

FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

FOURTH 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 32.7% in 2022:Q4, from 32.9% in 2022:Q3. A large number of people moved from the "*not economically active*" category to the "*economically active*" category between the two quarters. The number of the inactive population decreased by 57 000 (-0.3%), while the economically active population increased by 197 000 (0.8%). Year on year, the unemployment rate is about 2.6 percentage points higher than the previous year.
- The formal and private households' sectors have created jobs in this quarter, in South Africa, compared to the previous quarter. The formal sector has created the highest number of jobs (142 000), while the private households' created about 54 000 jobs. Informal and agricultural sectors shed about 16 000 and 13 000 jobs, respectively.
- The number of employed persons increased in five provinces between 2022:Q3 and 2022:Q4. The largest employment increases were recorded in Western Cape (168 000), followed by North West (23 000) and Eastern Cape (20 000). Free State province shed about 4 000 jobs.
- The Free State's official unemployment rate increased by 0.8 percentage points from 33.8% in 2022:Q3 to 34.6% in 2022:Q4. The rate of unemployment amongst women grew by 0.2 percentage points, from 38.9% to 39.1%, while the unemployment rate among men increased by 1.2 percentage points, from 29.7% to 30.9% in the same period.
- Total employment in the Free State declined by 0.4% between the third and fourth quarters of 2022. The formal and agricultural sectors shed about 19 000 and 3 000 jobs, respectively. On the other hand, the informal and private households sectors created about 6 000 and 12 000 jobs, respectively.
- Three of the ten industries in the Free State reported employment decreases quarter-to-quarter. Community and social services (39 000), transport (3 000) and agriculture (3 000) shed jobs in the province, while private households (12 000), manufacturing (11 000) and trade (8 000) generated the most jobs in 2022:Q4.
- On employment by industry and gender in the Free State, more men (462 000) were employed relative to women (332 000). In 2022:Q4, female employment increased by 4 000, while male employment decreased by 7 000, compared to the previous quarter. Year-on-year, the number of women in employment increased by 40 000, whereas the number of men in employment increased by 27 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 47.1% in 2022:Q4, which is 12.5 percentage points above the provincial rate (34.6%).

1.1 Economic growth outlook in South Africa

Global growth is estimated to decline to 2.9% in 2022 (from 5.9% in 2021) and is expected to decelerate further in 2023 to 1.7% - its third weakest pace in nearly three decades, overshadowed only by the 2009 financial crisis and 2020 global recessions caused by COVID-19 pandemic (WB, 2023). Policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from the ongoing Russia-Ukraine war continued to weigh heavily on the global outlook. Due to these disruptions, the trading partners of these countries may experience an economic slowdown in 2023.

Moreover, growth in advanced economies is anticipated to slow sharply to 0.5% in 2023 (from 2.5% in 2022). Gas supply to the euro area was disrupted by the Russia-Ukraine war, pushing up energy prices and inflation, hampering industrial production, and stoking uncertainty. Central banks continue to tighten monetary policy to contain inflationary pressures, labour markets soften, and energy market disruptions in Europe persist.

Likewise, the outlook for Emerging Markets and Developing Economies (EMDEs) has deteriorated significantly due to tighter financial conditions and weaker external demand. Inflation in many EMDEs has outpaced nominal wage growth. While, price increases have dented real incomes, particularly for vulnerable households, and weighed on consumption. Overall, growth in EMDEs is estimated at 3.4% in 2022 and is expected to remain the same in 2023.

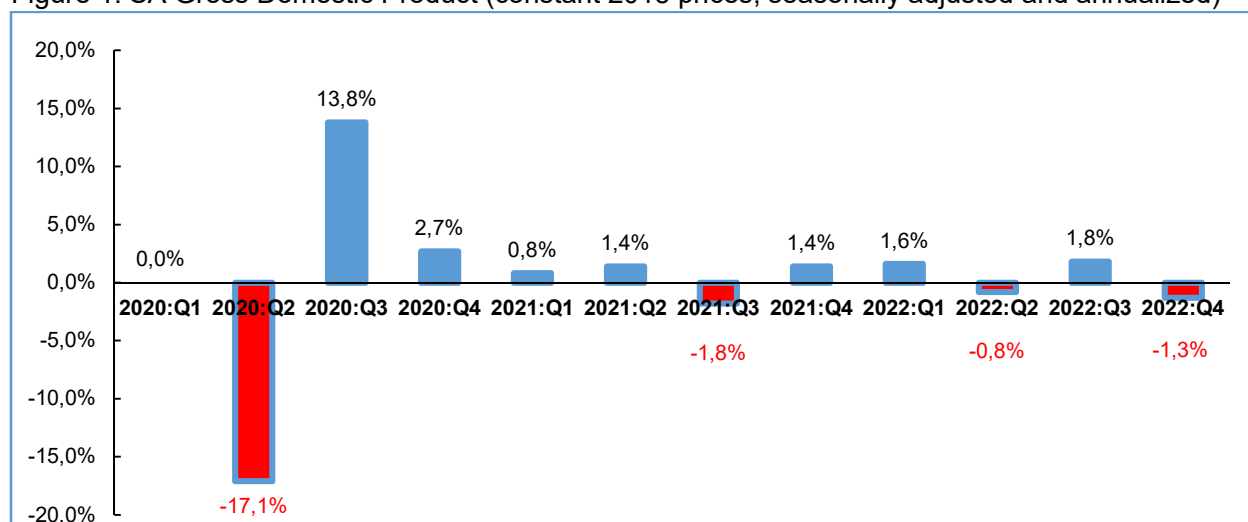
On the other hand, growth in the Sub-Saharan Africa (SSA) region slowed to an estimated 3.4% in 2022 (from 4.3% in 2021), as weakening external demand, high inflation, and tightening global financial conditions dampened regional activity. Soaring food and energy prices, stemming partly from the war in Ukraine, triggered sharp cost-of-living increases across the region, leading to millions more people falling into food insecurity and poverty.

