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Department of
Treasury
FREE STATE PROVINCE



FREE STATE PROVINCE QUARTERLY LABOUR MARKET REVIEW (QLMR)

3RD QUARTER 2020

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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 increased from 23.3% in 2020:Q2 to 30.8% in 2020:Q3, the highest unemployment rate since the inception of Quarterly Labour Force Survey 2008:Q1. Compared to same period last year, unemployment rate is about 1.7 percentage points higher (year-on-year basis).
- Employment in South Africa increased by 543 000 (or 3.8%) in 2020:Q3. All sectors across the country gained significant number of jobs, with formal sector creating about 242 000 jobs, informal sector with 176 000 jobs, private households with 116 000 jobs and agriculture with 9 000 jobs.
- The number of employed persons increased in all nine provinces between 2020:Q2 and 2020:Q3. The largest employment increases were recorded in Limpopo (115 000), KwaZulu-Natal (92 000) and Free State (85 000).
- The Free State official unemployment rate increased by 10.2 percentage points from 25.3% in 2020:Q2 to 35.5% in 2020:Q3. The rate of unemployment amongst women increased by 11.5 percentage points, from 25.3% in 2020:Q2 to 36.8% in 2020:Q3, while unemployment rate among men also increased from 25.2% to 34.3%, which represent a 9.1 percentage point increase.
- Total employment in the Free State expanded by 13.4% between 2020:Q2 and 2020:Q3. This expansion was due to the 86 000 jobs created across all sectors. Formal sector created most jobs (455 000).
- Six of the ten industries in the Free State reported employment increase on quarter-to-quarter. Only tertiary industry and marginal part of secondary industry created jobs (construction, trade, transport, finance, community and social services and private households), while primary industry and some part of secondary industry (agriculture, mining manufacturing, utilities) shed jobs in 2020:Q3.
- On employment by industry and gender in the Free State, more men (399 000) were employed relative to women (324 000) across major sectors. In 2020:Q3, female and male employment increased by 13 000 and 73 000 respectively, compared to the previous quarter. Year-on-year, the number of women in employment decreased by 31 000, whereas the number of men in employment decreased by 41 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 47.4% in 2020:Q3, which is 11.9 percentage points above the provincial rate (35.5%). The unemployment rate increased across all age categories, except for 15 to 24 years and 55 to 64 years age cohorts. The biggest increase was recorded among youth between 25 to 34 years age category with 15.4 percentage points.

1.1 Economic growth outlook in South Africa

The global economy is recovering from the shocks of lockdowns since April 2020 due to COVID-19. Nonetheless, the resurgence of the COVID-19 pandemic in some parts of the world made some countries to slowly open their economies and some are reinstating partial lockdowns to protect vulnerable populations. Global growth is projected to decline by 4.4% in 2020 (less severe contraction than forecast in June 2020). Economic activities picked up in May and June as economies reopened. Partial recovery from deep recession is expected to rebound to 5.2% in 2021.

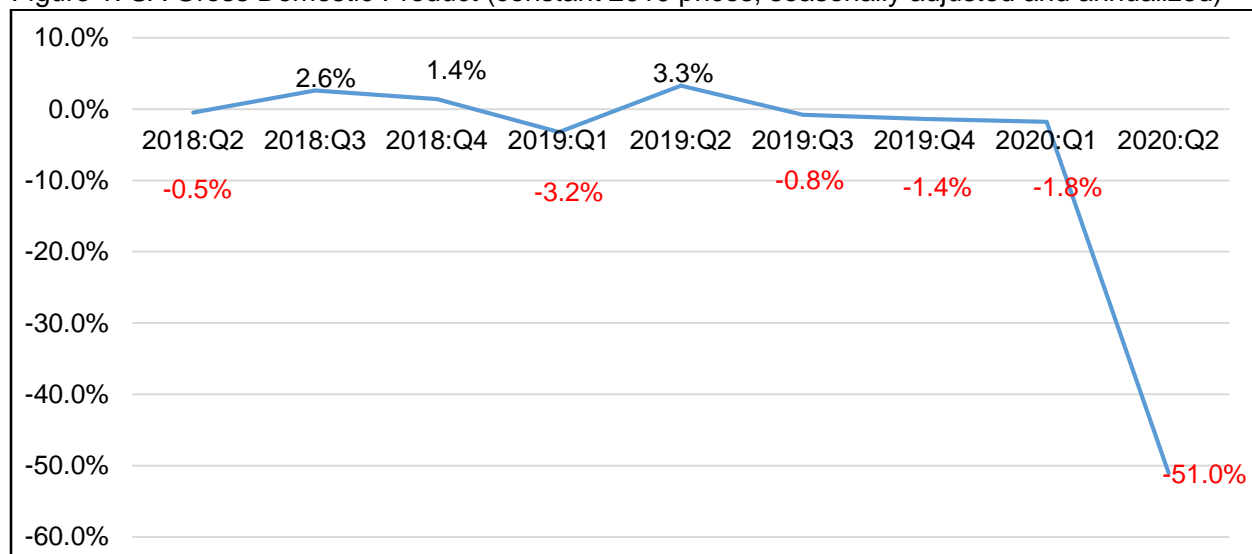
Growth in the advanced economy is projected to contract by 5.8% in 2020, 2.3 percentage points stronger than in the June 2020 WEO Update. The upward revision reflects, in particular, the better than foreseen US and euro area GDP outturns in the second quarter. In 2021, advanced economies growth rate is projected to strengthen to 3.9%.

