

# FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

FIRST 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 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

- Unemployment rate in South Africa has eased to 34.5% in 2022:Q1, the first decline in seven quarters, down from a record high of 35.3% in 2021:Q4. The number of the unemployed people decreased by 59 000 (-0.7%). Year on year, unemployment rate is about 1.9 percentage points higher than the previous year, which was 32.6%. The expanded unemployment rate, which includes the discouraged work seekers and those who did not search for work due to other reasons, also decreased from 46.2% to 45.5% over the same period.
- The overall employment in South Africa increased by 370 000 (or 2.5%) in 2022:Q1, whereby, the number of employed persons increased in the formal (408 000) and informal sectors (171 000) and declined in the agricultural (-24 000) and private households sectors (-186 000).
- The number of employed persons increased in all provinces between 2021:Q4 and 2022:Q1, with the exception of Kwa-Zulu Natal province which recorded a decrease of 53 000 jobs over the period. The largest employment increases were recorded in Limpopo (81 000), Gauteng (62 000) and North West (59 000). Free State province created about 54 000 jobs.
- The Free State official unemployment rate decreased by 5.6 percentage points from 36.7% in 2021:Q4 to 31.1% in 2022:Q1. The rate of unemployment amongst women also decreased by 4.0 percentage points, from 40.3% in 2021:Q4 to 36.3% in 2022:Q1, while unemployment rate among men decline by 6.9 percentage points, from 34.0% in 2021:Q4 to 27.1% in 2022:Q1.
- Total employment in the Free State expanded by 7.4% between 2021:Q4 and 2022:Q1. The formal sector created about 34 000 jobs, informal sector on the other hand created 6 000 jobs, while agricultural sector created 18 000 jobs. Private households shed 4 000 jobs.
- Five of the ten industries in the Free State reported employment increase on quarter-to-quarter. Community and social services (51 000), manufacturing (20 000) and agriculture (18 000) created most jobs in the province, while transport (-17 000), finance (-10 000), and trade (-9 000) shed most jobs in 2022:Q1.
- On employment by industry and gender in the Free State, more men (470 000) were employed relative to women (311 000) across eight sectors. In 2022:Q1, female employment increased by 18 000, while male employment increased by 36 000, compared to the previous quarter. Year-on-year, the number of women in employment decreased by 34 000, whereas the number of men in employment increased by 113 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 44.8% in 2022:Q1, which is 13.7 percentage points above the provincial rate (31.1%). The unemployment rate decreased across all age cohort, with the exception of the 55 to 64 years' age cohort.

## 1.1 Economic growth outlook in South Africa

The economy in South Africa is disrupted by Russia's invasion of Ukraine, COVID-19 lockdowns in China, floods in Kwa-Zulu Natal, and national power load-shedding, amongst other factors. The war in Ukraine have stifled supply of commodities and goods and upended efficient distribution through global supply chains, forcing up prices of everyday goods such as fuel and food. The conflict is a major blow to the global economy that will hurt growth and raise prices as Ukraine and Russia are amongst the world's largest exporters of soft commodities and energy products. The recent stringent lockdown measures in China has put a strain on SA economy as the Asian economy is the world's largest exporter and South Africa's largest supplier of imports. Movement restrictions due to the country's zero COVID-19 policy also prevented ships from picking up cargo destined for shipping to countries like South Africa. Moreover, the heaviest rains caused significant disruptions to logistics feeding to and within the Port of Durban. The harbour handles 60% of the country's imports and exports and is a direct route for shipments to and from the country's commercial hub Gauteng (PWC, 2022). Also, the power outages adversely impact a myriad of business operations surrounding imports. According to the Institute for Risk Management South Africa's (Irmsa, 2022), load-shedding already causes lost economic output of about R700 million per stage per day. Load-shedding is estimated to have contributed to more than one-million job opportunities lost.

International implications of the war in Ukraine and sanctions on Russia are expected to generate substantial economic spillovers, principally through five channels, which are global commodity markets; direct trade and remittances linkages with Russia and Ukraine; propagation through cross-border production network; financial markets; and humanitarian impact (Irmsa, 2022).