According to the World Bank, growth in South Africa slowed significantly to an estimated 1.9% in 2022 (from 4.9% in 2021). Power outages have also tempered growth in the region's second-largest economy. Capital outflows and shrinking trade surpluses contributed to a depreciation of the rand against the U.S. dollar by nearly 10% in 2022, further adding to price pressures. Annual inflation reached its highest level in over a decade, prompting more policy tightening.

Based on more recent macroeconomic data from Statistics South Africa, South Africa's real gross domestic product (GDP) fell by 1.3%, following an increase of 1.8% in 2022:Q3 (revised figure), with seven industries record negative growth during this period. Specifically, the finance industry decreased by 2.3% and contributed -0.6 of a percentage point to GDP growth, while decreased economic activities were reported for financial intermediation, insurance and pension funding and auxiliary activities.

Also, the trade industry decreased by 2.1% and contributed -0.3 of a percentage point to GDP growth, whereas economic activities in the wholesale trade and catering and accommodation sectors declined. Notably, the mining industry contracted by 3.2% and contributed -0.1 of a percentage point to GDP growth, with a similar decline in economic activities observed in the diamonds, iron ore and platinum group metals sectors.

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



Source: Statistics South Africa (Gross Domestic Product, 2022:Q4)

1.2 South Africa's Labour Market Overview

The actual economic growth rate for South Africa (SA) fell below its potential growth rate in 2022 due to the ongoing load-shedding and is expected to continue to underperform in 2023 as a result of the publicly announced extensive shortage of electricity supply (i.e., rolling blackout) by the national government.

Some large corporations and wealthy households have adapted to the frequent load-shedding by acquiring off-grid power solutions like solar power panels and generators. Although small businesses may have a smaller overall impact on GDP compared to large corporations, still they play a large role in employment, food security and community stability. These small businesses are seeing production downtime, increased supply chain costs, reduced operating hours, and increased security risks due to the lights going out (PwC, 2023).

Statistics South Africa (2022) reported that South Africa's unemployment rate decreased from 32.9% in 2022:Q3 to 32.7% in 2022:Q4. Under the expanded definition (which includes discouraged job-seekers), the rate decreased by 0.5 percentage points to 42.6%, as the number of discouraged work-seekers declined significantly.

As shown in Table 1, the working-age population increased by 140 000 (or 0.3%) in 2022:Q4 compared to 2022:Q3. A large number of people moved from the "*not economically active*" category to the "*economically active*" category between the two quarters. The number of the economically active population increased by 197 000 (or 0.8%), while the number of the not economically active population decreased by 57 000 (or -0.3%), resulting in a decrease of 151 000 (-4.3%) in the number of discouraged work-seekers during the period under review. A third of the economically active population has no jobs. Meanwhile, both the absorption rate and the labour force participation rate increased by 0.3 percentage points and 0.2 percentage points respectively, while the unemployment rate decreased by 0.2 percentage points.

Table 1: South Africa's labour market at a glance, 2021–2022

	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Population 15-64 yrs	39 888	40 322	40 462	140	574	0,3	1,4
Labour Force	22 466	23 491	23 688	197	1 222	0,8	5,4
Employed	14 544	15 765	15 934	169	1 390	1,1	9,6
Formal sector (Non-agricultural)	9 771	10 835	10 977	142	1 206	1,3	12,3
Informal sector (Non-agricultural)	2 647	2 971	2 955	-16	308	-0,5	11,6
Agriculture	868	873	860	-13	-8	-1,5	-0,9
Private households	1 258	1 088	1 142	54	-116	5,0	-9,2
Unemployed	7 921	7 725	7 753	28	-168	0,4	-2,1
Not economically active	17 423	16 831	16 774	-57	-649	-0,3	-3,7
Discouraged work-seekers	3 806	3 514	3 363	-151	-443	-4,3	-11,6
Other(not economically active)	13 617	13 317	13 412	95	-205	0,7	-1,5
Rates (%)							
Unemployment rate	35,3	32,9	32,7	-0,2	-2,6		
Employed / population ratio (Absorption)	36,5	39,1	39,4	0,3	2,9		
Labour force participation rate	56,3	58,3	58,5	0,2	2,2		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4)

