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FREE STATE PROVINCE QUARTERLY LABOUR MARKET REVIEW (QLMR)

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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

- Unemployment rate in South Africa decreased from 30.1% in 2020:Q1 to 23.3% in 2020:Q2. It was the lowest unemployment rate since the second quarter of 2009, as the country's strict lockdown distorted labour force numbers with fewer people actively looking for employment. Compared to same period last year, unemployment rate is about 5.7 percentage points lower (year-on-year basis).
- Employment in South Africa decreased by 2.2 million (or 13.6%) in 2020:Q2. All sectors across the country shed significant number of jobs, formal sector being the most affected sector after shedding 1.2 million jobs.
- The number of employed persons decreased in all nine provinces between 2020:Q1 and 2020:Q2. The largest employment decreases were recorded in Gauteng (-661 000), KwaZulu-Natal (-375 000) and Western Cape (-322 000).
- The Free State official unemployment rate decreased by 13.1 percentage points from 38.4% in 2020:Q1 to 25.3% in 2020:Q2. The rate of unemployment amongst women decreased by 13.7 percentage points, from 39.0% in 2020:Q1 to 25.3% in 2020:Q2, while unemployment rate among men also decreased from 38.0% to 25.2%, which represent a 12.8 percentage point decrease.
- Total employment in the Free State contracted by 15.7% between 2020:Q1 and 2020:Q2. This contraction was due to the 119 000 jobs shed across all sectors. Formal sector shed most jobs (58 000).
- Six of the ten industries in the Free State reported employment decline on quarter-to-quarter. Agriculture, mining, construction, trade, community and social services and private households shed jobs, while manufacturing, utilities and finance created jobs in 2020:Q2. Transport sector remained the unchanged.
- On employment by industry and gender in the Free State, more men (326 000) were employed relative to women (311 000) across major sectors. In 2020:Q2, female and male employment decreased by 39 000 and 79 000 respectively, compared to the previous quarter. Year-on-year, the number of women in employment decreased by 50 000, whereas the number of men in employment decreased by 121 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 35.2% in 2020:Q2, which is 11.9 percentage points above the provincial rate (25.3%). The unemployment rate decreased across all age categories, quarter to quarter. The biggest decrease was recorded among adults between 25 to 34 years age category with 19.8 percentage points.

1.1 Economic growth outlook in South Africa

Global growth is projected to decline by 4.9% in 2020 (from 2.9% in 2019). COVID-19 pandemic had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecasted. Globally, lockdowns were at their most intense and widespread from about mid-March through mid-May. As economies have gradually reopened, mobility has picked up in some countries but generally remains low compared to pre-virus levels. However, the global growth is expected to rebound to 5.4% in 2021.

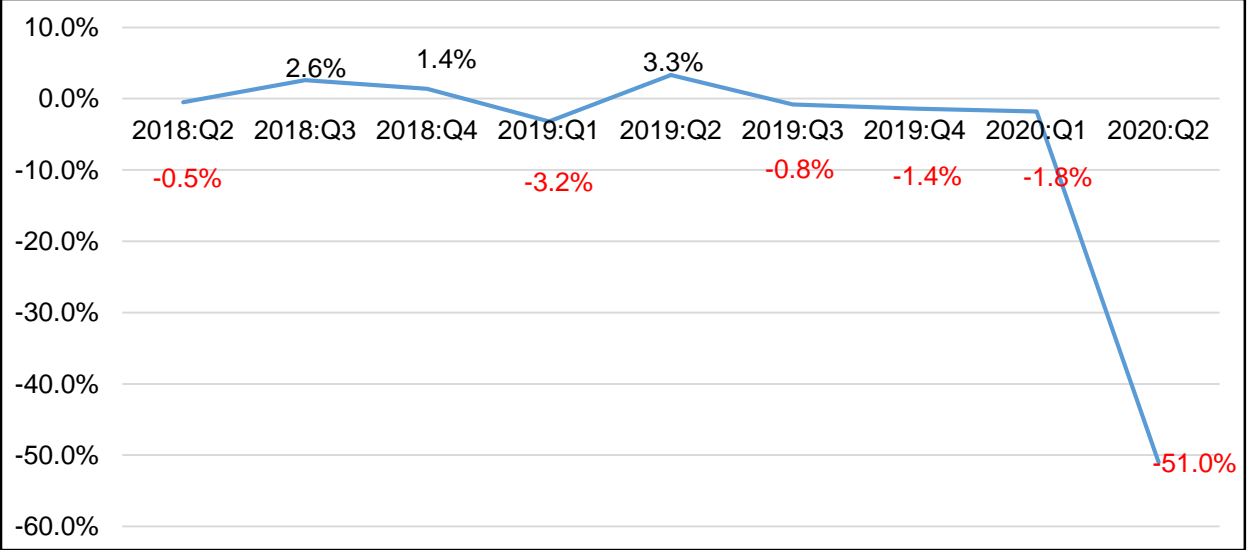
Growth in the advanced economy is projected to contract by 8.0% in 2020 (from 1.7% in 2019). Most economies are forecasted to contract this year (2020), *inter alia* the United States (-8.0%), Japan (-5.8%), the United Kingdom (-10.2%), Italy and Spain at -12.8% each. In 2021, the advanced economies growth rate is projected to strengthen to 4.8%.

