sectors creating the most jobs. On a year-on-year basis, roughly 84 000 jobs were created in the Free State, in the formal, informal and agricultural sectors, while the private households shed about 5 000 jobs.

Meanwhile, the biggest employer in the province in the second quarter of 2022 was the community and social services industry with about 224 000 jobs, followed by trade (173 000) as well as agriculture (86 000). The emergent agricultural sector has the potential to contribute to the growth of the province, and the reduction of unemployment and poverty. The last time the industry reached peak employment was in 2018:Q1 with 92 000 jobs. The utilities (water, gas and electricity) industry remained the smallest employer with about 10 000 people, followed by mining (21 000) and transport (42 000).

Based on a quarter-to-quarter analysis, the largest gains in employment were recorded in construction (12 000), finance (7 000) as well as transport (5 000). Jobs were shed in trade (-8 000), and manufacturing (-1 000) industries. Year-on-year, the largest gains in employment were recorded in the community and social services (30 000), trade (18 000) as well as construction (16 000) industries. Conversely, only two industries shed jobs, which were transport (7 000) and private households (5 000).

Table 5: Free State employment by industry/sector

Industry	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
All	723	781	807	26	84	3,3	11,6
Agriculture	74	84	86	2	12	2,1	16,3
Mining	18	18	21	3	3	16,7	14,3
Manufacturing	45	52	51	-1	7	-2,4	14,6
Utilities	5	9	10	0	5	4,4	100,6
Construction	34	38	50	12	16	31,6	45,8
Trade	155	181	173	-8	18	-4,3	11,5
Transport	49	37	42	5	-7	14,1	-14,0
Finance	65	64	71	7	6	10,6	9,6
Community and social services	195	222	224	2	30	1,0	15,3
Private households	84	76	78	3	-5	3,8	-6,4

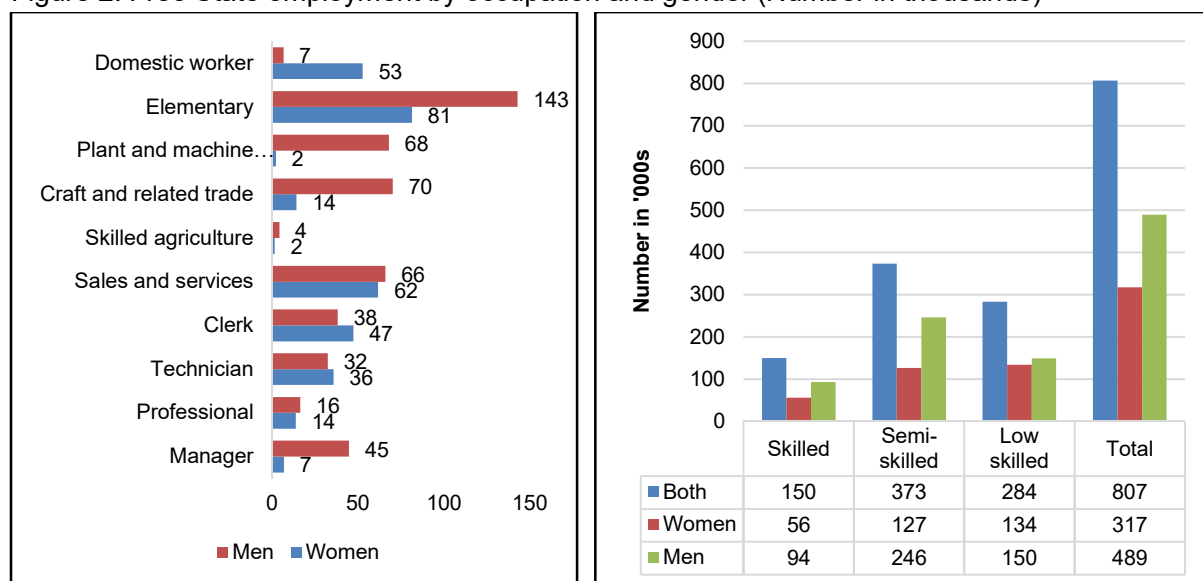
Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

Figure 2 below presents employment by gender and occupation in 2022:Q2. Women are dominant in three occupations (technician, clerical, and domestic), while men lead in seven occupations, namely; management, professional, skilled agriculture, sales and services, craft and related trade, plant and machine operator and elementary in the province. According to Statistics South Africa, managers, professionals and technicians are considered skilled; clerks, sales and services, skilled agriculture, craft and related trade, and plant and machine operator are considered semi-skilled; while elementary and domestic workers are considered low skilled.