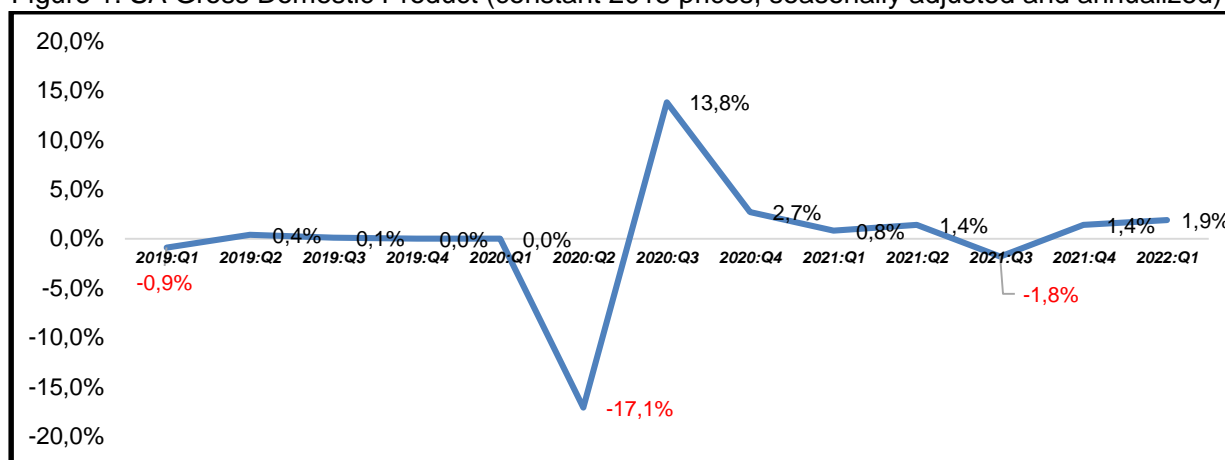
Subsequently, the global economic prospects have worsened significantly. The world economy was not yet fully recovered from the COVID-19 pandemic and the recent war (Russian-Ukraine) will severely set back the global recovery, slowing growth and increasing inflation even further. Economic damage from the conflict will contribute to a significant slowdown in global growth in 2022. Global growth is projected to slow from 6.1% in 2021 to 3.6% in 2022 and 2023 (IMF, 2022). Due to the disruptions resulting from the war, the trading partners will have a lower growth in 2022 and 2023. Economic links between Russia and the United States and Canada are limited. The advanced economies is forecasted to grow by 3.3% in 2022 and fall further to 2.4% in 2023. Emerging Market and Developing Economies, including Russia and Ukraine, will see GDP contract by approximately 2.9% in 2022, before expanding by 1.3% in 2023. The main drivers of the contraction are the impact of higher energy prices on domestic demand and the disruption of trade (IMF, 2022).

In Sub-Saharan Africa, food and fuel prices have significantly increased. The higher food prices will hurt consumers' purchasing power, particularly among low-income households, and weigh on domestic demand. The increase in oil prices has however lifted growth prospects for the region's oil exporters, such as Nigeria. Overall, growth in sub-Saharan Africa is projected at 3.8% in 2022 and 4.0% in 2023.

In South Africa, the economy was stronger than the expected 1.2% growth (which was the median of 13 economists estimates), with real gross domestic product (GDP) growing by 1.9% in 2022:Q1, compared to the revised growth of 1.4% in 2021:Q4. Eight industries recorded positive growth during this period. The manufacturing industry saw strong growth of almost 5%, driven by a rise in the

production of petroleum and chemicals, food and beverages, and metals and machinery. The manufacturing industry increased by 4.9% and contributed 0.6 of a percentage point to GDP growth.

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



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

The trade, catering and accommodation industry increased by 3.1% and contributed 0.4 of a percentage point to GDP growth. The finance, real estate and business services industry increased by 1.7% and contributed 0.4 of a percentage point to GDP growth, while the personal services industry increased by 1.1% and contributed 0.2 of a percentage point to GDP growth. Only construction and mining activity declined compared to the previous quarter.

## 1.2 South Africa's Labour Market Overview

On his 4<sup>th</sup> investment conference speech, the President announced that in 2020 a total of R774 billion had been raised in investment commitments. Of the R774 billion committed, around R316 billion has so far been invested. Of the 152 investment pledges, 45 projects have been completed. A further 57 projects are under construction. Fifteen have been put on hold, in several cases due to the impact of the pandemic. He declared that the investments that have been realised since the first conference have created job opportunities, increased localisation and expanded local value chains. Eighty more investment pledges received at the 4<sup>th</sup> investment conference on 24 March 2022 amounted to R332 billion. The investment will assist South Africa to recoup to the size it was before the coronavirus pandemic struck.

Across provinces and sectors/industries, recovery patterns vary significantly. Overall, key labour market indicators in all provinces have yet to return to pre-pandemic levels. The pandemic and load shedding (amongst other factors) are structurally altering labour markets in such ways that a return to pre-crisis baselines may well be insufficient to make up for the damage caused. Smaller businesses have experienced greater declines in employment and working hours than have larger ones. Tourism-dependent economies are suffering heavily since the commencement of the pandemic and had lost revenues. The rise in prices of commodities and essential goods - while labour markets remain far from recovered - significantly reduces the real value of disposable income and thereby adds to the cost of the crisis.