Emerging markets and developing economies are projected to decrease by 3.0% in 2020 (from 3.7% in 2019). For the first time, all regions are projected to experience negative growth rates in 2020. There are, however, substantial differences across individual economies, reflecting the evolution of the pandemic and the effectiveness of containment strategies; variation in economic structure (for example, dependence on severely affected sectors, such as tourism and oil); reliance on external financial flows, including remittances; and pre-crisis growth trends (IMF, 2020).

The outlook for 2020 for Sub-Saharan Africa is considerably worse than was anticipated in April due to more uncertainty. Economic activity in this region is projected to contract by 3.2% this year, reflecting a weaker external environment and measures to contain COVID-19 outbreak. Growth is projected to recover to 3.4% in 2021 subject to the continued gradual easing of restrictions that has started in recent weeks.

Meanwhile, South African's economy shrank for the fourth consecutive quarter, in 2020:Q2, due to the difficulties it faced even before the onslaught of the coronavirus pandemic. The South African economy decreased by 51.0% in the second quarter of this year, prolonging already existing recession. This is down from the 1.8% decline in 2020:Q1.

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



Source: Statistics South Africa, Gross Domestic Product, 2020:Q2

The three largest negative contributors to growth in GDP in the second quarter were the manufacturing, mining and transport industries, which declined by 74.9%, 73.1% and 67.9% respectively. The agriculture, forestry and fishing industry was the only positive contributor to GDP growth (15.1%).

1.2 South Africa's Labour Market Overview

Statistics South Africa has reported to have suspended face-to-face data collection for all its surveys on 19 March 2020 as a result of the COVID-19 pandemic and restricted movement. This was to ensure that the field staff and respondents were not exposed to the risk of contracting coronavirus and to contain its spread. Given the change in the survey mode of collection and the fact that 2020:Q2 estimates are not based on a full sample and comparisons with previous quarters should be made with caution.

South Africa's unemployment rate reached a record low in the 2020:Q2, as the country's strict lockdown distorted labour force numbers with fewer people actively looking for employment. This happens as the country was already in recession recording the fourth consecutive quarter of decline since 2019:Q3. This was exacerbated by the lockdown restrictions imposed by the government, which negatively affected many businesses and consumers.

South Africa's unemployment rate decreased from 30.1% in 2020:Q1 to 23.3% in 2020:Q2. This is the lowest unemployment rate since 2009:Q2. Yet, the data released by Statistics SA points to a 4.3 million decline in the number of unemployed people as compared to the first quarter, when the decline in the number of unemployed people stood at 2.8 million people.

Table 1: South Africa labour market at a glance

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	38 433	38 874	39 021	147	588	0.4	1.5
Labour Force	22 968	23 452	18 443	-5 009	-4 525	-21.4	-19.7
Employed	16 313	16 383	14 148	-2 235	-2 165	-13.6	-13.3
Formal sector (Non-agricultural)	11 172	11 282	10 064	-1 218	-1 108	-10.8	-9.9
Informal sector (Non-agricultural)	3 048	2 921	2 280	-641	-768	-21.9	-25.2
Agriculture	842	865	799	-66	-43	-7.6	-5.1
Private households	1 251	1 316	1 005	-311	-246	-23.6	-19.7
Unemployed	6 655	7 070	4 295	-2 775	-2 360	-39.3	-35.5
Not economically active	15 465	15 422	20 578	5 156	5 113	33.4	33.1
Discouraged work-seekers	2 749	2 918	2 471	-447	-278	-15.3	-10.1
Other(not economically active)	12 716	12 504	18 107	5 603	5 391	44.8	42.4
Rates (%)							
Unemployment rate	29.0	30.1	23.3	-6.8	-5.7		
Employed / population ratio (Absorption)	42.4	42.1	36.3	-5.8	-6.1		
Labour force participation rate	59.8	60.3	47.3	-13.0	-12.5		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