1.3 Cross-Provincial Labour Market Performance

Apart from the existing idiosyncratic and structural shocks, the prevailing extensive electricity supply shortage (a.k.a. load-shedding) is the most predominant constraint on both domestic economic growth and employment growth. PwC elucidates that the implementation of rolling power cuts will reduce potential real GDP growth by five percentage points in 2022, with about 600 000 potential job losses.

1.3.1. Employment Levels

Considering the labour data displayed in Table 2, employment increased in five provinces, between 2022:Q3 and 2022:Q4. During this quarter, about 169 000 jobs were created. Particularly, the largest employment growth increase was recorded by the Western Cape province (168 000), followed by North West (23 000) and Eastern Cape (20 000). On the other hand, significant job shedding occurred in provinces like Limpopo (20 000), Gauteng (18 000) and Mpumalanga (13 000). Free State shed about 4 000 jobs.

As compared to 2021:Q4, approximately 1 390 000 more jobs were created in the second quarter of 2022, with the largest employment growth increase recorded in provinces such as Gauteng (381 000), Western Cape (333 000) and Mpumalanga (134 000). Also, during this period, the Free State province created about 67 000 jobs.

Table 2: Employment by Province, 2021–2022

Province	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
South Africa	14 544	15 765	15 934	169	1 390	1,1	9,6
Western Cape	2 263	2 428	2 596	168	333	6,9	14,7
Eastern Cape	1 247	1 360	1 380	20	133	1,5	10,7
Northern Cape	264	324	336	12	72	3,7	27,3
Free State	727	798	794	-4	67	-0,5	9,2
KwaZulu-Natal	2 424	2 539	2 541	2	117	0,1	4,8
North West	858	858	881	23	23	2,7	2,7
Gauteng	4 524	4 923	4 905	-18	381	-0,4	8,4
Mpumalanga	1 052	1 199	1 186	-13	134	-1,1	12,7
Limpopo	1 184	1 337	1 317	-20	133	-1,5	11,2

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

1.3.2. Unemployment Rate

There are two definitions of unemployment used to describe the form of unemployment; the official definition and the expanded definition of unemployment.

Considering the labour data presented in Table 3, South Africa's official unemployment rate contracted by 0.2 percentage points, and a similar quarterly decrease in the official unemployment rate was observed in four provinces. Specifically, the official unemployment rate of the Northern Cape declined the most by 4.3 percentage points, followed by Western Cape and North West (-2.0 percentage points, respectively). On the contrary, Mpumalanga recorded an increase of 1.0 percentage points, while Free State, KwaZulu-Natal and Limpopo recorded an increase of 0.8 percentage points, respectively.

In comparison to the same period last year, the national official unemployment rate shrunk by 2.6 percentage points. During the same period, the official unemployment rate declined in eight provinces. The largest decrease in the unemployment rate was recorded in the Western Cape province (-5.5 percentage points), followed by Mpumalanga (-3.6 percentage points) and Eastern Cape (-2.9 percentage points). Nonetheless, only North West experienced an unemployment rate increase of roughly 3.2 percentage points, while the Eastern Cape province continued to record the highest unemployment rate in the country (42.1%), followed by North West (37.0%) and Mpumalanga (36.1%).

Furthermore, the national expanded unemployment rate decreased by 0.5 percentage points from 43.1% to 42.6% between 2022:Q3 and 2022:Q4. Similarly, during the same period, the expanded unemployment rate decreased in six provinces, with the largest decrease of 3.5 percentage points recorded in the Eastern Cape province, followed by Western Cape (-2.7 percentage points) and Northern Cape (-1.9 percentage points).

On a year-on-year basis, the expanded unemployment rate declined nationally by 3.6 percentage points, due to the declines recorded in eight provinces. Eastern Cape and Northern Cape recorded the highest decline of 6.1 percentage points, respectively, while Gauteng declined by 5.0 percentage

points. North West was the only province that recorded an increase of 2.4 percentage points during this period.

