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FREE STATE PROVINCE

FREE STATE PROVINCE QUARTERLY LABOUR MARKET REVIEW (QLMR)

1st Quarter 2021

The QLMR is an online quarterly publication authored by officials within the Economic Analysis Directorate of the Free State Provincial Treasury. It provides an analysis of the Quarterly Labour Force Survey (QLFS) conducted by Statistics South Africa (StatsSA) with special focus on the Free State province.

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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 therefore 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 persons who are unemployed.

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 of 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 actually worked during the reference period were below 35 hours per week.

13. **Underutilized labour** comprises three groups that are defined as follows: persons who are underemployed, 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 were 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

- South Africa's official unemployment rate increased by a minute 0.1 percentage point, from 32.5% in 2020:Q4 to 32.6% in 2021:Q1, reaching a record high since the inception of the Quarterly Labour Force Survey (QLFS) in 2008.

- The results of the QLFS show that the number of employed persons in South Africa decreased by 29 000 in the first quarter of 2021. Whilst the number of unemployed persons in the country increased by 9 000 in the same period.

- Nationally, the number of discouraged work-seekers increased by 201 000 (or by 6.9%), and the number of people who were not economically active for reasons other than discouragement decreased by 38 000 (or by 0.3%) between 2020:Q4 and 2021:Q1.

- The number of employed persons increased in three of the nine provinces between 2020:Q4 and 2021:Q1. The employment increases were recorded in the Eastern Cape (65 000), Gauteng (56 000) and the Northern Cape (5 000). During the period under review, the Free State and the Limpopo province shed the most jobs at 42 000 and 33 000, respectively.

- The Free State official unemployment rate grew by 2.2 percentage points from 33.4% in 2020:Q4 to 35.6% in 2021:Q1.

- Six of the ten industries in the Free State reported employment declines on quarter-to-quarter. Community and social services (32 000) recorded the largest decline followed by construction (16 000) and transport (11 000), while finance increased employment by 13 000 followed by trade (10 000) and manufacturing and mining with 2000 jobs, respectively between 2020:Q4 and 2021:Q1.

- On employment by industry and gender in the Free State, less women (345 000) were employed than men (358 000) across all industries. Despite this, the employment gender gap in the province is narrowing. However, women are still relatively scarce within the male dominated industries i.e. mining, construction and transport.

- The youth aged 15 to 34 years are the most vulnerable in the provincial labour market with an official unemployment rate of 54.3% in 2021:Q1.

1.1 Economic Growth outlook in South Africa

As at April 2021 the International Monetary Fund (IMF) 2021, expects a majority of global economies to recover from the 2020 COVID-19 induced economic disruptions. Thus, the global economy is expected to grow by 9.3 percentage points, from -3.3% in 2020 to 6.0% in 2021. The global upturn comes at the back of the rapid roll-out of vaccines globally, China's earlier than expected re-opening of the economy (April 2020), accommodative fiscal and monetary policy actions by individual countries and the availability of external funding and liquidity support by institutions like the IMF.

Similarly, the economic output for advanced economies is projected to expand from a -4.7% in 2020 to 5.1% in 2021. The acceleration in 2021 reflects the recovery of all advanced economies as contact intensive activities resume and pend up demand is unlocked. Moreover, the United States and Japan announced fiscal support packages worth $1.9 trillion and $975 billion respectively, this will increase the GDP of the individual countries and have significant spill-overs into the region and their main trading partners.