Among emerging market and developing economies, growth is forecasted at -3.3% in 2020, 0.2 percentage point weaker than in the June 2020 WEO Update. Prospects for China are much stronger than most countries in this group, with its economy projected to grow by about 10% over 2020/21. The growth is anticipated to strengthen to 6% in 2021.

The outlook for 2020 for Sub-Saharan Africa is considerably better than was anticipated in June due to more uncertainty. Economic activities in this region are projected to contract by 3.0% this year, reflecting a weaker external environment and measures to contain COVID-19 outbreak. Growth is projected to recover to 3.1% in 2021 subject to the continued gradual easing of restrictions.

The sharp contraction in South African GDP in the second quarter of 2020 was due to the fallout from COVID-19. The economy should rebound next year as activity gradually recovers. However, persistent electricity shortages and high unemployment are likely to negatively affect economic growth.

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



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

Meanwhile, the government unveiled an economic reconstruction and recovery plan, targeting increased infrastructure spending, which aims to unlock R1.0 trillion in private investment in the next four years, while also directing about R100 billion towards job creation (The Presidency, 2020). The

Presidency has set up the recovery plan with the extraordinary measures to restore the economy to inclusive growth following the devastation caused by COVID-19 to people's lives and the country's economy. The objectives of the plan are clear:

- To create jobs, primarily through aggressive infrastructure investment and mass employment programmes;
- To re-industrialise our economy, focusing on growing small businesses;
- To accelerate economic reforms to unlock investment and growth;
- To fight crime and corruption; and,
- To improve the capability of the state.

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 the coronavirus and to contain its spread. Given the change in the survey mode of collection and the fact that 2020:Q2 and 2020:Q3 estimates are not based on a full sample, comparisons with previous quarters should be made with caution. South Africa's unemployment rate increased by 7.5 percentage points to 30.8% in 2020:Q3 compared with the second quarter. It was the highest rate since quarterly data became available in 2008:Q1, with more people looking for work amid the easing of lockdown restrictions.

Table 1: South Africa labour market at a glance

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Population 15-64 yrs	38 582	39 021	39 167	146	585	0.4	1.5
Labour Force	23 109	18 443	21 224	2 781	-1 885	15.1	-8.2
Employed	16 375	14 148	14 691	543	-1 684	3.8	-10.3
Formal sector (Non-agricultural)	11 214	10 064	10 306	242	-908	2.4	-8.1
Informal sector (Non-agricultural)	2 995	2 280	2 456	176	-539	7.7	-18.0
Agriculture	880	799	808	9	-72	1.1	-8.2
Private households	1 286	1 005	1 121	116	-165	11.5	-12.8
Unemployed	6 734	4 295	6 533	2 238	-201	52.1	-3.0
Not economically active	15 474	20 578	17 944	-2 634	2 470	-12.8	16.0
Discouraged work-seekers	2 793	2 471	2 696	225	-97	9.1	-3.5
Other(not economically active)	12 681	18 107	15 248	-2 859	2 567	-15.8	20.2
Rates (%)							
Unemployment rate	29.1	23.3	30.8	7.5	1.7		
Employed / population ratio (Absorption)	42.4	36.3	37.5	1.2	-4.9		
Labour force participation rate	59.9	47.3	54.2	6.9	-5.7		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