Table 3: Unemployment rates by province, 2021–2022

Province	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	35,3	32,9	32,7	-0,2	-2,6	46,2	43,1	42,6	-0,5	-3,6
Western Cape	28,0	24,5	22,5	-2,0	-5,5	30,4	29,5	26,8	-2,7	-3,6
Eastern Cape	45,0	42,4	42,1	-0,3	-2,9	53,2	50,6	47,1	-3,5	-6,1
Northern Cape	25,0	26,4	22,1	-4,3	-2,9	50,1	45,9	44,0	-1,9	-6,1
Free State	36,7	33,8	34,6	0,8	-2,1	44,2	40,8	39,6	-1,2	-4,6
KwaZulu-Natal	32,4	30,6	31,4	0,8	-1,0	48,7	46,4	47,9	1,5	-0,8
North West	33,8	39,0	37,0	-2,0	3,2	49,9	53,3	52,3	-1,0	2,4
Gauteng	36,6	33,7	34,0	0,3	-2,6	44,4	39,0	39,4	0,4	-5,0
Mpumalanga	39,7	35,1	36,1	1,0	-3,6	52,4	46,5	48,2	1,7	-4,2
Limpopo	33,9	31,0	31,8	0,8	-2,1	52,8	49,9	49,6	-0,3	-3,2

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

1.4 Decomposition of the Free State Labour Market

The Free State labour force rose to 1 214 000 working population, representing an increase of 8 000 economically active population between 2022:Q3 and 2022:Q4.

Within the labour force, the number of unemployed increased by 12 000 people (from 407 000 to 419 000), while the number of employed contracted by 3 000 (from 798 000 to 794 000) in 2022:Q4. These changes translated into an official unemployment rate of 34.6%, along with an employment rate (or absorption rate) of 41.1% and a labour force participation rate of 62.9% for the Free State.

As illustrated in Table 4, the inactive population in Free State decreased by 1.0% in 2022:Q4, which translates to 7 000 less inactive population in the province.

Compared to 2021:Q4, the provincial labour force in 2022:Q4 expand by about 65 000 economically active population. Consequently, the number of employed increased by 67 000 workers (or 9.2%), while the province's unemployment level decreased by 2 000 (or -0.4%).

Table 4: Free State labour force characteristics

	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Population 15-64 yrs	1 923	1 929	1 931	2	7	0,1	0,4
Labour Force	1 148	1 205	1 214	8	65	0,7	5,7
Employed	727	798	794	-3	67	-0,4	9,2
<i>Formal sector (Non-agricultural)</i>	452	490	471	-19	18	-3,9	4,0
<i>Informal sector (Non-agricultural)</i>	129	153	160	6	31	4,2	24,0
<i>Agriculture</i>	66	93	90	-3	24	-3,3	35,8
<i>Private households</i>	80	61	74	12	-6	20,4	-7,5
Unemployed	421	407	419	12	-2	2,9	-0,4
Not economically active	775	724	717	-7	-58	-1,0	-7,5
<i>Discouraged work-seekers</i>	117	111	69	-43	-48	-38,3	-41,3
<i>Other(not economically active)</i>	658	613	648	36	-10	5,8	-1,5
Rates (%)							
<i>Unemployment rate</i>	36,7	33,8	34,6	0,8	-2,1		
<i>Employed / population ratio (Absorption)</i>	37,8	41,3	41,1	-0,2	3,3		
<i>Labour force participation rate</i>	59,7	62,5	62,9	0,4	3,2		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

1.4.1. Employment in the Free State Province

A closer look at the labour data in Table 5 shows that the Free State Province had about 794 000 people employed in 2022:Q4, of which 59.3% (471 000) of the jobs were in the formal sector, 20.1% (160 000) were in the informal sector, 11.3% (90 000) were in the agricultural sector and 9.3% (74 000) in the private households. During the period under review, jobs were shed in the formal (19 000) and agricultural (3 000) sectors. On the contrary, the informal and private households sectors generated about 6 000 and 12 000 jobs, respectively.

On a year-on-year basis, roughly 67 000 jobs were created in the Free State's formal, informal and agricultural sectors, while the private households shed about 6 000 jobs. The biggest employer in the province in the fourth quarter of 2022 was the community and social services industry which created about 209 000 jobs, followed by the trade (174 000), and agriculture (90 000) sectors. While, the utilities (water, gas and electricity) industry remained the smallest employer with about 3 000 workers followed by mining (26 000) and transport (41 000) (see Table 5).

Based on a quarter-to-quarter analysis, total employment declined by 3 000, with jobs being shed in the community and social services (39 000), transport (3 000) and agriculture (3 000) sectors. In contrast, the largest employment gains were recorded in private households' (12 000), manufacturing (11 000) as well as finance (8 000) sectors.

Equally, based on a year-on-year analysis, total employment in the Free State province increased by 9.2%, and the largest gains are recorded in the community and social services (38 000), manufacturing (34 000), and agriculture (24 000) industries. Conversely, jobs were shed in trade (16 000), transport (13 000) and finance (11 000).