As shown in Table 1, the working-age population increased by 147 000 (or 0.4%) in 2020:Q2 compared to 2020:Q1. The number of employed persons decreased by 2.2 million (or -13.6%), while the number of unemployed persons decreased by 2.8 million (or -39.3%), resulting in the decrease of 5.0 million (-21.4%) in the number of people in the labour force during the period under review. This led to both the unemployment rate, employment (absorption) rate and labour force participation rate to decrease by 6.8%, 5.8% and 13.0%, respectively.

1.3 Cross-Provincial Labour Market Performance

International Labour Organisation (ILO) monitor has reported that a decline in employment accompanied by a larger increase in inactivity other than in unemployment, has been observed in most countries across the world, except Canada and the United States of America. Therefore, the picture observed in South Africa is in line with the rest of the world.

1.3.1. Employment Levels

Between 2020:Q1 and 2020:Q2, employment decreased in all nine provinces (see Table 2). South Africa shed a total of about 2.2 million jobs in the last quarter. The highest employment losses were recorded in Gauteng (-661 000), KwaZulu-Natal (-375 000) and Western Cape with 322 000 less jobs. Free State shed about 119 000 jobs, mainly from trade, community and social service and private households, during the same period.

Table 2: Employment by province

Province	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
South Africa	16 313	16 383	14 148	-2 235	-2 165	-13.6	-13.3
Western Cape	2 497	2 501	2 179	-322	-318	-12.9	-12.7
Eastern Cape	1 388	1 382	1 169	-213	-219	-15.4	-15.8
Northern Cape	301	336	255	-81	-46	-24.1	-15.3
Free State	808	756	638	-119	-170	-15.6	-21.0
KwaZulu-Natal	2 635	2 672	2 297	-375	-338	-14.0	-12.8
North West	918	969	874	-95	-44	-9.8	-4.8
Gauteng	5 066	5 134	4 473	-661	-593	-12.9	-11.7
Mpumalanga	1 243	1 246	1 112	-134	-131	-10.8	-10.5
Limpopo	1 456	1 387	1 151	-236	-305	-17.0	-20.9

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

As compared to 2019:Q2, employment also decreased in all nine provinces to a total of 2.2 million. The highest employment decreases were recorded in Gauteng (-593 000), KwaZulu-Natal (-338 000) and Western Cape (-318 000). During this period, Free State shed about 170 000 jobs.

1.3.2. Unemployment Rate

Employment did not bounce back with the easing of the national lockdown, and it is unlikely to be in the foreseeable future. The country had moved to level one recently, which saw the reopening of other important industries. This would encourage the unemployed to actively start looking for employment.

The quarterly decreases in the official unemployment rate were observed in all nine provinces. The highest decrease was experienced in Mpumalanga, Free State and North West, decreasing by 20.0, 13.1 and 11.6 percentage points, respectively. The unemployment rate is expected to increase in the near future as more people will be actively looking for employment.

In comparison to the same period last year, the national official unemployment rate decreased by 5.7 percentage point. During this period, the official unemployment rate fell in all provinces, except in Eastern Cape and Limpopo. Official unemployment rate of Mpumalanga decreased the most over this period, by 21.4 percentage points, followed by North West (11.4 percentage points) and Free State (9.1 percentage points). Contrariwise, only Eastern Cape and Limpopo recorded an increase of 1.5 and 1.6 percentage points.