South Africa's unemployment rate increased from 23.3% in 2020:Q2 to 30.8% in 2020:Q3 as the country was under a hard lockdown in the second quarter of the year, with prospective job seekers unable to look for work. As shown in Table 1, the working-age population increased by 146 000 (or 0.4%) in 2020:Q3 compared to 2020:Q2. The number of employed persons increased by 543 000 (or -3.8%), while the number of unemployed persons also increased by 2.2 million (or 52.1%), resulting in the increase of 2.8 million (15.1%) 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 increase by 7.5, 1.2 and 6.9 percentage points, respectively.

1.3 Cross-Provincial Labour Market Performance

The labour market performance in the third quarter of 2020 indicates large movements out of the 'other not economically active' category to 'employed' and 'unemployed' between the second and the third quarter of 2020.

1.3.1. Employment Levels

Between 2020:Q2 and 2020:Q3, employment increased in all nine provinces (see Table 2). South Africa created a total number of about 543 000 jobs in this quarter. The highest employment gains were recorded in Limpopo (115 000), KwaZulu-Natal (92 000) and Free State (85 000). Northern Cape created the least number of jobs (32 000 jobs), followed by Gauteng (33 000 jobs) and Western Cape (37 000 jobs).

Table 2: Employment by province

Province	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand			Percent			
South Africa	16 375	14 148	14 691	543	-1 684	3.8	-10.3
Western Cape	2 494	2 179	2 216	37	-278	1.7	-11.1
Eastern Cape	1 402	1 169	1 212	43	-190	3.7	-13.6
Northern Cape	322	255	287	32	-35	12.5	-10.9
Free State	795	638	723	85	-72	13.3	-9.1
KwaZulu-Natal	2 674	2 297	2 389	92	-285	4.0	-10.7
North West	960	874	930	56	-30	6.4	-3.1
Gauteng	5 060	4 473	4 506	33	-554	0.7	-10.9
Mpumalanga	1 233	1 112	1 161	49	-72	4.4	-5.8
Limpopo	1 435	1 151	1 266	115	-169	10.0	-11.8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

As compared to 2019:Q3, employment also decreased in all nine provinces to a total of 1.7 million. The highest employment decreases were recorded in Gauteng (-554 000), KwaZulu-Natal (-285 000) and Western Cape (-278 000). During this period, Free State shed about 72 000 jobs.

1.3.2. Unemployment Rate

Notwithstanding from the adverse economic, health and social impact of the pandemic crisis on the general population, employers are also likely confronted by complex legal issues and facing several employment challenges after lockdown. As restrictions are gradually relaxed, matters in the workplace are likely to become more complicated.

The quarterly increase in the official unemployment rate were observed in eight provinces. The highest increase was experienced in Mpumalanga, Free State and Eastern Cape, increasing by 14.5, 10.2 and 8.9 percentage points, respectively. The unemployment rate has decreased in the Northern Cape by only 2.0 percentage points.

In comparison to the same period last year, the national official unemployment rate increased by 1.7 percentage point. During this period, the official unemployment rate rose in six provinces, except in Northern Cape, North West and Mpumalanga. Official unemployment rate of Eastern Cape increased the most over this period, by 9.3 percentage points, followed by Limpopo (4.9 percentage points) and Gauteng (2.7 percentage points). Free State recorded an increase of 1.0 percentage points, due to the high number of job losers experienced in the same period.

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	29.1	23.3	30.8	7.5	1.7	38.5	42.0	43.1	1.1	4.6
Western Cape	21.5	16.6	21.6	5.0	0.1	24.5	27.3	29.1	1.8	4.6
Eastern Cape	36.5	36.9	45.8	8.9	9.3	46.5	52.8	51.2	-1.6	4.7
Northern Cape	29.8	25.1	23.1	-2.0	-6.7	43.0	45.1	44.0	-1.1	1.0
Free State	34.5	25.3	35.5	10.2	1.0	42.5	41.2	42.6	1.4	0.1
KwaZulu-Natal	25.9	18.9	26.4	7.5	0.5	41.4	46.2	47.5	1.3	6.1
North West	30.4	21.6	28.3	6.7	-2.1	45.1	46.3	46.5	0.2	1.4
Gauteng	31.0	26.4	33.7	7.3	2.7	35.1	38.7	41.0	2.3	5.9
Mpumalanga	35.3	13.3	27.8	14.5	-7.5	43.9	45.4	45.6	0.2	1.7
Limpopo	21.4	21.9	26.3	4.4	4.9	41.9	46.5	46.9	0.4	5.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