Table 1: South Africa labour market at a glance

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
<b>Population 15-64 yrs</b>	39 455	39 888	40 033	145	578	0,4	1,5
<b>Labour Force</b>	22 237	22 466	22 776	310	539	1,4	2,4
<b>Employed</b>	14 995	14 544	14 914	370	-81	2,5	-0,5
Formal sector (Non-agricultural)	10 574	9 771	10 179	408	-395	4,2	-3,7
Informal sector (Non-agricultural)	2 502	2 647	2 818	171	316	6,5	12,6
Agriculture	792	868	844	-24	52	-2,8	6,6
Private households	1 127	1 258	1 072	-186	-55	-14,8	-4,9
<b>Unemployed</b>	7 242	7 921	7 862	-59	620	-0,7	8,6
<b>Not economically active</b>	17 218	17 423	17 257	-166	39	-1,0	0,2
Discouraged work-seekers	3 131	3 806	3 752	-54	621	-1,4	19,8
Other(not economically active)	14 086	13 617	13 505	-112	-581	-0,8	-4,1
<b>Rates (%)</b>							
<i>Unemployment rate</i>	32,6	35,3	34,5	-0,8	1,9		
<i>Employed / population ratio (Absorption)</i>	38,0	36,5	37,3	0,8	-0,7		
<i>Labour force participation rate</i>	56,4	56,3	56,9	0,6	0,5		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

On the other hand, Statistics South Africa (2022) pronounced that South Africa's unemployment rate decreased by 0.8 percentage points from 35.3% in 2021:Q4 to 34.5% in 2022:Q1. Under the expanded definition, which includes discouraged jobseekers, the rate decreased by 0.7 percentage points to 45.5%, as the number of discouraged work-seekers decline.

As shown in Table 1, the working-age population increased by 145 000 (or 0.4%) in 2022:Q1 compared to 2021:Q4. The number of employed persons increased by 370 000 (or 2.5%), while the number of unemployed persons decreased by 59 000 (or -0.7%), resulting in the increase of 310 000 (1.4%) 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 labour force participation rate increased by 0.8, and 0.6 percentage points respectively, while unemployment rate decreased by 0.8 percentage points.

### 1.3 Cross-Provincial Labour Market Performance

Across the country, youth unemployment has a negative effect not only on the individual and the family, but also on the broader community in the form of serious economic and social consequences. The Presidential Employment Stimulus, tackling youth unemployment, has provided job and livelihood opportunities to over 800 000 people in the 17 months since it was established (The Presidency, 2022).

#### 1.3.1. Employment Levels

Between 2021:Q4 and 2022:Q1, employment increased in eight provinces. South Africa created a total number of about 370 000 jobs in this quarter.

Table 2: Employment by province

Province	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>South Africa</b>	<b>14 995</b>	<b>14 544</b>	<b>14 914</b>	<b>370</b>	<b>-81</b>	<b>2,5</b>	<b>-0,5</b>
Western Cape	2 309	2 263	2 298	35	-11	1,5	-0,5
Eastern Cape	1 301	1 247	1 293	46	-8	3,7	-0,6
Northern Cape	313	264	321	57	8	21,6	2,6
<b>Free State</b>	<b>703</b>	<b>727</b>	<b>781</b>	<b>54</b>	<b>78</b>	<b>7,4</b>	<b>11,1</b>
KwaZulu-Natal	2 429	2 424	2 371	-53	-58	-2,2	-2,4
North West	933	858	917	59	-16	6,9	-1,7
Gauteng	4 626	4 524	4 586	62	-40	1,4	-0,9
Mpumalanga	1 133	1 052	1 082	30	-51	2,9	-4,5
Limpopo	1 248	1 184	1 265	81	17	6,8	1,4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

The largest employment increases were recorded in Limpopo (81 000), Gauteng (62 000) and North West (59 000). Free State province created about 54 000 jobs. KwaZulu-Natal was the only province that shed jobs, equivalent to 53 000 jobs. As compared to 2021:Q1, employment decreased in six provinces to a total of 81 000 less jobs. The highest employment decreases were recorded in KwaZulu-Natal (-58 000), Mpumalanga (-51 000) and Gauteng (-40 000). During this period, Free State created about 78 000 jobs, while Limpopo and Northern Cape created 17 000 and 8 000 jobs respectively. KwaZulu-Natal is expected to shed jobs further in the next quarter due to the damage made by floods during April and May 2022. Sub-Saharan Africa's biggest container hub, the port of Durban, was affected as significant infrastructure, including roads, has been damaged by floods. The port handles 60% of the country's shipments of commodities, to and from nations in the region.

### 1.3.2. Unemployment Rate

A large number of persons moved from the *not economically active* and *unemployed* categories to the *employed* status between 2021:Q4 and 2022:Q1, which resulted in a decrease of 0.8 of a percentage point in the unemployment rate to 34.5%. The quarterly decrease in the official unemployment rate were observed in six provinces. The highest decrease was experienced in Free State, North West, and Western Cape, decreasing by -5.6, -3.7 and -2.8 percentage points, respectively. Limpopo, KwaZulu-Natal and Gauteng provinces have experienced unemployment rate increases during this period.