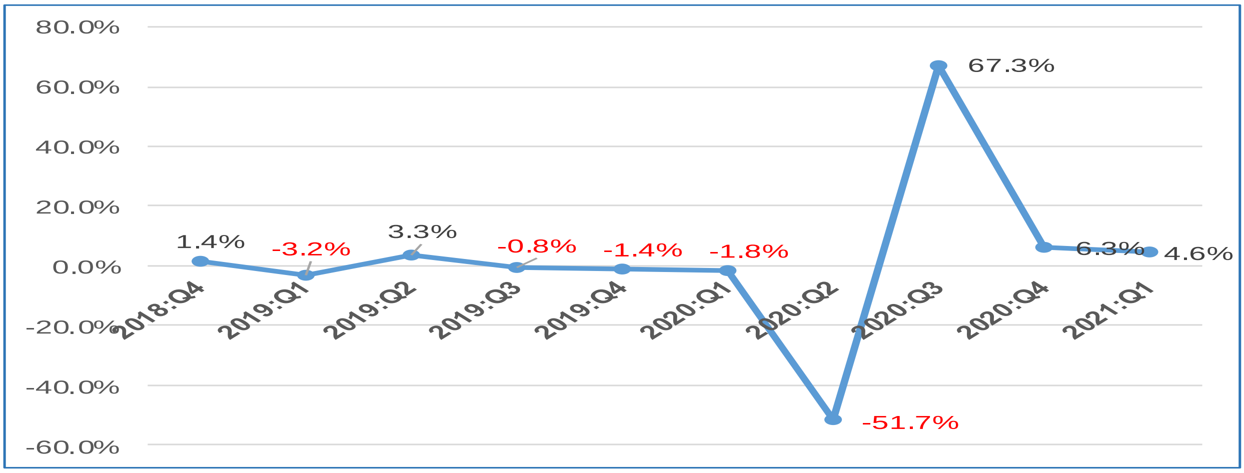
The growth of Emerging Market and Developing Economies (EMDE) is projected to strengthen from -2.2% in 2020 to 6.7% in 2021. However, the IMF (2021) notes that considerable differences exists between EMDE's and advanced economies in terms of the path of the virus and the roll-out of vaccines which will considerably scar the economic output of EMDE's. Notably, both India and Brazil are experiencing a resurgence of the COVID-19 cases and the subsequent economic barriers. Conversely, China's effective containment measures, a large public investment response, and central bank liquidity support have facilitated a strong recovery flowing from 2020 into 2021.

Sub-Saharan Africa collectively is showing some tentative signs of a recovery with the IMF (2021) quantifying the regional recovery at 3.4% in 2021 and increasing to 4.0% in 2022 due to vaccine roll-outs (despite vaccine procurement challenges), elevated commodity prices and improved external demand. Countries that are highly dependent on tourism remain the hardest hit by COVID-19 lockdown measures in 2020 spilling into 2021. However, resource dependent economies and diversified economies are showing significant recovery.

According to the IMF (2021), South Africa is likely to record a recovery of 10.2 percentage points from -7.0% in 2020 to 3.1% in 2021.The national economy will grow as a result of the low base effect of the 2020 recession, the higher than anticipated commodity prices as well as the availability of the vaccine despite procurement and dissemination challenges; accommodative fiscal and monetary policy and the existing intervention plans such as the South Africa's Economic Reconstruction and Recovery Plan.

Figure 1 below shows that the South African economy grew by 4.6%in the first quarter of 2021. Sectoral analysis shows that eight of the ten grew positively and the main drivers of the growth were mining (18.1%), finance (7.4%) and trade (6.2%). Conversely, load shedding and a decline in the supply of water contributed to the contraction in the electricity (-2.6%) sector. The agriculture industry also declined by 3.2% dragged lower by weaker production for field crops and animal products Statistics South Africa (2021). The challenge of load shedding in the first quarter of 2021 is a stark reminder that South Africa has structural challenges that pre-exist the COVID-19 pandemic and will continue to weigh on the economic output of the country.

Figure 1: SA Gross Domestic Product (constant 2010 prices, seasonally adjusted and annualized)



Source: Statistics South Africa, Gross Domestic Product, 2021:Q1

The country will also contend with the following downside risks to the national economy in 2021, namely: the resurgence of the pandemic (3rd wave) as at June 2021; the procurement and distribution challenges of COVID-19 vaccines; deteriorating fiscal metrics e.g. rising debt and lower revenue; elevated unemployment; rising global inflation and its implications on SA's capital inflow, exchange rate, inflation and interest rates and load shedding.

1.2 South Africa's Labour Market Overview

The COVID-19 pandemic has plunged South Africa into a deeper unemployment crisis with some economists defining the unemployment rate as a "ticking time bomb." In 2021:Q1 the country's unemployment rate grew by 0.1 percentage point, from 32.5% in 2020:Q4 to 32.6% in 2021:Q1. The increase of COVID-19 lockdown measures announced by government, tried to find more of a balance between restricting movement and gatherings to prevent the spread of the virus, while at the same time allowing the economy to operate as normally as possible.