Notably, few women are employed in the province than men are. Women accounted for 39.3% of total employment, while men accounted for 60.7% in the second quarter of 2022. Free State is dominated by semi-skilled workers who accounted for 46.3% of total workers, followed by low-skilled workers (35.1%) and skilled workers (18.6%).

During 2022:Q2, there were 56 000 women employed as skilled workers (17.8%), 127 000 women employed as semi-skilled workers (40.0%) and 134 000 women employed as low-skilled workers (42.2%). In the same period, the employment of women increased by 7 000, while the employment of men increased by about 19 000 people in comparison to 2022:Q1. Currently, employment amongst women stands at 317 000, whereas employment amongst men is at 489 000. The provincial unemployment rate of women had increased by 1.5 percentage points, while the unemployment rate of men increased by 1.2 percentage points.

Figure 2: Free State employment by occupation and gender (Number in thousands)



Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

The current provincial labour force participation rate for women is about 53.9%, whereas for men it is 69.6%. This shows that more women relative to men, were not economically active and were discouraged to look for employment.

1.4.2. Unemployment in the Free State Province

Table 6 below presents the characteristics of the unemployed in the Free State province. The unemployed in Free State increased on a quarter-to-quarter basis by 34 000 (or 9.7%), which was mainly driven by new entrants and the “other” unemployed. Year-on-year, job losers, job leavers and re-entrants drove unemployment to decrease by 29 000 (-7.0%).

Table 6: Free State characteristics of the unemployed

Unemployed	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
All	415	352	386	34	-29	9,7	-7,0
Job losers	163	112	110	-2	-54	-2,1	-33,0
Job leavers	14	9	12	3	-2	27,7	-15,7
New entrants	166	156	172	16	5	10,4	3,3
Re-entrants	7	3	4	1	-3	41,6	-48,2
Other	64	73	89	17	25	22,8	38,9

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

Table 7 below depicts the unemployment rate by age group in the Free State. Out of the 386 000 unemployed people in the province, 286 000 are under the age of 35 years, which is equivalent to 61.7% of the unemployed population.

While the overall official unemployment rate in the province is 32.4%, the rate among the youth, 15-24 years remains the highest at about 62.6%. This is followed by a 37.3% rate in the 25 to 34 years

age category. Compared to the previous quarter, the official unemployment rate increased by 1.3 percentage points in the Free State province. The unemployment rate increased only in the age cohort of 35 to 44 years, by 5.2 percentage points, while in other age categories rates declined. The year-on-year, unemployment rate decreased significantly by 4.1 percentage points, due to the persistent fall in the 25 to 34 years age category by 11.5%.

Table 7: Free State official unemployment rate by age group

Age categories	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change
	Per cent			Percentage change	
15-64 years	36,5	31,1	32,4	1,3	-4,1
15-24 years	67,3	65,4	62,6	-2,8	-4,7
25-34 years	48,8	38,2	37,3	-0,9	-11,5
35-44 years	30,3	23,0	28,2	5,2	-2,1
45-54 years	23,4	18,8	18,6	-0,2	-4,8
55-64 years	7,0	14,1	13,0	-1,1	6,0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

Education has a substantial impact on employment prospects. Out of 386 000 unemployed population in 2022:Q2, about 1 000 had *no schooling*, 29 000 had *less than primary completed*, 16 000 had *primary completed*, and 169 000 had *secondary not completed*. Those with post-secondary (*tertiary* education) amounted to 27 000 in 2022:Q2. About 55.7% of the unemployed in the province have pre-secondary education, while about 44.3% have post-secondary education.

Table 8: The highest level of education of the unemployed

Highest level of education of the unemployed	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand					Percent	
All	415	352	386	34	-29	9,7	-7,0
No schooling	1	0	1	1	0	393,0	-26,4
Less than primary completed	13	19	29	10	17	54,3	129,4
Primary completed	8	8	16	8	8	101,0	93,9
Secondary not completed	205	165	169	4	-36	2,2	-17,5
Secondary completed	148	127	143	16	-5	12,7	-3,3
Tertiary	40	33	27	-6	-13	-17,7	-32,0
Other	0		1	1	0	0,0	0,0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

Across both genders, persons with a low level of education have few chances of finding employment than those with a higher level. Education plays a significant role in every person's life. It has a strong potential to address most challenges by enhancing a variety of skills. It helps build character, opinions, and intellect.

1.4.3. Not in Education, Employment or Training (NEET)

Concern with youth unemployment has been accompanied by increasing focus on those, *not in education, employment or training*. In the second quarter of 2022, there was no change in the NEET population, but there was an exchange in gender structure, whereby, 19 000 fewer women exited the group, whilst 19 000 more men entered.