Table 5: Free State employment by industry/sector

Industry / Sector	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand					Percent	
Free State	727	798	794	-3	67	-0,4	9,2
Agriculture	66	93	90	-3	24	-3,3	35,8
Mining	23	25	26	1	3	5,2	14,3
Manufacturing	33	56	67	11	34	20,0	104,3
Utilities	4	2	3	2	-1	104,9	-19,3
Construction	32	45	47	2	15	5,1	45,0
Trade	190	166	174	8	-16	5,0	-8,6
Transport	54	44	41	-3	-13	-6,5	-24,0
Finance	74	58	63	5	-11	9,0	-14,2
Community and social services	171	248	209	-39	38	-15,8	21,9
Private households	80	61	74	12	-6	20,4	-7,5

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

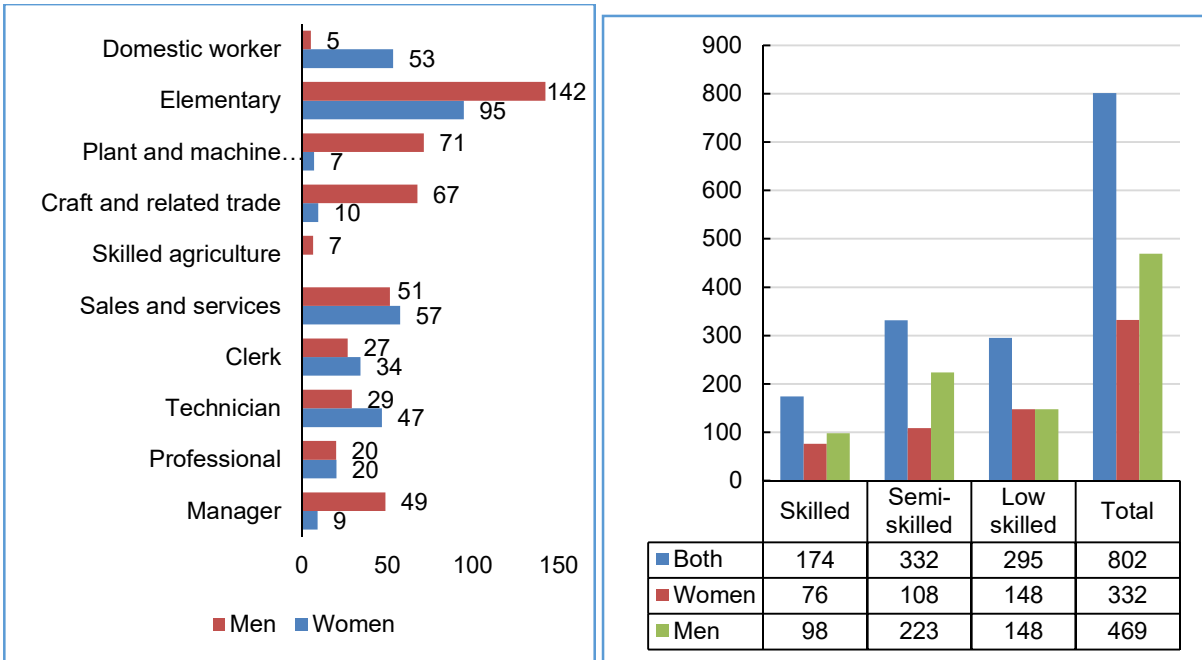
Furthermore, Figure 2 presents employment by gender and occupation in the Free State province in 2022:Q4. As can be seen, women are dominant in four occupations (most notably, technician, clerical, sales and services, and domestic), while men lead in the other five occupations, namely; management, skilled agriculture, 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 work is considered low-skilled.

Notably, few women were employed in the province relative to men. More specifically, women accounted for 41.5% of total employment, while men accounted for 58.5% in the fourth quarter of 2022. On the other hand, the Free State province is dominated by semi-skilled workers who accounted for 41.4 % of the total workforce, followed by low-skilled workers (36.9%) and skilled workers (21.7%). For instance, during 2022:Q4, there were 76 000 women employed as skilled workers (22.9%), 108 000 women employed as semi-skilled workers (32.6%) and 148 000 women employed as low-skilled workers (44.5 %). In the same period, the employment of women increased by 4 000, while the employment of men decreased by about 7 000 people in comparison to 2022:Q3.

Currently, employment among women stands at 332 000, whereas employment amongst men is at 462 000. The provincial unemployment rate of women had increased by 0.2 percentage points, while the unemployment rate of men increased by 1.2 percentage points.

By and large, the current provincial labour force participation rate for women is about 56.4% (55.3% in 2022:Q3), whereas for men it is 69.3% (69.8% in 2022:Q3), indicating that more women relative to men, economically inactive and have become discouraged to search for employment.

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



Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

1.4.2. Unemployment in the Free State Province

The labour statistics presented in Table 6 reflect the characteristics of the unemployed in the Free State province. Evidently, the unemployed in the Free State province have grown on a quarter-to-quarter basis by 12 000 (or 2.9%), mainly driven by new entrants and job leavers. Whereas, a year-on-year analysis shows that unemployment fell by 0.4%, also due to new entrants and job losers.