Within the labour force, the number of employed persons in 2021:Q1 decreased by 29 000 to 15 million, while the number of unemployed persons increased by 9000 to 7.2 million compared to 2020:Q4.

Table 1: South Africa labour market at a glance

	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Population 15-64 yrs	**38 874**	**39 311**	**39 455**	**144**	**581**	**0.37**	**1.49**
Labour Force	**23 452**	**22 257**	**22 237**	**-20**	**-1 215**	**-0.09**	**-5.18**
Employed	**16 383**	**15 024**	**14 995**	**-29**	**-1 388**	**-0.19**	**-8.47**
Formal Sector (Non-agricultural)	11 282	10 495	10 574	79	-708	0.75	-6.28
Informal Sector (Non-agricultural)	2 921	2 521	2 502	-19	-419	-0.75	-14.34
Agriculture	865	810	792	-18	-73	-2.22	-8.44
Private Households	1 316	1 197	1 127	-70	-189	-5.85	-14.36
Unemployed	**7 070**	**7 233**	**7 242**	**9**	**172**	**0.12**	**2.43**
Not economically active	**15 422**	**17 054**	**17 218**	**164**	**1 796**	**0.96**	**11.65**
Discouraged work-seeker	2 918	2 930	3 131	201	213	6.86	7.30
Other (not economically active)	12 504	14 124	14 086	-38	1 582	-0.27	12.65
Rates (%)							
Unemployment rate	30.1	32.5	32.6	0.1	2.5		
Employed/popuation ratio (Absorpti	42.1	38.2	38.0	-0.2	-4.1		
Labour force participation rate	60.3	56.6	56.4	-0.2	-3.9		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

Regrettably, between 2020:Q4 and 2021:Q1 the employment numbers declined in the informal sector (-19 000), agriculture (-18 000) and private households (-70 000). This serves as an indication of an economy still grappling with the COVID-19 pandemic, load shedding and a skills mismatch despite countercyclical policies announced by the South African government (South African Reconstruction and Recovery Plan) to overcome low economic output and unemployment in the medium term.

1.3 Cross-Provincial Labour Market Performance

The continued existence of the COVID-19 pandemic in the country poses a threat to the overall labour market of the country. However, the South African government has accelerated its response to unemployment with a minimum of 2.5 million direct jobs envisioned for the 2021/2022 financial year and a further 5 million jobs by 2023/2024 financial year through the South African Reconstruction and Recovery Plan. Evidently, as at March 2021 the implementation of the plan is still to make a significant dent to the overall unemployment rate of the country.

1.3.1. Employment Levels

Table 2 below shows that in comparison to the same period last year, all nine provinces recorded a decline in employment. During the same period, the number of employed people declined the most in Gauteng with 508 000, followed by KwaZulu-Natal (243 000) and the Western Cape (192 000).

Table 2: Employment by province

Province	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
South Africa	**16 383**	**15 024**	**14 995**	**-29**	**-1 388**	**-0.19**	**-8.47**
Western Cape	2 501	2 338	2 309	-29	-192	-1.24	-7.68
Eastern Cape	1 382	1 236	1 301	65	-81	5.26	-5.86
Northern Cape	336	308	313	5	-23	1.62	-6.85
Free State	756	745	703	-42	-53	-5.64	-7.01
KwaZulu-Natal	2 672	2 454	2 429	-25	-243	-1.02	-9.09
North West	969	944	933	-11	-36	-1.17	-3.72
Gauteng	5 134	4 570	4 626	56	-508	1.23	-9.89
Mpumalanga	1 246	1 148	1 133	-15	-113	-1.31	-9.07
Limpopo	1 387	1 281	1 248	-33	-139	-2.58	-10.02

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

Between 2020:Q4 and 2021:Q1, employment growth was recorded in three of the nine provinces. The employment gains were recorded in the Eastern Cape (65 000), Gauteng (56 000) and Northern Cape (5 000). Conversely, six of the nine provinces shed jobs, with the Free State (-42 000) leading the downward spiral followed by Limpopo (-33 000) and the Western Cape (-29 000).