Table 9: Free State profile of economically active group not in education and not in employment (NEET)

	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change	
	Thousand				Percent			
Both sexes	857	843	843	0	-14	0,0	-1,6	
Women	492	504	485	-19	-7	-3,8	-1,4	
Men	365	339	358	19	-6	5,5	-1,8	
Age group	857	843	843	0	-14	0,0	-1,6	
15-24 years	161	174	177	3	16	1,8	9,9	
25-34 years	283	256	249	-7	-34	-2,8	-11,9	
35-44 years	191	162	176	13	-16	8,1	-8,1	
45-54 years	116	123	118	-5	2	-4,0	1,8	
55-64 years	106	128	124	-4	18	-3,5	16,5	
Population groups	857	843	843	0	-14	0,0	-1,6	
Black/African	808	784	779	-6	-30	-0,7	-3,7	
Coloured	26	22	19	-2	-7	-11,3	-26,9	
Indian/Asian	4	7	8	1	3	0,0	0,0	
White	17	30	37	7	20	23,4	115,0	

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

There were approximately 426 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2022:Q2, with 177 000 aged 15 to 24 years and 249 000 aged 25 to 34 years. In comparison to 2022:Q1, the number of NEETs in the Free State remains unchanged at 843 000. The 843 000 of the NEET cohort constituted 43.7% of the province's working age population, of which 57.5% of them were female, 92.3% were African and 50.5% were between the ages of 15 and 34 years. There is a need for place-based targeted interventions to help different young NEETs successfully enter the labour market or re-engage in education and training activities.

1.4.4. Not Economically Active (NEA) in the Free State Province

Approximately 38.1% of the working-age population in the province were economically inactive in 2022:Q2. *Students, discouraged work seekers* and those who were *ill or disabled* made up the top three reasons for economic inactivity in the province. In 2022:Q2, *students* accounted for 37.7% of the inactive population, while *discouraged work seekers* accounted for 18.3% and those who were *ill or disabled* accounted for 14.5%.

Table 10: Free State characteristics of the not economically active (NEA) population

	Apr-Jun 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year-on- year change	Qrt to Qrt change	Year-on- year change
	Thousand				Percent		
Not economically active	782	792	734	-58	-48	-7,3	-6,1
Student	342	303	277	-26	-65	-8,5	-19,0
Home-maker	77	91	81	-10	4	-10,6	5,2
Illness/disability	90	109	106	-3	16	-2,3	17,7
Too old/young to work	77	82	79	-3	2	-3,1	2,9
Discouraged work seekers	145	140	134	-6	-11	-4,1	-7,6
Other	51	68	57	-11	6	-16,8	12,4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

The NEA population of the province decreased by 48 000 (-6.1%) between 2021:Q2 and 2022:Q2, due to the decrease in the high number of students and discouraged work seekers.

1.5 Concluding Remarks

The unemployment rate in South Africa has eased further to 33.9% in 2022:Q2, the second decline in seven quarters, down from a record high of 35.3% in 2021:Q4 as a large number of persons moved from the *not economically active* to *unemployed* and the *employed* statuses. About 132 000 more people were unemployed and about 648 000 more workers were employed in South Africa.

Across the nine provinces of SA, Northern Cape recorded the lowest unemployment rate of about 23.7%, followed by the Western Cape at 27.5% and the North West at 32.2%. The Eastern Cape had the highest provincial unemployment rate at 42.8% in 2022:Q2, followed by Limpopo at 36.3% and Mpumalanga at 36.1%.

In Free State, the number of unemployed people increased by 34 000 (from 352 000 to 386 000) whilst those that were employed increased by 26 000 (from 781 000 to 807 000). Consequently, the economically active population in the labour force increased by 60 000. Jobs were created mostly in construction (12 000), finance (7 000) and transport (5 000).

1.6 Policy imperatives

- **THE INFORMAL SECTOR HAS GROWN SIGNIFICANTLY**

Public and private institutions can improve productivity and incomes in the informal sector through skills development. Shortfalls in skills in the informal sector are largely due to low education of prospective workers/owners, unequal access to training, underdeveloped markets, lack of attention by public training providers, and market constraints affecting small and household enterprises. Governments could successfully fund and promote private investment in skills development by offering grants for training and business materials to groups of individuals seeking vocational training for small-scale businesses.

- **AGRICULTURE CONTINUES TO FLOURISH**

The province could improve more on agriculture by implementing the national master plan.