Table 6: Free State characteristics of the unemployed

	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Unemployed	421	407	419	12	-2	2,9	-0,4
Job losers	134	127	127	0	-7	-0,3	-5,4
Job leavers	13	15	17	3	4	18,6	33,9
New entrants	197	156	169	13	-27	8,5	-13,9
Re-entrants	0	9	8	0	8	-5,7	15334,7
Other	78	101	98	-3	20	-3,1	26,4

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

Also, Table 7 depicts the unemployment rate by age group in the Free State province. Out of the 419 000 unemployed people in the province, 245 000 are under the age of 35 years, which is equivalent to 58.5% of the unemployed population.

While the overall official unemployment rate in the province is 34.6%, with the youth unemployment rate (i.e., 15 to 24 years) being the highest at about 56.0%, followed by 44.3% among the 25 to 34

years youth category. Compared to the previous quarter, the official unemployment rate grew by 0.8 percentage points in the Free State province. In particular, the unemployment rate of the youth in the age group of 25 to 34 years increased by 6.0 percentage points, while for the adult age group of 55 to 64 years, rose by 2.7 percentage points.

Considering a year-on-year analysis, the unemployment rate decreased by 2.1 percentage points, possibly owing to the sharp drop of 10.4 percentage points among the 15 to 24 years age group (i.e., youth), followed by those in the 35 to 44 years age group (i.e., adult).

Table 7: Free State official unemployment rate by age group

Age categories	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change
	Per cent			Percentage change	
15-64 years	36,7	33,8	34,6	0,8	-2,1
15-24 years	66,4	63,9	56,0	-7,9	-10,4
25-34 years	46,0	38,3	44,3	6,0	-1,7
35-44 years	32,7	30,5	28,4	-2,1	-4,3
45-54 years	20,7	23,1	23,1	0,0	2,4
55-64 years	13,7	15,3	18,0	2,7	4,3

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

Most importantly, it is generally perceived that education has a substantial impact on employment prospects. In this context, data displayed in Table 8 reveals that out of 419 000 unemployed population in 2022:Q4, about 1 000 had *no schooling*, 25 000 had *less than primary completed*, 10 000 had *primary completed*, and 175 000 had *secondary not completed*. Those with post-secondary (*tertiary* education) amounted to 27 000 in 2022:Q4. As a whole, about 50.5% of the unemployed in the province have pre-secondary education, while about 49.5% have post-secondary education.

Table 8: The highest level of education of the unemployed

Highest level of education of the unemployed	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Free State	421	407	419	12	-2	2,9	-0,4
No schooling	1	2	1	-1	0	-33,7	16,3
Less than the primary completed	19	29	25	-4	6	-13,8	32,0
Primary completed	17	15	10	-5	-7	-35,2	-40,8
Secondary not completed	212	178	175	-2	-37	-1,3	-17,3
Secondary completed	135	150	179	30	44	19,8	32,5
Tertiary	34	32	27	-4	-7	-13,5	-20,6
Other	3	2	1	-1	-2	0,0	0,0

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

Additionally, based on gender, persons with a low level of education have few chances of finding employment than those with a higher level. Undoubtedly education plays a significant role in every person's life to gain access to the labour market and earn income. Also, education has a strong potential to provide the required skills to be gainfully employed, while it helps to build character, opinions, and intellect.

Based on these viewpoints, education and extension skills development are, therefore, key to solving some of the unemployment problems in the province that requires improvement in the quality of, access to, education, as well as the significant public in skill development.

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

Policymakers growing concerned about rising youth unemployment has been accompanied by an increasing focus on those, *not in education, employment or training*.

Using the data provided in Table 9, in the fourth quarter of 2022, the NEET population decreased by 28 000, as about 31 000 women exited the group, while 3 000 more men entered this category. Further, as can be seen, there are approximately 397 000 young people aged between 15 and 34 years, in the Free State province that falls into the NEET group in 2022:Q4, with 134 000 aged 15 to 24 years and 263 000 aged 25 to 34 years.