1.3.2. Unemployment Rate

The unemployment rate of South Africa in 2021:Q1 reflects an economy that was placed on COVID-19 adjusted Level 3 lockdown from 29 December 2020 to adjusted Level 1 on the 28th of February 2021. The meagre 4.6% GDP growth in the first quarter of 2021 failed to produce meaningful employment opportunities, with the unemployment rate increasing to record 32.6% in 2021:Q1 from 32.5% in 2020:Q4.

The quarterly decline in the official unemployment rate was recorded in three of the nine provinces. The largest decline was recorded in the Northern Cape (-5.3%) followed by Eastern Cape (-4.1%) and North West (-1.1%). Conversely, Free State (2.2%) followed by the Limpopo (2.1%) and Western Cape (1.2%) contributed the most growth towards the official unemployment rate of the country in 2021:Q1.

Between 2020:Q4 and 2021:Q1, the expanded employment rate increased in eight provinces, except the Eastern Cape. In 2021:Q1 the Eastern Cape leads the country's expanded unemployment rate at 49.6% followed closely by Limpopo (49.5%) and Mpumalanga (47.6%). There is a 10.6 percentage difference between the official unemployment rate and the expanded unemployment rate for 2021:Q1, which is off great concern and an indication that a large number of unemployed South Africans are losing hope. On a year-on-year basis, the expanded unemployment rate increased nationally by 3.5 percentage points from 39.7% to 43.2%. During the same period, the expanded unemployment rate increased in eight of the nine provinces, with the exception of the Free State (-1.1%).

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	30.1	32.5	32.6	0.1	2.5	39.7	42.6	43.2	0.6	3.5
Western Cape	20.9	22.5	23.7	1.2	2.8	24.8	26.8	27.9	1.1	3.1
Eastern Cape	40.5	47.9	43.8	-4.1	3.3	48.9	52.4	49.6	-2.8	0.7
Northern Cape	27.0	28.7	23.4	-5.3	-3.6	40.0	41.8	42.2	0.4	2.2
Free State	**38.4**	**33.4**	**35.6**	**2.2**	**-2.8**	**44.5**	**39.9**	**43.4**	**3.5**	**-1.1**
KwaZulu-Natal	26.9	29.6	30.5	0.9	3.6	43.0	46.0	46.4	0.4	3.4
North West	33.2	33.3	32.2	-1.1	-1.0	45.1	46.0	47.2	1.2	2.1
Gauteng	31.4	34.1	34.4	0.3	3.0	36.3	41.0	41.6	0.6	5.3
Mpumalanga	33.3	33.0	33.5	0.5	0.2	43.9	46.4	47.6	1.2	3.7
Limpopo	23.6	27.3	29.4	2.1	5.8	44.4	47.5	49.5	2.0	5.1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

1.4 Decomposition of the Free State Labour Market

Table 4 below shows that the Free State's labour force decreased by an estimated 11.2% over the past year, from 1.22 million people in 2020:Q1 to 1.09 million people in 2021:Q1. Within the labour force, the number of employed people declined by 7.0% (or by 53 000 people), whilst the number of unemployed people ballooned by 17.8% which is a total 84 000 job losses. This translates into an official unemployment rate of 35.6%, the employment rate (absorption rate) of 36.6% and the labour force participation rate of at least 56.9%.

The NEA indicator increased by 21.1% year-on-year which translates to more inactive people that the economy cannot account for. The year-on-year increase in the NEA population was spiked by discouraged work-seekers who surged by at least 144 000 people in the period under review.

The provincial labour force between 2020:Q4 and 2021:Q1 declined by 28 000 workers. During the same period, the number of unemployed people increased by 14 000, while the number of employed people declined by 42 000 workers.