The national expanded unemployment rate increased by 1.1 percentage point from 42.0% to 43.1% between 2020:Q2 and 2020:Q3. During the same period, the expanded unemployment rate increased in all provinces, except for Eastern and Northern Cape. The largest increase of 2.3 percentage point was recorded in Gauteng, followed by Western Cape (1.8 percentage points) and Free State (1.4 percentage point). On a year-on-year basis, the expanded unemployment rate surged nationally by 4.6 percentage points, due to the persistent rise in growth rates recorded in nine provinces.

1.4 Decomposition of the Free State Labour Market

Despite the increase of employment in Free State, after 86 000 jobs were gained in 2020:Q3, there is still a lot to be done to keep the continuation of this employment gains in the future.

The Free State labour force is currently at 1.1 million, representing an increase of 268 000 people between 2020:Q2 and 2020:Q3. Within the labour force, the number of the unemployed increased by 182 000 people (from 215 000 to 398 000), whilst the number of the employed increased by 86 000 (from 638 000 to 723 000) in 2020:Q3. This translates into an official unemployment rate of 35.5%, 37.8% employment rate (absorption rate) and 58.5% labour force participation rate for the Free State.

As illustrated in Table 4, the *NEA* in Free State declined by 25.1% in 2020:Q3, which translates to 266 000 less inactive population in the province. This decrease in the inactive population was prompted by relaxed lockdown rules as most people were now actively looking for work.

Table 4: Free State labour force characteristics

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 908	1 913	1 915	2	7	0.1	0.4
Labour Force	1 213	853	1 121	268	-93	31.4	-7.6
Employed	795	638	723	86	-72	13.4	-9.0
Formal sector (Non-agricultural)	511	411	455	44	-56	10.8	-10.9
Informal sector (Non-agricultural)	128	105	139	34	10	32.5	8.1
Agriculture	56	57	49	-8	-7	-14.7	-12.6
Private households	100	65	81	16	-19	23.9	-19.4
Unemployed	419	215	398	182	-21	84.5	-5.0
Not economically active	694	1 060	794	-266	100	-25.1	14.4
Discouraged work-seekers	132	90	65	-25	-66	-27.7	-50.4
Other(not economically active)	563	970	729	-241	166	-24.8	29.5
Rates (%)							
Unemployment rate	34.5	25.3	35.5	10.2	1.0		
Employed / population ratio (Absorption)	41.7	33.3	37.8	4.5	-3.9		
Labour force participation rate	63.6	44.6	58.5	13.9	-5.1		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

As compared to 2019:Q3, the provincial labour force in 2020:Q3 decreased by about 93 000 economically active population. At the same time, the province's employment level decreased by 72 000 (or -9.0%), while the number of the unemployed also decreased by 21 000 workers (or -5.0%).

1.4.1. Employment in the Free State Province

Free State Province had about 723 000 people employed in 2020:Q3, due to a significant number of more jobs amounting to 44 000 in the formal sector, 34 000 in the informal sector and 16 000 in private households. Only the agricultural sector shed about 5 000 jobs in the period under review. On year-

on-year basis, roughly 72 000 jobs were shed in the Free State, across three sectors. The biggest contributor to job losses was the formal sector (-56 000), followed by the private households with 19 000 less jobs and agriculture shedding 7 000 jobs. The informal sector gained about 10 000 jobs as most people enter the informal sector as the results of jobs losses in the formal sector.

Meanwhile, the biggest employer in the province in the third quarter of 2020 was the community and social services with about 194 000 jobs, followed by trade industry (160 000) as well as private households (81 000). The utilities (water, gas and electricity) industry remained the smallest employer with about 3 000 people in the province, followed by mining with 16 000 and transport with 42 000.