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	29.0	30.1	23.3	-6.8	-5.7	38.5	39.7	42.0	2.3	3.5
Western Cape	20.4	20.9	16.6	-4.3	-3.8	23.8	24.8	27.3	2.5	3.5
Eastern Cape	35.4	40.5	36.9	-3.6	1.5	46.5	48.9	52.8	3.9	6.3
Northern Cape	29.4	27.0	25.1	-1.9	-4.3	44.8	40.0	45.1	5.1	0.3
Free State	34.4	38.4	25.3	-13.1	-9.1	41.6	44.5	41.2	-3.3	-0.4
KwaZulu-Natal	26.1	26.9	18.9	-8.0	-7.2	42.1	43.0	46.2	3.2	4.1
North West	33.0	33.2	21.6	-11.6	-11.4	46.6	45.1	46.3	1.2	-0.3
Gauteng	31.1	31.4	26.4	-5.0	-4.7	35.0	36.3	38.7	2.4	3.7
Mpumalanga	34.7	33.3	13.3	-20.0	-21.4	43.5	43.9	45.4	1.5	1.9
Limpopo	20.3	23.6	21.9	-1.7	1.6	41.1	44.4	46.5	2.1	5.4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

The national expanded unemployment rate increased by 2.3 percentage point from 39.7% to 42.0% between 2020:Q1 and 2020:Q2. During the same period, the expanded unemployment rate increased in all provinces, except for Free State, with a largest increase of 5.1 percentage point recorded in Northern Cape, followed by Eastern Cape (3.9 percentage points) and KwaZulu-Natal (3.2 of a percentage point).

On a year-on-year basis, the expanded unemployment rate surged nationally by 3.5 percentage point, due to the persistent rise in growth rate recorded in seven provinces.

1.4 Decomposition of the Free State Labour Market

Employment opportunities in Free State, like other provinces, have been affected by the national economic challenges and the effects of lockdown.

The Free State labour force is currently at 853 000, and represents a decrease of 375 000 people between 2020:Q1 and 2020:Q2. Within the labour force, the number of the unemployed decreased by 257 000 people (from 472 000 to 215 000), whilst the number of the employed decreased by 119 000

(from 756 000 to 638 000) in 2020:Q2. This translates into an official unemployment rate of 25.3%, 33.3% employment rate (absorption rate) and 44.6% labour force participation rate for the Free State.

As illustrated in Table 4, the (NEA) in Free State rose by 55.2% in 2020:Q2, which translates to 377 000 more inactive population in the province. This increase in the inactive population was prompted by lockdown as most people were not actively looking for work.

Table 4: Free State labour force characteristics

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 906	1 911	1 913	2	7	0.1	0.4
Labour Force	1 232	1 228	853	-375	-379	-30.6	-30.7
Employed	808	756	638	-119	-171	-15.7	-21.1
Formal sector (Non-agricultural)	511	469	411	-58	-100	-12.4	-19.6
Informal sector (Non-agricultural)	146	136	105	-32	-41	-23.2	-28.2
Agriculture	60	62	57	-5	-2	-7.9	-4.0
Private households	92	89	65	-24	-27	-27.0	-29.4
Unemployed	423	472	215	-257	-208	-54.4	-49.1
Not economically active	674	683	1 060	377	386	55.2	57.2
Discouraged work-seekers	121	99	90	-8	-30	-8.2	-24.9
Other(not economically active)	554	584	970	385	416	65.9	75.1
Rates (%)							
Unemployment rate	34.4	38.4	25.3	-13.1	-9.1		
Employed / population ratio (Absorption)	42.4	39.6	33.3	-6.3	-9.1		
Labour force participation rate	64.6	64.3	44.6	-19.7	-20.0		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

As compared to 2019:Q2, the provincial labour force in 2020:Q2 decreased by about 379 000 economically active population. At the same time, the province's employment level decreased by 171 000 (or -21.1%), while the number of the unemployed decreased by 208 000 workers (or -49.1%).

1.4.1. Employment in the Free State Province

Free State Province had about 638 000 people employed in 2020:Q2. The total number of employed persons decreased by 119 000 in 2020:Q2. As a result, the absorption rate fell by 6.3 percentage point. A significant number of jobs amounting to 58 000 were shed in the formal sector, 32 000 in the informal sector, 24 000 in private households and 5 000 jobs in agricultural sector.

On year-on-year basis, roughly 171 000 jobs were shed in the Free State, across all sectors. The most contributor of the job loss was the formal sector (-100 000) and informal sector with 41 000 less jobs.

Meanwhile, the biggest employer in the province in the second quarter of 2020 was the community and social services with about 175 000 jobs, followed by trade industry (115 000) as well as finance

(73 000). The utilities (water, gas and electricity) industry remained the smallest employer which employed about 8 000 people in the province, followed by mining (18 000) and transport (33 000).