In comparison to the same period last year, the national official unemployment rate increased by 1.9 percentage point. During this period, the official unemployment rate rose in seven provinces, except for Free State and Northern Cape provinces. Official unemployment rate of Limpopo increased the most, by 6.2 percentage points, followed by Mpumalanga (5.1 percentage points) and KwaZulu-Natal (2.7 percentage points). Free State recorded a highest decrease of -4.5 percentage points, while North West declined by -2.1 percentage points. Eastern Cape continued recording the highest unemployment rate in the country (44.0%), followed by Mpumalanga (38.6%) and Gauteng (36.7%). Free State unemployment rate (31.1%) currently ranked the fourth lowest in the country, after it ranked the highest for some time years ago.

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
<b>South Africa</b>	<b>32,6</b>	<b>35,3</b>	<b>34,5</b>	<b>-0,8</b>	<b>1,9</b>	<b>43,2</b>	<b>46,2</b>	<b>45,5</b>	<b>-0,7</b>	<b>2,3</b>
Western Cape	23,7	28,0	25,2	-2,8	1,5	27,9	30,4	29,0	-1,4	1,1
Eastern Cape	43,8	45,0	44,0	-1,0	0,2	49,6	53,2	52,6	-0,6	3,0
Northern Cape	23,4	25,0	24,9	-0,1	1,5	42,2	50,1	44,4	-5,7	2,2
<b>Free State</b>	<b>35,6</b>	<b>36,7</b>	<b>31,1</b>	<b>-5,6</b>	<b>-4,5</b>	<b>43,4</b>	<b>44,2</b>	<b>40,5</b>	<b>-3,7</b>	<b>-2,9</b>
KwaZulu-Natal	30,5	32,4	33,2	0,8	2,7	46,4	48,7	50,4	1,7	4,0
North West	32,2	33,8	30,1	-3,7	-2,1	47,2	49,9	49,2	-0,7	2,0
Gauteng	34,4	36,6	36,7	0,1	2,3	41,6	44,4	43,4	-1,0	1,8
Mpumalanga	33,5	39,7	38,6	-1,1	5,1	47,6	52,4	51,6	-0,8	4,0
Limpopo	29,4	33,9	35,6	1,7	6,2	49,5	52,8	50,9	-1,9	1,4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

The national expanded unemployment rate decreased by 0.7 percentage point from 46.2% to 45.5% between 2021:Q4 and 2022:Q1. During the same period, the expanded unemployment rate decreased in eight provinces. The largest decrease of -5.7 percentage points was recorded in Northern Cape, followed by Free State (-3.7 percentage points) and Limpopo (-1.9 percentage points). On a year-on-year basis, the expanded unemployment rate surged nationally by 2.3 percentage points, due to the persistent rise in unemployment rates recorded in all provinces, with the exception of Free State province.

#### 1.4 Decomposition of the Free State Labour Market

The Free State labour force has declined to 1 133 000, representing a decrease of 15 000 economically active population between 2021:Q4 and 2022:Q1. Within the labour force, the number of the unemployed decreased by 69 000 people (from 421 000 to 352 000), whilst the number of the employed increased by 54 000 (from 727 000 to 781 000) in 2022:Q1. This translates into an official unemployment rate of 31.1%, 40.6% employment rate (absorption rate) and 58.9% labour force participation rate for the Free State.

As illustrated in Table 4, the inactive population in Free State increased by 2.2% in 2022:Q1, which translates to 17 000 more inactive population in the province.

Table 4: Free State labour force characteristics

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Population 15-64 years</b>	<b>1 918</b>	<b>1 923</b>	<b>1 925</b>	<b>2</b>	<b>7</b>	<b>0,1</b>	<b>0,4</b>
<b>Labour Force</b>	<b>1 091</b>	<b>1 148</b>	<b>1 133</b>	<b>-15</b>	<b>42</b>	<b>-1,3</b>	<b>3,8</b>
<b>Employed</b>	<b>703</b>	<b>727</b>	<b>781</b>	<b>54</b>	<b>78</b>	<b>7,4</b>	<b>11,1</b>
Formal sector (Non-agricultural)	438	452	486	34	48	7,5	11,0
Informal sector (Non-agricultural)	116	129	135	6	19	4,7	16,4
Agriculture	55	66	84	18	29	27,3	52,7
Private households	93	80	76	-4	-17	-5,0	-18,3
<b>Unemployed</b>	<b>388</b>	<b>421</b>	<b>352</b>	<b>-69</b>	<b>-36</b>	<b>-16,4</b>	<b>-9,3</b>
<b>Not economically active</b>	<b>827</b>	<b>775</b>	<b>792</b>	<b>17</b>	<b>-35</b>	<b>2,2</b>	<b>-4,2</b>
Discouraged work-seekers	104	117	140	23	36	19,7	34,6
Other(not economically active)	723	658	652	-6	-71	-0,9	-9,8
<b>Rates (%)</b>							
Unemployment rate	35,6	36,7	31,1	-5,6	-4,5		
Employed / population ratio (Absorption)	36,6	37,8	40,6	2,8	4,0		
Labour force participation rate	56,9	59,7	58,9	-0,8	2,0		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

As compared to 2021:Q1, the provincial labour force in 2022:Q1 increased by about 42 000 economically active population. At the same time, the number of the employed increased by 78 000 workers (or 11.1%), while the province's unemployment level decreased by 36 000 (or -9.3%).