Master plan objectives:

- Promote transformation in agriculture and agro-processing sectors;
- Increase food security in South Africa;
- Accelerate the opening of markets and better access conditions;
- Enhance competitiveness and entrepreneurial opportunities through technological innovations, infrastructure development and digitalization;
- Create effective farmer support, agro-processing, food wholesale and retail incentives;
- Create decent and inclusive employment, and improve working conditions and decent pay in the sector including in the face of climate change and technology innovations;
- Increase farming community safety and reduce stock theft;
- Create a capable state and enabling policy environment; and
- Enhance resilience to climate change and management of natural resources

References

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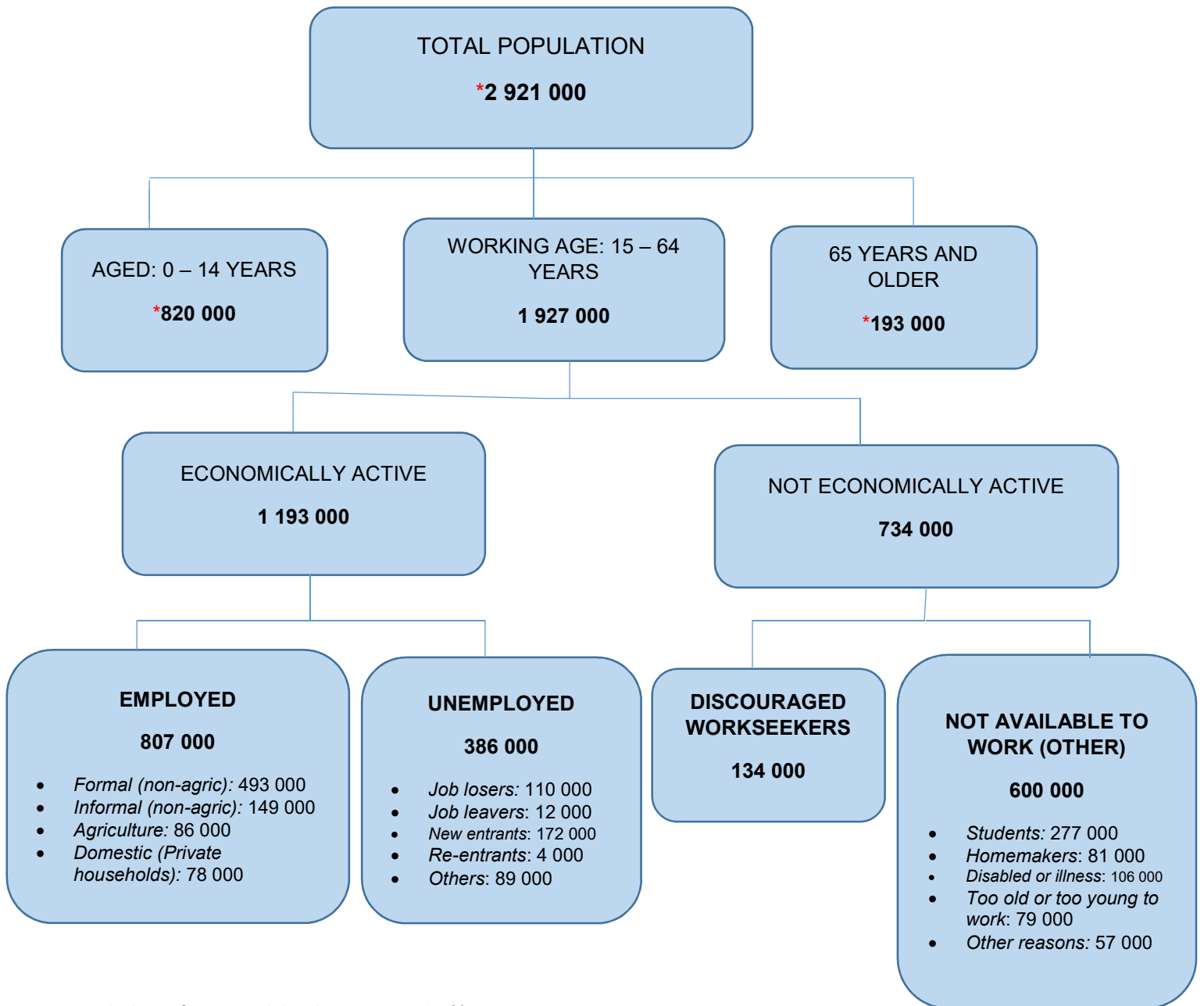
[3] Statistics South Africa. (2021). "Mid-year Population Estimates", July 2022, South Africa: Pretoria.

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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2022: Q2



Labour force participation rate = 61.9%

Absorption rate = 41.9%

Official unemployment rate = 32.4%

Expanded unemployment rate = 40.3%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q2

Note: () Mid-year population estimates, July 2022 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*