Based on a quarter to quarter analysis, the largest losses in employment were recorded in trade (-55 000), private households (-24 000), as well as community and social services (-23 000). Conversely, finance created about 7 000 jobs, followed by mining and utilities (with 1 000 jobs each), while employment remained unchanged in the transport sector during this period.

Looking at year-on-year, the highest employment losses were recorded in trade, community and social services and private households with 53 000, 35 000 and 27 000 jobs respectively. Meanwhile, no jobs were created in this period.

Table 5: Free State employment by industry/sector

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Industry	808	756	638	-119	-171	-15.7	-21.1
Agriculture	60	62	57	-5	-2	-7.9	-4.0
Mining	20	20	18	-3	-2	-13.5	-10.7
Manufacturing	62	53	54	1	-8	1.8	-13.1
Utilities	12	7	8	1	-4	15.2	-33.8
Construction	60	57	40	-17	-20	-29.8	-33.4
Trade	168	170	115	-55	-53	-32.3	-31.4
Transport	37	34	33	0	-4	-1.4	-10.8
Finance	88	66	73	7	-15	10.4	-17.1
Community and social services	210	198	175	-23	-35	-11.8	-16.8
Private households	92	89	65	-24	-27	-27.0	-29.4

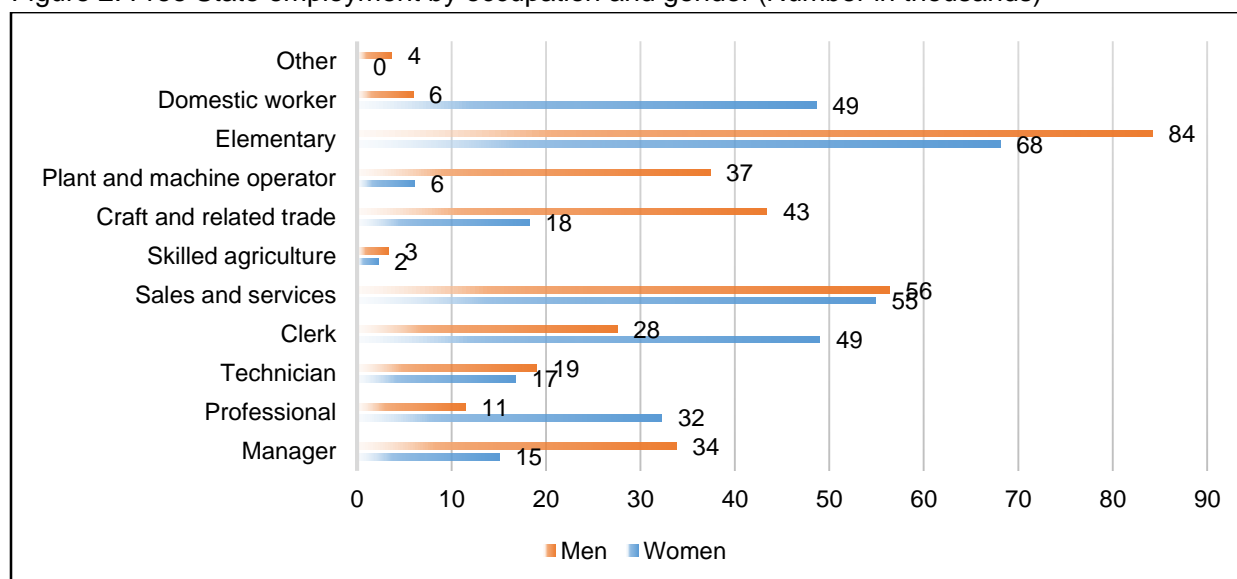
Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

Figure 2 presents employment by gender and occupation in 2020:Q2. Women are dominant in three occupations (professional, clerical, and domestic), while men lead in six occupations, namely; manager, skilled agriculture, sales & services, craft & related trade, plant & machine operator and elementary in the province. Only 30.8% of managers in Free State were women.

According to ILO monitor; poor workers, women, workers living in rural areas, and unskilled and less educated workers have experienced the largest declines in employment during the lockdown across the world. Meanwhile in FS, about 117 000 women were employed in the domestic and elementary occupations (low skilled-level) relative to 90 000 men who were employed in the same occupations.

Notably, less women are employed in the province than men. In 2020:Q2, the employment of women declined by 39 000, while employment of men declined by about 79 000 people in comparison to 2020:Q1. Currently, employment amongst women stands at 311 000, whereas employment amongst men is at 326 000. For both women and men, the provincial unemployment rate had declined.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

The current provincial labour force participation rate for women is about 58.6%, whereas the same indicator for men is 70.2%, thus more women were not economically active and also discouraged to look for employment than men.