#### 1.4.1. Employment in the Free State Province

Free State Province had about 781 000 people employed in 2022:Q1, of which 62.2% (486 000) of the jobs were in the formal sector, 17.3% (135 000) were in the informal sector, 10.8% (84 000) were in the agricultural sector and 9.7% (76 000) in the private households. In the period under review, jobs were created in the formal, informal sectors and agriculture, while the private households shed jobs. On year-on-year basis, roughly 78 000 jobs were created in the Free State, in the formal, informal and agricultural sectors.

Meanwhile, the biggest employer in the province in the first quarter of 2022 was the community and social services industry with about 222 000 jobs, followed trade by (181 000) as well as agriculture (84 000). The emergent of FS 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 was in 2018:Q1 with 92 000 jobs, after the 88 000 jobs in 2013:Q1. The utilities (water, gas and electricity) industry remained the smallest employer with about 9 000 people in the province, followed by mining with 18 000 and transport with 37 000 workers.

Based on a quarter to quarter analysis, the largest gains in employment were recorded in the community and social services industry (51 000), manufacturing (20 000) as well as agriculture (18 000). Jobs were shed in the transport (-17 000), finance (-10 000) and trade (-9 000) industries. Year-on-year, the largest gains in employment were recorded in the community and social services industry with 32 000 more workers, agriculture (29 000) as well as trade (21 000). Conversely, only two industries had shed jobs, private households shed about 17 000 jobs, while finance shed 8 000 jobs.

Table 5: Free State employment by industry/sector

EMPLOYMENT	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Industry</b>	<b>703</b>	<b>727</b>	<b>781</b>	<b>54</b>	<b>79</b>	<b>7,4</b>	<b>11,2</b>
Agriculture	55	66	84	18	29	27,1	52,7
Mining	16	23	18	-5	2	-21,6	14,4
Manufacturing	48	33	52	20	5	59,6	9,6
Utilities	5	4	9	5	4	124,1	83,7
Construction	30	32	38	6	8	17,4	26,6
Trade	159	190	181	-9	21	-4,9	13,4
Transport	35	54	37	-17	2	-31,6	6,5
Finance	72	74	64	-10	-8	-13,2	-11,0
Community and social services	190	171	222	51	32	29,7	17,0
Private households	93	80	76	-4	-17	-5,2	-18,7

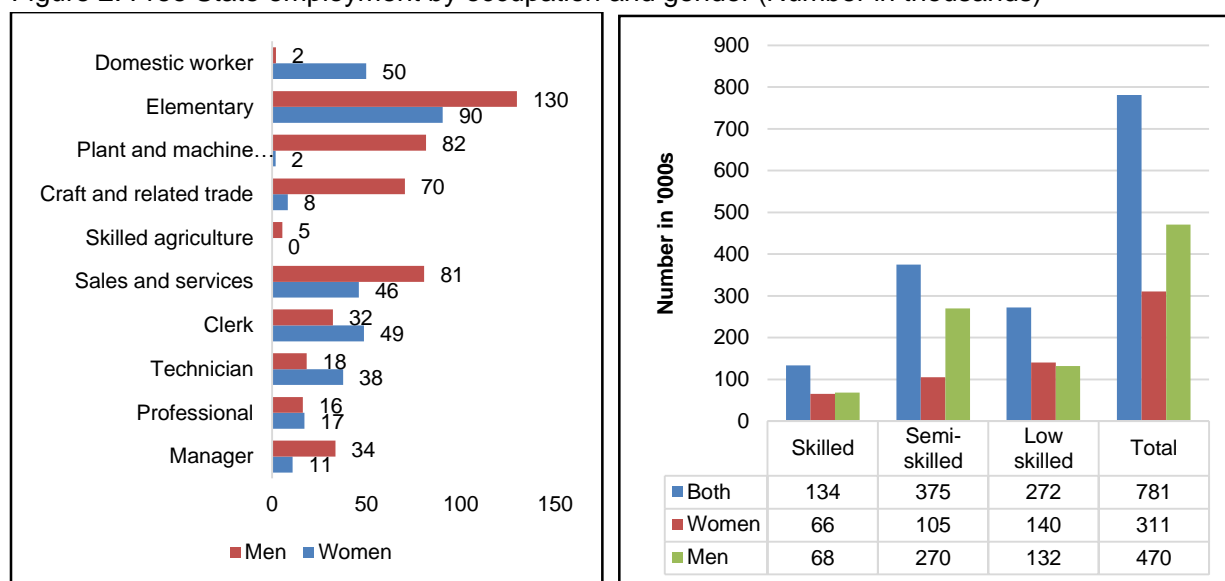
Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

Figure 2 presents employment by gender and occupation in 2022:Q1. Women are dominant in four occupations (professional, technician, clerical, and domestic), while men lead in six occupations, namely; management, skilled agriculture, sales & services, craft & related trade, plant & machine operator and elementary in the province. According to Statistics South Africa, manager, professional and technician are considered skilled; clerk, sales and services, skilled agriculture, craft and related trade, and plant and machine operator are considered semi-skilled; while elementary and domestic worker considered low skilled.