Table 4: Free State labour force characteristics

	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Population 15-64 yrs	**1911**	**1917**	**1918**	**1**	**7**	**0.1**	**0.4**
Labour Force	**1228**	**1119**	**1091**	**-28**	**-137**	**-2.5**	**-11.2**
Employed	756	745	703	**-42**	**-53**	**-5.6**	**-7.0**
Formal Sector (Non-agricultural)	469	466	438	**-28**	**-31**	**-6.0**	**-6.6**
Informal Sector (Non-agricultural)	136	131	116	**-15**	**-20**	**-11.5**	**-14.7**
Agriculture	62	54	55	**1**	**-7**	**1.9**	**-11.3**
Private Households	89	94	93	**-1**	**4**	**-1.1**	**4.5**
Unemployed	**472**	**374**	**388**	**14**	**-84 0**	**3.7**	**-17.8**
Not economically active	**683**	**798**	**827**	**29**	**144**	**3.6**	**21.1**
Discouraged work-seeker	99	80	104	24	**5**	**30.0**	**5.1**
Other (not economically active)							
Rates (%)							
Unemployment rate	38.4	33.4	35.6	2.2	**-2.8**	**6.6**	**-7.3**
Employed/popuation ratio (Absorption)	39.6	38.9	36.6	-2.3	**-3.0**	**-5.9**	**-7.6**
Labour force participation rate	64.3	58.4	56.9	-1.5	**-7.4**	**-2.6**	**-11.5**

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

1.4.1. Employment in the Free State Province

Table 5 below illustrates the share of employment by each sector within the Free State economy. The province had at least 703 000 people employed in 2021:Q1 and community and social services held the largest share with 190 000 employees, followed by trade (159 000) and private households (93 000). The utilities (water, gas and electricity) industry was the smallest employer in 2021:Q1 with at least 5 000 employees followed by mining (16 000) and construction (30 000).

Between 2020:Q4 and 2021:Q1 community and social services recorded the largest loses in employment at 32 000, followed by construction (16 000) and transport (11 000). Both the construction and transport industries have received significant policy and fiscal support as envisioned in the South African Reconstruction and Recovery plan, however, the benefits do not seem to trickle down fast enough to create the much need employment opportunities in those industries within the province.

Quarter-to-quarter analysis shows that the largest gains in employment (although minute to make any significant dent on unemployment) were recorded in finance (13 000), agriculture (2 000) as well as mining (2 000).

Year-on-year analysis shows that the highest employment losses were recorded in construction with 27 000 followed by trade 11 000 and community and social services with 8 000 jobs. Only finance (6 000), private households (4 000) and transport (1 000) industries had created jobs during the referenced period.

Important to note is that the Free State labour market reflects maturing economy, thus developing from a primary sector lead economy to a tertiary sector dominated economy. The shift towards a tertiary lead economy will (most probable) result in higher skills, increased competition, more opportunities and increased economic output.

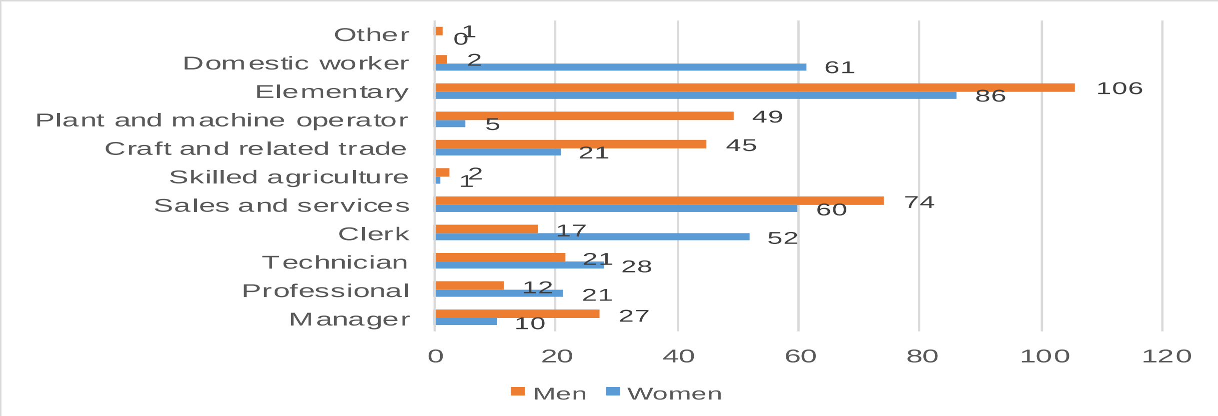
Table 5: Free State employment by industry/sector