The report by ILO warned that the crisis of Covid-19 could worsen inequalities that existed before the outbreak of the pandemic. The workers most affected by the crisis are among the poorest sectors of the population, those with informal jobs or in a situation of disadvantage. Women and young people (under 24) are particularly vulnerable.

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 257 000 (or -54.4%), which was mainly driven by job losers. Year-on-year, job losers again drove unemployment to decrease by 208 000 (-49.1%). Regrettably, losing the job and entering the labour market for the first time, are the main reasons of unemployment challenges in the country, and Free State as well.

Table 6: Free State characteristics of the unemployed

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand			Percent			
Unemployed	423	472	215	-257	-208	-54.4	-49.1
Job losers	137	168	60	-108	-77	-64.5	-56.3
Job leavers	26	30	14	-16	-12	-52.9	-46.8
New entrants	155	167	102	-65	-53	-39.1	-34.2
Re-entrants	10	11	16	5	6	48.2	61.0
Other	96	96	24	-72	-72	-75.1	-74.9

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

Table 7 depicts the *unemployment rate by age group* in the Free State. Out of the 215 000 unemployed people in the province, 121 000 are under the age of 35 years, which is equivalent to 56.2% of the unemployed population. With less experience and fewer skills than many adults, young people often are likely to encounter difficulty in getting employment.

While the overall unemployment rate in the province is 25.3%, the rate among the youth (15-24 years) remain the highest at about 60.5%. This is followed by 28.4% of population in the 25-34 years age category who are unemployed. Youth have difficulty in the labour market due to identifiable and remediable discrepancies as potential valuable talent for employers. Some of the challenges that youth are likely to encounter is the lack of work-related skills, lack of information, lack of experience and limited opportunities for entry-level work access.

Compared to the previous quarter, official unemployment rate decreased significantly by 13.1 percentage points in the Free State province. The rate decreased across all age categories. The largest decrease was observed in the age cohort 25-34 years, which recorded 19.8 percentage points in 2020:Q2, followed by the cohort 45-54 years (-9.6 percentage point) and 55-64 years (-8.2 percentage point). Year-on-year, the rate decreased across all age categories, and declined significantly by 14.5 percentage points in the 25 -34 years age cohort.

Table 7: Free State official unemployment rate by age group

Age categories	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	34.4	38.4	25.3	-13.1	-9.1
15-24 years	66.8	63.9	60.5	-3.4	-6.3
25-34 years	42.9	48.2	28.4	-19.8	-14.5
35-44 years	26.4	31.0	24.2	-6.8	-2.2
45-54 years	19.7	24.2	14.6	-9.6	-5.1
55-64 years	10.7	17.9	9.7	-8.2	-1.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

Equally important, lower education attainment has a substantial impact on unemployment in the Free State province. About 58.1% of the unemployed population has lower than secondary education. Out of 215 000 unemployed population in 2020:Q2, about 1 000 had *no schooling*, 11 000 had *less than primary completed*, 10 000 had *primary completed*, and 103 000 had *secondary not completed*. Those with post-secondary (*tertiary* education) amounted to 17 000 in 2020:Q2.

Educational attainment is frequently used as a measure of the skills available in the population and the labour force. The gap between the two categories of pre-secondary and post-secondary is significant. About 58.1% of the unemployed in the province have pre-secondary education, while about 41.9% have post-secondary education.

Table 8: Highest level of education of the unemployed

	Apr- Jun 2019	Jan- Mar 2020	Apr- Jun 2020	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	423	472	215	-257	-208	-54.4	-49.1
No schooling	3	4	1	-2	-2	-58.7	-53.6
Less than primary completed	24	31	11	-20	-14	-65.6	-56.5
Primary completed	23	20	10	-10	-12	-49.5	-55.0
Secondary not completed	208	230	103	-127	-105	-55.2	-50.6
Secondary completed	140	147	72	-75	-68	-51.1	-48.5
Tertiary	25	41	17	-23	-8	-57.6	-31.5
Other	0	0	1	1	1	0.0	0.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

A serious challenge in this regard is that the pace of expansion in job demand in formal sectors has not matched the pace of graduation from secondary and tertiary institutions. The graduates cannot meet all the job demands in the formal sector because of the mismatch of their education.