Notably, less women are employed in the province than men. Women accounted for 39.8% of total employment, while men accounted for 60.2% in the first quarter of 2022. Free State is dominated by semi-skilled workers who accounted 48.0% of total workers, followed by low skilled workers (34.9%) and skilled workers (17.1%).

During 2022:Q1, there were 66 000 women employed as skilled workers (21.1%), 105 000 women employed as semi-skilled workers (33.7%) and 140 000 women employed as low skilled workers (45.2%). In the same period, the employment of women increased by 18 000, while employment of men increased by about 36 000 people in comparison to 2021:Q4. Currently, employment amongst women stands at 311 000, whereas employment amongst men is at 470 000. The provincial unemployment rate of women had decreased by -4.0 percentage points, while the unemployment rate of men decreased by -6.9 percentage points.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

The current provincial labour force participation rate for women is about 50.0%, whereas the same indicator for men is 68.0%. This shows that more women were not economically active and also discouraged to look for employment than men.

#### 1.4.2. Unemployment in the Free State Province

Table 6 presents the characteristics of the unemployed in the Free State province. The number of the unemployed in Free State decreased on a quarter-to-quarter basis by 69 000 (or -16.4%), which was mainly driven by new entrants and job losers. Year-on-year, job losers and job leavers drove unemployment to decrease by 36 000 (-9.4%).

Table 6: Free State characteristics of the unemployed

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Unemployed</b>	<b>388</b>	<b>421</b>	<b>352</b>	<b>-69</b>	<b>-36</b>	<b>-16,4</b>	<b>-9,4</b>
Job losers	136	134	112	-22	-24	-16,5	-17,7
Job leavers	23	13	9	-4	-14	-27,8	-60,3
New entrants	162	197	156	-41	-6	-20,9	-4,0
Re-entrants	9	0	3	3	-6	4815,3	-70,8
Other	58	78	73	-5	14	-6,4	24,8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

Table 7 depicts the unemployment rate by age group in the Free State. Out of the 352 000 unemployed people in the province, 223 000 are under the age of 35 years, which is equivalent to 63.3% of the unemployed population. The Presidency has programmes that aim to create real opportunities for young people to grow their skills and earn an income. Among government's initiatives to address youth unemployment, including the Presidential Employment Stimulus, the President officially launched the SAYouth.mobi online platform.

The platform will require a person to create a profile which will allow them to view opportunities for learning and earning, and receive support through multiple channels. The platform has already supporting more than 1.4 million young people, with the hopes of growing this number by an additional three million young people over the next five years. He also launched mPowa, a new platform in the SA Youth network developed by mLab in partnership with the department of science and innovation. These programmes will assist with the insurmountable challenge of youth unemployment.

While the overall official unemployment rate in the province is 31.1%, the rate among the youth, 15-24 years remain the highest at about 65.4%. This is followed by 38.2% rate in the 25 to 34 years' age category. Compared to the previous quarter, official unemployment rate decreased by 5.6 percentage points in the Free State province. Unemployment rate decreased among all categories, except for the 55 to 64 years' age cohort. Year-on-year, the youth unemployment rate decreased significantly, thanks to government and private companies' efforts to reduce youth unemployment.

Table 7: Free State official unemployment rate by age group

Age categories	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
<b>15-64 years</b>	<b>35,6</b>	<b>36,7</b>	<b>31,1</b>	<b>-5,6</b>	<b>-4,5</b>
15-24 years	65,5	66,4	65,4	-1,0	-0,1
25-34 years	51,0	46,0	38,2	-7,8	-12,8
35-44 years	28,7	32,7	23,0	-9,7	-5,7
45-54 years	18,5	20,7	18,8	-1,9	0,3
55-64 years	9,3	13,7	14,1	0,4	4,8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

Education has a substantial impact on employment prospects. Out of 352 000 unemployed population in 2022:Q1, less than 1 000 had *no schooling*, 19 000 had *less than primary completed*, 8 000 had *primary completed*, and 165 000 had *secondary not completed*. Those with post-secondary (*tertiary* education) amounted to 33 000 in 2022:Q1. About 54.6% of the unemployed in the province have pre-secondary education, while about 45.4% have post-secondary education.