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

	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Both sexes	876	833	805	-28	-71	-3,4	-8,1
<i>Women</i>	502	495	464	-31	-38	-6,3	-7,6
<i>Men</i>	374	338	341	3	-33	0,9	-8,8
Age group	876	833	805	-28	-71	-3,4	-8,1
15-24 years	157	152	134	-18	-23	-11,8	-14,7
25-34 years	278	256	263	8	-15	3,0	-5,4
35-44 years	195	188	166	-22	-28	-11,8	-14,6
45-54 years	112	117	115	-1	3	-1,2	2,8
55-64 years	134	120	127	6	-8	5,1	-5,7
Population groups	876	833	805	-28	-71	-3,4	-8,1
<i>Black/African</i>	821	765	739	-26	-82	-3,4	-10,0
<i>Coloured</i>	9	26	24	-3	14	-10,0	157,6
<i>Indian/Asian</i>	6	5	4	-1	-2	0,0	0,0
<i>White</i>	40	37	39	2	-1	4,3	-3,0

Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

Compared to 2022:Q3, the number of NEETs in the Free State province declined by 3.4%. In particular, the 805 000 of the NEET group consists of about 41.7% of the province's working-age population, of which 57.6% are female, 91.8% are African and 49.3% are between the ages of 15 and 34 years. Based on this inference, it is crucial for policymakers in the province to implement targeted interventions to help young people in the NEET population to, for example, (i) successfully gain access to the provincial market through skill development initiatives, (ii) gain adequate education by enrolling

in TVET colleges, higher institutions primary and secondary school, and (iii) attend entrepreneurship training.

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

Focusing on the NEA population, as displayed in Table 10, approximately 37.1% of the working-age population in the province are not economically active in 2022:Q4.

More specifically, groups consisting of *Students*, those who were *ill or disabled*, and those who were *too old or young to work* made up the top three reasons for economic inactivity in the province. In 2022:Q4, *students* accounted for 54.4% of the inactive population, while those who were *ill or disabled* accounted for 16.0% and those who are too old or young to work accounted for 10.1%.

Overall, the NEA population of the province decreased by 58 000 (-7.5%) between 2021:Q4 and 2022:Q4, owing to the significant decrease in discouraged work seekers and homemakers.

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

Not economically active	Oct-Dec 2021	Jul-Sep 2022	Oct-Dec 2022	Qrt to Qrt change	Year-on-year change	Qrt to Qrt change	Year-on-year change
	Thousand				Percent		
Free State	775	724	717	-7	-58	-1,0	-7,5
Student	317	303	325	22	8	7,4	2,6
Home-maker	86	72	68	-4	-18	-5,4	-20,7
Illness/disability	114	102	115	13	1	12,5	1,0
Too old/young to work	82	71	72	1	-10	1,2	-11,6
Discouraged work seekers	117	111	69	-43	-48	-38,3	-41,3
Other	59	64	68	4	8	5,6	14,0

Source: Statistics South Africa (Quarterly Labour Force Survey, 2022:Q4).

1.5 Concluding Remarks and Some Policy Recommendations.

The foregoing analysis focuses on the labour market dynamics of the Free State province utilizing the recently published Quarterly Labour Force Survey (QLFS) data by Stats SA for the fourth quarter of 2022. Several interesting inferences and policy recommendations are drawn from the descriptive analysis. Among these, First, the unemployment rate in South Africa has declined to 32.7% in 2022:Q4 from a record high of 35.3% a year ago. This slight improvement increased employment by 169 000, and unemployment by 28 000.

Secondly, a comparative provincial analysis, shows that Northern Cape province recorded the lowest unemployment rate of about 22.1%, followed by the Western Cape at 22.5% and KwaZulu-Natal at 31.4%, during the fourth quarter of 2022. Whereas, the Eastern Cape province had the highest provincial unemployment rate at 42.1% in 2022:Q4, followed by North West at 37.0% and Mpumalanga at 36.1%.

Finally, assessing the labour market performance in the Free State province reveals that the number of unemployed people grew by 12 000 (i.e., from 407 000 to 419 000) and those that are employed

declined by 3 000 (i.e., from 798 000 to 794 000). Consequently, the economically active population in the labour force increased by 8 000. Further, significant job losses are observed in the community and social services sector (39 000), followed by agriculture (3 000) and transport (3 000).

On the policy front, the current economic growth in South Africa appears to be low, and thus incapable of reducing the persistently high unemployment in the country. Abstracting from the Organisation for Economic Co-operation and Development recommendation (2022); to stimulate economic growth and lower the prevailing inequality, high unemployment and poverty rates in South Africa, it is important for the national government to improve the tax system, and also adopt prudent fiscal management that reduces wasteful spending to strengthen public finances.

Also, the pace of implementing radical economic reforms needs to be quickened to raise economic activities level, revive productivity growth and raise the standard of the citizens. If necessary, the tightening of monetary policy should continue to curb rising inflation but an over-tightening scenario should be avoided, as it exerts economic and financial pressure on household consumption, firm productivity and economic performance.

Finally, to reduce the unemployment rate, it is vital for the government to upskilled workers with obsolete or poor skills to gain access to better job opportunities in the skill-intensive labour market, reinforce the quality of education, encourage self-entrepreneurship for small business start-ups, and create a conducive condition to attract foreign (capital) investment, as well as, for private sector employment growth to materialize.