Province	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Industry	**756**	**745**	**703**	**-42**	**-54**	**-5.7**	**-7.1**
Agriculture	62	54	55	2	-7	2.8	-11.1
Mining	20	13	16	2	-5	17.2	-23.2
Manufacturing	53	49	48	-1	-5	-2.2	-10.3
Utilities	7	12	5	-7	-2	-56.9	-24.2
Construction	57	46	30	-16	-27	-34.8	-46.9
Trade	170	149	159	10	-11	6.7	-6.4
Transport	34	46	35	-11	1	-24.7	2.2
Finance	66	59	72	13	6	21.3	9.1
Community and social services	198	222	190	-32	-8	-14.5	-4.1
Private households	89	94	93	-1	4	-1.4	4.1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

Figure 2 below shows employment by gender and occupation in the Free State. In 2021:Q1 women were dominant in four occupations namely; domestic work, clerk, technician and professional work. On the other hand, men dominated five occupations namely; elementary, sales and services, plant and machine operator, craft and related trade and manager in the province. Women accounted for 49.1% of total employment in 2021:Q1 and this indicates that the province is narrowing the gender gap in terms of employment. However, in order to fully achieve gender equality as envisioned in the South African Reconstruction and Recovery Plan and the United Nation's Sustainable Development Goals (SDG's), the province will have to close the gender pay gap, increase women's participation in key economic sectors, ensure access to assets such as land, and increase skills and education opportunities.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

1.4.2. Unemployment in the Free State Province

Table 6 present the characteristics of the unemployed population in the Free State province. The number of the unemployed people in the Free State increased on a quarter-to-quarter basis by 14 000 (or by 3.7%). Year-on-year, unemployment in the province ballooned by 84 000 (or by 17.8%), which was mainly driven by "other" at 38 000 (- 39.6%) and job losers with 32 000 (-19.0%).The year-on-year output, also marks a duration of COVID-19 economic lockdowns, and the subsequent impact on firms, business and employees (i.e. retrenchments). Overall, the provincial employment strategy should cater to new entrants and identify challenges leading to job loses, which are the two main reasons for unemployment in the Free State.

Table 6: Free State characteristics of the unemployed

	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Unemployed	**472**	**374**	**388**	**14**	**-84**	**3.7**	**-17.8**
Job losers	168	150	136	-14	-32	-9.3	-19.0
Job leavers	30	19	23	4	-7	21.1	-23.3
New entrants	167	128	162	34	-5	26.6	-3.0
Re-entrants	11	3	8	5	-3	166.7	-27.3
Other	96	74	58	-16	-38	-21.6	-39.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

Youth unemployment is one of South Africa and the Free State's most intractable challenges. In 2021:Q1, there were 388 000 unemployed people in the Free State of working age, of which 246 000 (or 63.4%) were young people aged 15 to 34 years. The youth aged 15–24 years are the most vulnerable in the provincial labour market as the unemployment rate among this age group was 62.4% in 2021:Q1. Unfortunately, for the youth, lack of work experience and higher education is a stumbling block that hinder them to secure employment. The South African government cognizant of the challenge of youth unemployment and is currently implementing public and private partnership employment programmes such as; the Yes programme, Presidential youth empowerment program, NYDA programmes, EPWP etc. However, the poor GDP output at provincial and national level has and will continue to slow the absorption rate of unemployed persons.

A quarter-to-quarter analysis shows that the official unemployment rate in the Free State province increased by 2.2 percentage points. In 2021:Q1, unemployment increased among the following age categories; 15 to 24 years, 25 to 34 years as well as the 45 to 54 years age group. The largest unemployment increase was observed in the 45 to 54 adult group, which recorded a 10.9% spike. During the same period, the decline in unemployment was observed in the 45 to 54 years and 55 to 64 years age categories, recording declines of -3.5 percentage points and a 0.1 percentage points, respectively. Year-on-year, the official unemployment rate decreased by -2.8 percentage points, supported by unemployment declines in the 35 to 44 years (-2.3 percentage points) and 55 to 64 years (-8.3 percentage points) age cohorts.