Table 8: Highest level of education of the unemployed

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
<b>Highest level of education of the unemployed</b>	<b>388</b>	<b>421</b>	<b>352</b>	<b>-69</b>	<b>-36</b>	<b>-16,4</b>	<b>-9,4</b>
No schooling	1	1	0	-1	-1	-79,8	-77,9
Less than primary completed	16	19	19	0	3	-0,2	18,6
Primary completed	12	17	8	-9	-4	-52,1	-31,9
Secondary not completed	188	212	165	-47	-23	-22,2	-12,0
Secondary completed	136	135	127	-8	-9	-6,1	-6,4
Tertiary	36	34	33	-2	-4	-4,7	-10,1
Other	0	3	0	-3	0	0,0	0,0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

Higher levels of education increase the chance an unemployed person will emerge with a comparable wage and reduce the time required to find new employment. The amount and type of schooling may

signal a future employee's capacity to learn and can be used to predict how quickly an individual will acquire skills on the job, how productive the individual will be after training, the individual's work ethic and his or her commitment to the job.

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

The coronavirus outbreak has caused major disruptions for everyone around the world. While many have managed to turn to online learning and working from home, those not in education and in employment or training (NEETs) are even more excluded from support schemes. It is more important than ever to provide them with the skills they need to be an active part of society.

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

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Both sexes</b>	<b>862</b>	<b>876</b>	<b>843</b>	<b>-33</b>	<b>-18</b>	<b>-3,7</b>	<b>-2,1</b>
Women	489	502	504	2	14	0,4	3,0
Men	372	374	339	-35	-33	-9,2	-8,8
<b>Age group</b>	<b>862</b>	<b>876</b>	<b>843</b>	<b>-33</b>	<b>-18</b>	<b>-3,7</b>	<b>-2,1</b>
15-24 years	148	157	174	17	25	10,6	17,1
25-34 years	302	278	256	-22	-46	-7,8	-15,3
35-44 years	167	195	162	-33	-5	-16,7	-2,8
45-54 years	115	112	123	11	8	9,7	7,0
55-64 years	129	134	128	-6	-1	-4,5	-0,6
<b>Population groups</b>	<b>862</b>	<b>876</b>	<b>843</b>	<b>-33</b>	<b>-18</b>	<b>-3,7</b>	<b>-2,1</b>
Black/African	809	821	784	-37	-24	-4,5	-3,0
Coloured	30	9	22	13	-8	142,0	-26,4
Indian/Asian	0	6	7	1	7	0,0	0,0
White	23	40	30	-10	7	-24,2	31,5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

There were approximately 430 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2022:Q1, with 174 000 aged 15 to 24 years and 256 000 aged 25 to 34 years. In comparison to 2021:Q4, the number of people "not in employment or education and training" (NEET) in the Free State decreased by 33 000 (from 876 000 to 843 000) in 2022:Q1. The 843 000 of the NEET cohort constituted 43.8% of the province's working age population, of which 59.7% of them were female, 93.0% were African and 51.0% were between the ages of 15 and 34 years.

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

Not economically active means that people (aged 15 to 64) are not involved in the labour market, they are neither working nor actively seeking employment. Approximately 41.1% of the working age population in the province were economically inactive in 2022:Q1. *Students*, the *discouraged work seekers* and those who were *ill or disabled* made up the top three reasons for economic inactivity in the province. In 2022:Q1, *students* accounted for 38.2% of the inactive population, while the

*discouraged work seekers* accounted for 17.7% and those who were *ill or disabled* accounted for 13.7%.

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

	Jan-Mar 2021	Oct-Dec 2021	Jan-Mar 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Not economically active</b>	<b>827</b>	<b>775</b>	<b>792</b>	<b>17</b>	<b>-35</b>	<b>2,2</b>	<b>-4,2</b>
Student	362	317	303	-14	-59	-4,6	-16,4
Home-maker	82	86	91	5	8	5,7	9,9
Illness/disability	106	114	109	-5	3	-4,6	2,8
Too old/young to work	79	82	82	0	3	-0,4	3,6
Discouraged work seekers	104	117	140	23	36	19,7	34,2
Other	94	59	68	9	-25	15,2	-27,1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1

The NEA population of the province decreased by 35 000 (-4.2%) between 2021:Q1 and 2022:Q1, due to the decrease in high number of students and “other” not economically active.

## 1.5 Concluding Remarks

Unemployment rate in South Africa has eased to 34.5% in 2022:Q1, the first 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* and *unemployed* categories to the *employed* status. About 59 000 less people were unemployed and about 370 000 more workers were employed in South Africa.

Across the nine provinces of SA, Northern Cape recorded the lowest unemployment rate of about 24.9%, followed by Western Cape at 25.2% and North West at 30.1%. The Eastern Cape had the highest provincial unemployment rate at 44.0% in 2022:Q1, followed by Mpumalanga at 38.6% and Gauteng at 36.7%.

In Free State, the number of the unemployed decreased by 69 000 (from 421 000 to 352 000) and the number of the employed in Free State increased by 54 000 (from 727 000 to 781 000). This led to the labour force to decrease by 15 000 economically active population. Jobs were created mostly in the community and social services (32 000), manufacturing (20 000) and agriculture (18 000).