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

There are many challenges associated with being NEET. There is a lack of employment opportunities across the country and some cannot afford university education while some do not succeed in education system (drop-outs).

In comparison to 2020:Q1, the number of people “not in employment or education and training” (NEET) in the Free State increased by 94 000 (from 838 000 to 931 000) in 2020:Q2. The 931 000 of the NEET cohort constituted 48.7% of the province’s working age population, of which 54.6% of them were female, 92.5% were African and 48.2% were between the ages of 15 and 34 years.

There were approximately 449 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2020:Q2, with 173 000 aged 15 to 24 years and 277 000 aged 25 to 34 years.

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

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	799	838	931	94	133	11.2	16.6
Women	458	465	508	43	51	9.3	11.0
Men	341	373	423	50	82	13.4	24.1
Age group	799	838	931	94	133	11.2	16.6
15-24 years	158	163	173	10	15	6.0	9.2
25-34 years	268	269	277	7	8	2.7	3.1
35-44 years	144	165	214	49	70	29.6	48.8
45-54 years	109	116	129	13	20	11.4	18.5
55-64 years	119	124	138	14	19	11.3	16.2
Population groups	799	838	931	94	133	11.2	16.6
Black/African	741	788	861	73	120	9.3	16.3
Coloured	25	25	37	13	12	51.4	48.1
Indian/Asian	1	1			-1		0.0
White	32	25	33	8	1	34.1	2.3

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

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

Approximately 55.4% of the working age population in the province were economically inactive in 2020:Q2, compared to 35.7% in 2020:Q1. Students, the discouraged job-seekers and those who were too old/too young to work made up the top three reasons for economic inactivity in the province. In 2020:Q2, students accounted for 32.4% of the inactive population, while discouraged work seekers and those who were too old/too young to work accounted for 8.5% and 8.1% of the inactive population, respectively.

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

	Apr-Jun 2019	Jan-Mar 2020	Apr-Jun 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Not economically active	674	683	1 060	377	386	55.2	57.2
Student	296	313	344	31	48	9.9	16.3
Home-maker	65	58	68	10	3	18.2	4.4
Illness/disability	95	86	70	-17	-26	-19.4	-27.0
Too old/young to work	71	77	85	9	14	11.4	19.9
Discouraged work seekers	121	99	90	-8	-30	-8.2	-24.9
Other	26	51	403	352	376	690.9	1429.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

The NEA population of the province increased by 377 000 (or 55.2%) between 2020:Q2 and 2020:Q1, due to the increase of inactivity during the strict lockdown level 5 and 4.

1.5 Concluding Remarks

South Africa's unemployment rate reached a record low in the 2020:Q2, as the country's strict lockdown distorted labour force numbers with fewer people actively looking for employment. This happens as the country was already in recession recording the fourth consecutive quarter of decline since 2019:Q3.

The rate of unemployment in South Africa decreased from 30.1% in 2020:Q1 to 23.3% in 2020:Q2. Across the nine provinces, Mpumalanga recorded the lowest unemployment rate of about 13.3%, followed by Western Cape at 16.6% and KwaZulu-Natal at 18.9%. The Eastern Cape had the highest provincial unemployment rate at 36.9% in 2020:Q2, followed by Gauteng at 26.4% and Free State at 25.3%.

Free State unemployment rate also declined drastically by 13.1 percentage points as most people were not actively looking for employment during this period. The number of the unemployed decreased by 257 000 (from 472 000 to 215 000) and the number of the employed in Free State decreased by 119 000 (from 756 000 to 638 000) in 2020:Q2. This led to the labour force to decline by 375 000 economically active population. Jobs were created only in finance (7 000), manufacturing (1 000) and utilities (1 000).

1.6 Policy imperatives

The impact of COVID-19 on work and business was enormous, and the road ahead is long. It is essential for the province to re-launch the bases for the reactivation of the economy with health security, ensuring favourable conditions for the operation of businesses and for the creation of more job opportunities. Moreover, the impact of the pandemic on FS economy and employment expected to present more strain on the provincial fiscus.