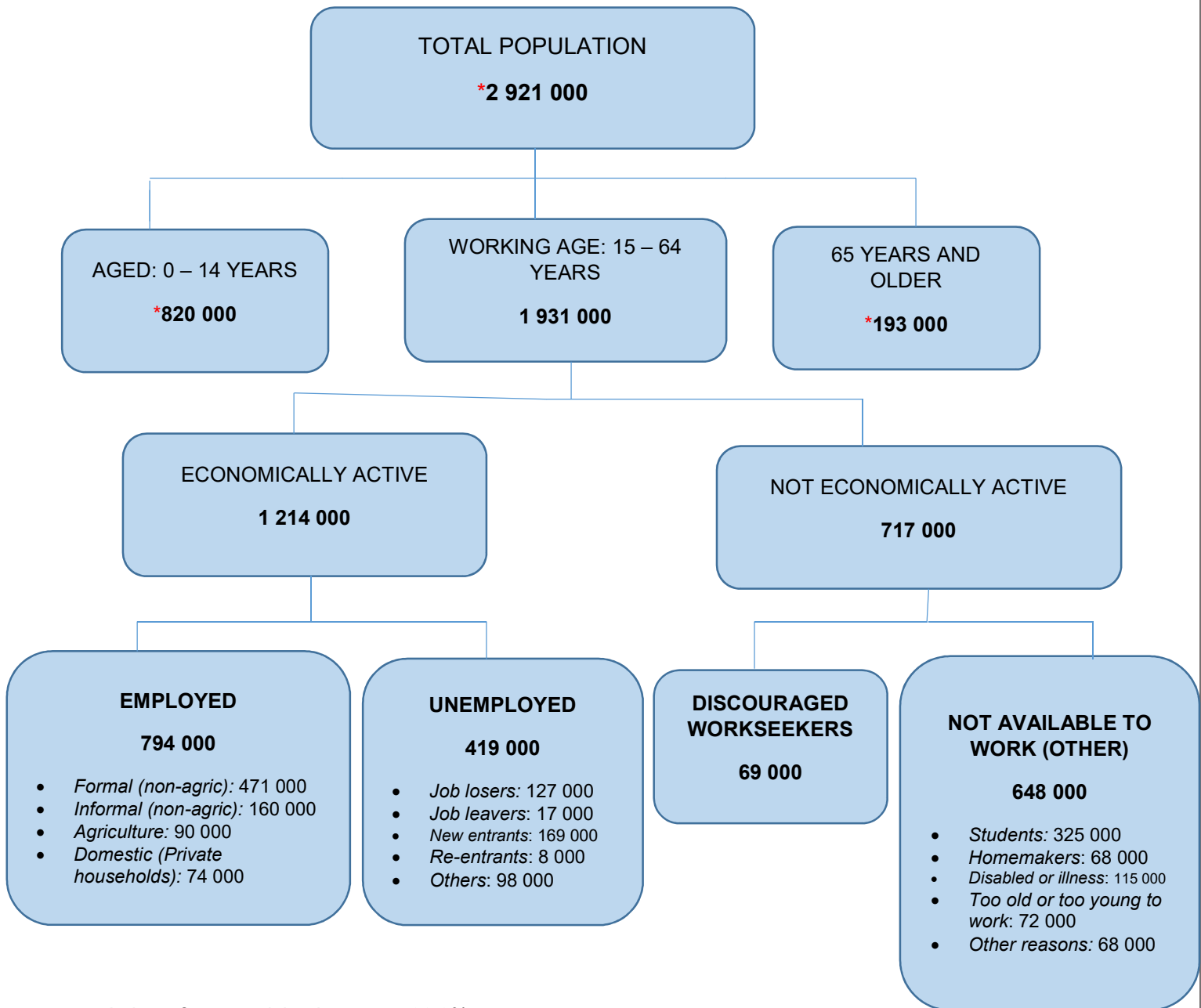
At the provincial level, to improve the sectoral contribution of the Free State province to the national GDP, boost economic growth in the province, and effectively tackle the rising unemployment and poverty rates; it has become imperative for the provincial government to consider the some remedial actions with entails, for example (i) the implementation of macro-prudential tools and strengthen debt restructuring frameworks; (ii) initiate growth-enhancing reforms at the sectoral level (with a particular focus on Agriculture, Manufacturing, Mining and Tourism sectors); (iii) embark on the revitalization of SEZs to attract private investment and capital flow; (iv) intensify efforts on proper implementation of EPWP and CWP to harness the unemployment-reducing effects of these programmes to improve the labour market conditions by creating jobs; (v) develop a long-term infrastructure plan to contribute meaningfully to job creation and inclusive economic development in the province; and (vi) focus on strengthening financial management and fiscal prudence to reduce the large accrued debts and servicing costs across FS municipalities.

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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2022: Q4



Labour force participation rate = 62.9%

Absorption rate = 41.1%

Official unemployment rate = 34.6%

Expanded unemployment rate = 39.6%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q4

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