Table 7: Free State official unemployment rate by age group

Age categories	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	**38.4**	**33.4**	**35.6**	**2.2**	**-2.8**
15-24 years	63.9	62.4	65.5	3.1	1.6
25-34 years	48.2	45.2	51.0	5.8	2.8
35-44 years	31.0	32.2	28.7	-3.5	-2.3
45-54 years	24.2	14.6	25.5	10.9	1.3
55-64 years	17.9	9.4	9.3	-0.1	-8.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

As previously stated, the nature of the Free State labour market (and South Africa), alongside the discord between what skills and qualifications employers want and those that employees have, has significantly increased the extent of unemployment in South Africa. As shown in table 8 below, education plays a vital role in the provincial labour market, whereby a total of 55.6% of the unemployed population has lower than secondary education. Out of the 388 000 unemployed population in 2021:Q1, about 1 000 had no schooling, 16 000 had less than primary completed, 12 000 had primary completed, 188 000 had secondary not completed, those who completed secondary education were 136 000 and those with tertiary education amounted to 36 000.

In 2021:Q1 over 201 000 of the unemployed people did not leave the schooling system with their secondary qualifications and 1000 people did not get the opportunity to start schooling. According to the Centre for Applied Legal studies (CALS) 2009, reasons for learners being out of school are seldom related to only one factor, but rather to the compounding effects of a range of social and economic factors (i.e. household poverty, teenage pregnancy, inadequate infrastructure, bullying, grade repetition, death or illness etc.). These tend at first to discourage youths from active engagement in their education, later affecting regular attendance at school, and eventually impacting on whether they remain in the school system until matric. Consequently, a multi-stakeholder effort lead by the Department of Basic Education is necessary to create an enabling environment that will see more learners leaving the schooling system with their Grade 12 certificates.

Table 8: Highest level of education of the unemployed

	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Highest level of education of the unemployed	**472**	**374**	**388**	**15**	**-84**	**3.9**	**-17.7**
No schooling	4	1	1	-1	-3	-36.4	-73.3
Less than primary completed	31	14	16	2	-15	11.8	-48.2
Primary completed	20	19	12	-8	-9	-39.6	-42.6
Secondary not completed	230	167	188	21	-42	12.4	-18.3
Secondary completed	147	137	136	-2	-11	-1.1	-7.7
Tertiary	41	34	36	2	-4	6.0	-10.3

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

However, with provincial economy dominated by the tertiary sector, it is reasonable to expect that the demand for high-level skills will increase over time and that the labour force will need to be adequately skilled to apply for such positions. Simply completing secondary education will not be sufficient for future job seekers. As such, government and other stakeholders need to ensure that quality tertiary education is accessible to all and it is aimed at reducing the skills-mismatch that the current labour market encounters.

1.4.3. Not in Education and not in Employment (NEET)

There was an estimated 451 000 young people aged between 15 and 34 years in the Free State considered as not in employment or education and training (NEET) in 2021:Q1, with 148 000 aged 15 to 24 years and 302 000 aged 25 to 34 years. Little is known about what NEETs do with their time, however, concerns exists over the possible implication of a large "idle" youth population for risk behaviour, social cohesion and the safety of communities. The large numbers of NEETs in the Free State and elsewhere in the country is linked to the challenges of education and the ever evolving labour market.

In comparison to 2020:Q4, the number of NEET in the Free State increased by 83 000, from 778 000 in 2020:Q4 to 862 000 in 2021:Q1. The NEET cohort constituted 44.9% of the provincial working age population, of which a 56.8% share is held by women who in the majority could be helping in maintaining the home or looking after children and others in need of care. Overall, the African majority hold the largest share of NEETs at 93.8%.