What can be done in this subdued economic growth:

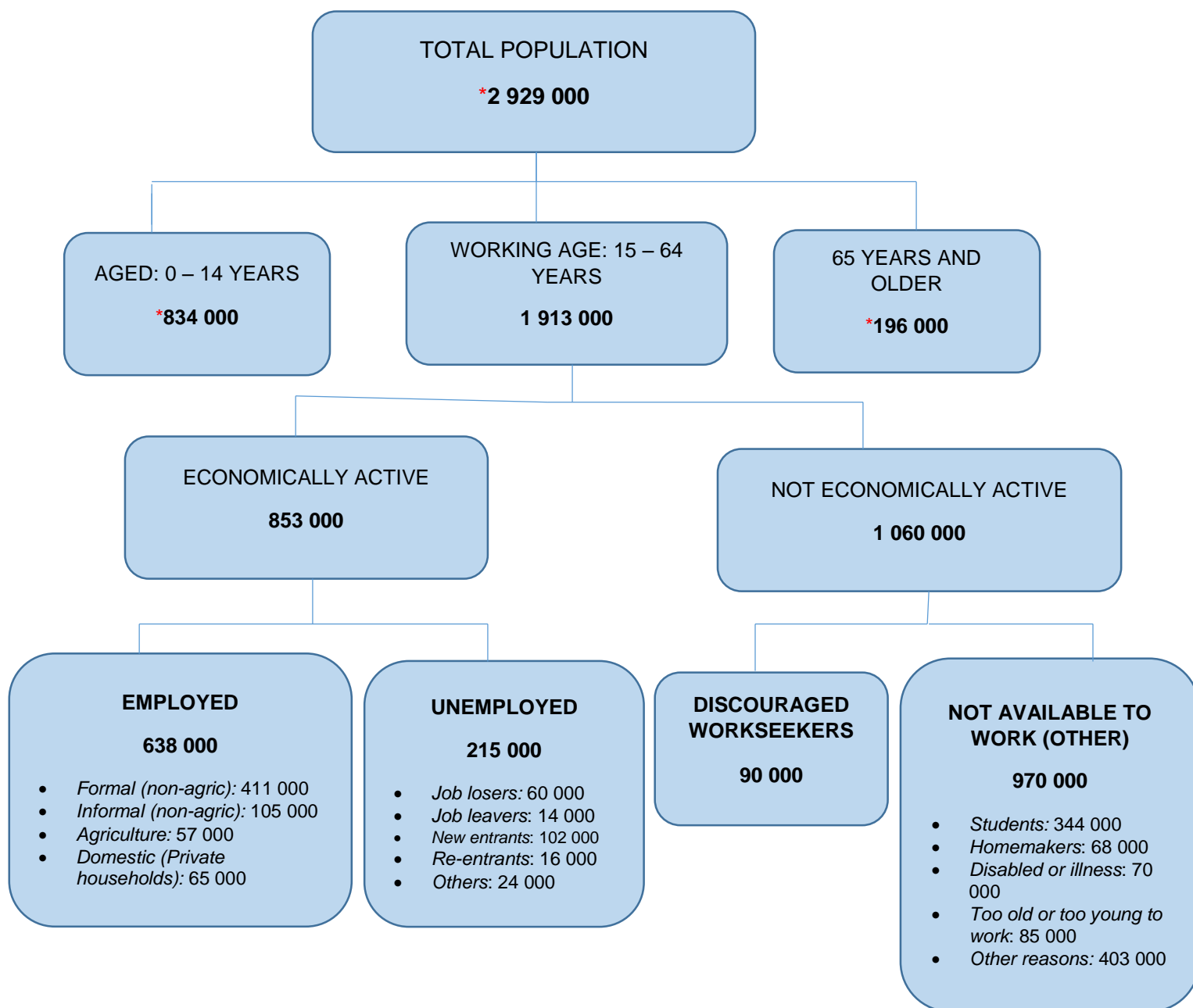
- Continue with programmes/projects budget and performance evaluation with aim of reprioritizing funds towards key projects,
- Continue to strengthen allocative and technical efficiencies as a means to derive maximum benefits in the midst of challenging fiscal position.

References

- [1] International Monetary Fund (IMF) (2020). "World Economic Outlook: Growth Slowdown, Precarious Recovery", International Monetary Fund: Washington DC.
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- [3] Statistics South Africa. (2019). "Mid-year Population Estimates", July 2020, South Africa: Pretoria.
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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2020:Q2



Labour force participation rate = 44.6%

Absorption rate = 33.3 %

Official unemployment rate = 25.3%

Expanded unemployment rate = 41.2%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q2

Note: () Mid-year population estimates, July 2020 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*