## 1.6 Policy imperatives

Agriculture, as a labour intensive industry, can generate sufficient employment opportunities in both the rural and urban sectors of the economy.

- **Accelerating investment in agriculture**

The slow growth of employment in agriculture and rural sector could be the shortfall in investment or capital formation in agriculture. Both the public and private sector should invest in agriculture. It is worth noting that investment not only generates employment directly to agriculture, but also has a multiplier effect which operates through backward and forward linkages (food value chain).

- **Diversification of agriculture**

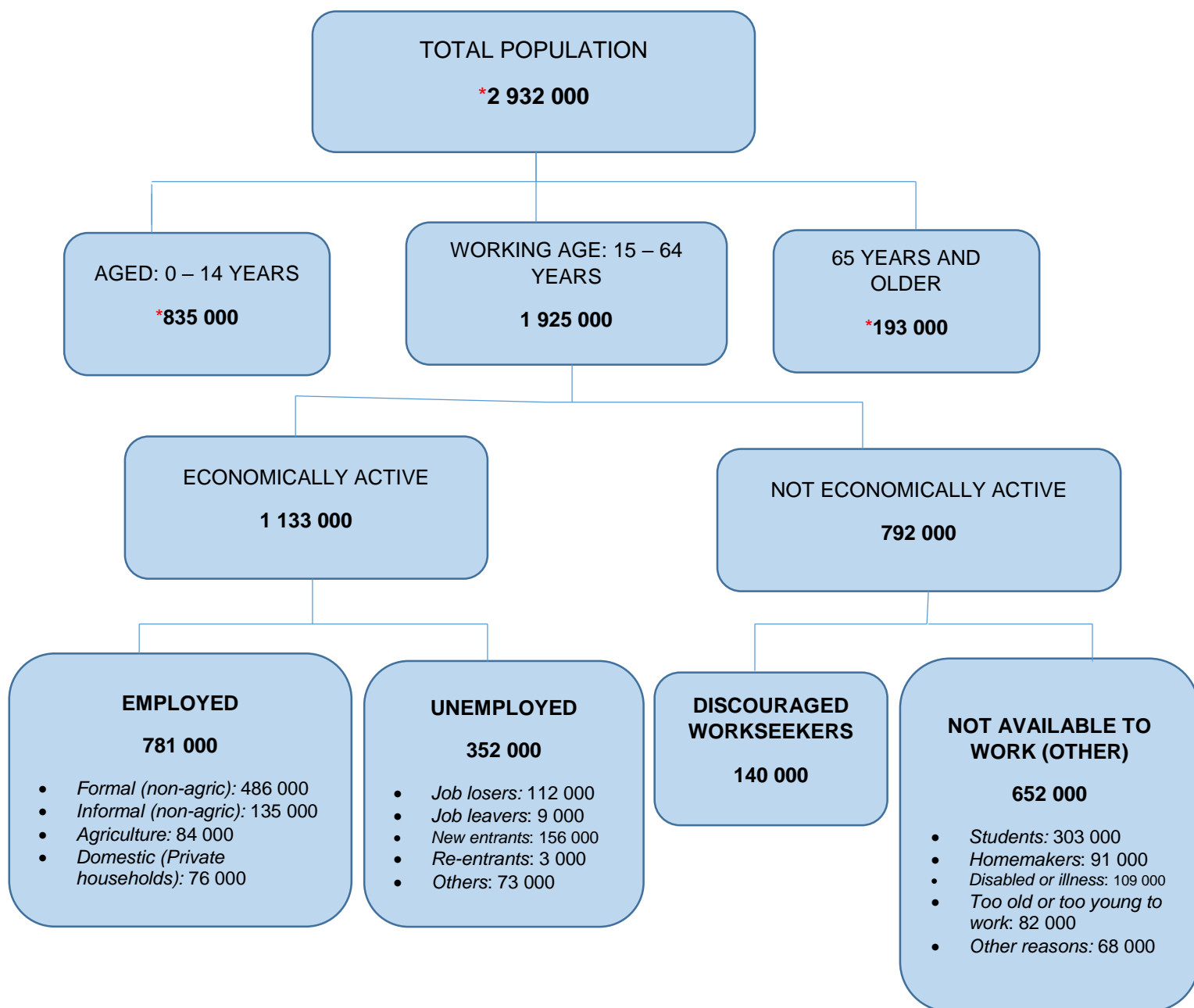
For the rapid growth of employment opportunities in agriculture, the industry could shift (or expand more) from growing of crops to horticulture, vegetable production, floriculture, animal husbandry, fisheries etc. which are more labour absorbing and higher income-yielding. The promotion of agro-processing industries for export purposes can generate a large employment potential.

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## APPENDIX

**Diagram 1: Summary of the Free State's labour market - 2022:Q1**



Labour force participation rate = 58.9%

Absorption rate = 40.6%

Official unemployment rate = 31.1%

Expanded unemployment rate = 40.5%

*Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q1*

*Note: (\*) Mid-year population estimates, July 2021 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*