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

	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Both sexes	**838**	**778**	**862**	**83**	**24**	**10.7**	**2.8**
Women	465	457	489	32	25	7.1	5.3
Men	373	321	372	51	-1	15.8	-0.3
Age group	**838**	**778**	**862**	**83**	**24**	**10.7**	**2.8**
15-24 years	163	118	148	30	-15	25.4	-8.9
25-34 years	269	262	302	41	33	15.6	12.3
35-44 years	165	175	167	-8	2	-4.7	1.0
45-54 years	116	101	115	14	-1	13.5	-1.0
55-64 years	124	122	129	7	4	5.7	3.6
Population groups	**838**	**778**	**862**	**83**	**24**	**10.7**	**2.8**
Black/African	788	728	809	81	21	11.1	2.6
Coloured	25	26	30	3	5	12.6	20.7
Indian/Asian	1				-1		0.0
White	25	24	23	-1	-2	-4.9	-6.4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

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

Students, the ill/disabled and discouraged job-seekers made up the top three reasons for economic inactivity in the province. In 2021:Q1, students accounted for 43.7% of the inactive population, while illness/disability and discouraged work seekers accounted for 12.7% and 12.6%of the inactive population, respectively.

Quarter to quarter analysis indicates that the NEA population of the Free State ballooned by 3.6% (29 000) between 2020:Q4 and 2021:Q1, mainly due to the "other" (33.9%) subcategory and discouraged work seekers (29.8%). On a year-on-year basis, the NEA population increased by 144 000 (or by 21.1%), mainly due to the "other" (84.4%) and home-makers at 43.0%.

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

	Jan-March 2020	Oct-Dec 2020	Jan-March 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Not economically active	**683**	**798**	**827**	**29**	**144**	**3.6**	**21.1**
Student	313	390	362	-28	49	-7.1	15.8
Home-maker	58	79	82	3	25	3.8	43.0
Illness/disability	86	103	106	2	19	2.4	22.3
Too old/young to work	77	76	79	3	2	4.2	2.7
Discouraged work seekers	99	80	104	24	6	29.8	5.9
Other	51	70	94	24	43	33.9	84.4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q1

1.5 Concluding Remarks

South Africa's official unemployment rate marginally increased to 32.6% in 2021:Q1 from 32.5% in 2020:Q4. It was the highest jobless rate since comparable data began in 2008. The number of unemployed persons increased by 9 000 to 7.2 million while employment fell by 29 000 to 15 million. The expanded unemployment rate was at 43.2% in 2021:Q1, up from 42.6% in the preceding quarter. Across the nine provinces of the country, the Northern Cape recorded the lowest official unemployment rate of about 23.4% in 2021:Q1, followed by the Western Cape at 23.7% and Limpopo at 29.4%. During the same period, the Eastern Cape recorded the highest provincial unemployment rate at 43.8%, followed by Free State at 35.6% and Gauteng at 34.4%.

Similarly, the Free State's official unemployment rate climbed to 35.6% in 2021:Q1 from 33.4% in 2020:Q4. The youth unemployment rate, measuring job-seekers between 15 and 24 years old, hit a new record high of 65.5% in 2021:Q1 increasing by 3.1 percentage points from the 62.4% recorded in 2020:Q4. Evidently, both the country and the Free State province are faced with the challenge of creating employment at a quicker rate than before, despite the challenges posed by the COVID-19 pandemic on the economy. Notably, the successful implementation of the South African Economic Reconstruction and Recovery Plan is a great foundation in unlocking employment opportunities across the country.

1.6 Policy imperatives

The Free State province is faced with two mammoth tasks of growing the provincial economy and creating employment opportunities at a rapid rate. With the country moving in and out of different levels/stages of the COVID-19 pandemic in 2021, unfortunately, the pace at which employment opportunities are created will be slower than that envisioned through the South African Economic Reconstruction and Recovery Plan. Notably, the South Africa government has secured vaccines through the African Union, Covax Facility and independent providers, and intends to vaccinate 67% of the population to achieve herd immunity nationally. The dissemination of these vaccines in the Free State will unlock greater economic output and employment opportunities in the province.

In the immediate and within the COVID-19 climate, both government and the private sector will have to innovate and roll-out enabling technologies to unlock untapped and inclusive growth. Moreover, the continued energy shortfall and further load shedding presents a massive risk to both the economy and employment prospects in the province. Thus, the announcement by President Ramaphosa (in June 2021)to amend Schedule 2 of the Electricity Regulation Act to increase the NERSA licensing threshold for embedded generation projects from 1 MW to 100 MW is a necessary intervention to achieve energy security and reduce the impact of load shedding on businesses and households across the country.

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