Based on a quarter to quarter analysis, the largest gains in employment were recorded in trade (45 000), community and social services (19 000), as well as private households (16 000). Conversely, agriculture shed about 8 000 jobs, followed by manufacturing (6 000) and utilities (with 5 000 jobs). Looking at year-on-year, the highest employment losses were recorded in private households, trade, community and social services and with 19 000, 18 000 and 13 000 jobs lost respectively. Only three industries have created jobs.

Table 5: Free State employment by industry/sector

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Industry	795	638	723	86	-72	13.4	-9.0
Agriculture	56	57	49	-8	-7	-14.7	-12.6
Mining	15	18	16	-1	2	-6.8	10.4
Manufacturing	59	54	48	-6	-11	-11.5	-18.7
Utilities	10	8	3	-5	-8	-65.8	-74.3
Construction	46	40	53	13	6	32.5	13.7
Trade	179	115	160	45	-18	39.4	-10.2
Transport	40	33	42	9	2	25.7	5.0
Finance	83	73	78	5	-6	6.8	-6.6
Community and social services	206	175	194	19	-13	10.9	-6.2
Private households	100	65	81	16	-19	23.9	-19.4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

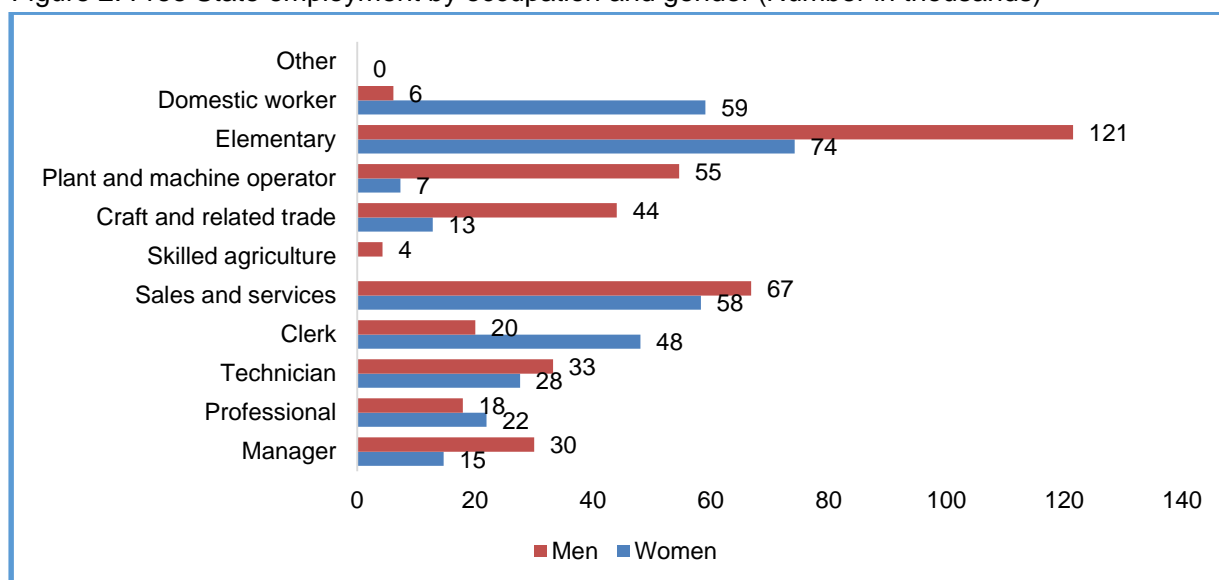
Figure 2 presents employment by gender and occupation in 2020:Q3. Women are dominant in three occupations (professional, clerical, and domestic), while men lead in six occupations, namely; manager, skilled agriculture, sales & services, craft & related trade, plant & machine operator and elementary in the province. Only 32.8% of managers in Free State were women.

Public and private sectors should continue empowering women by increasing women's access to control over the strategic life choices that affect them and access to the opportunities that allow them fully to realize their full potential. Women can be empowered in various ways, that is, *socially* (contributions to society are recognized and valued as opposed to looked down upon simply because it was a woman's creation), *educationally* (obtaining knowledge can boost self-confidence, self-esteem, and make girls self-sufficient), *economically* (being poor, landless, deprived, or oppressed doesn't allow access to resources that those in good financial standings do), *politically* (the decentralization of power and authority in the deprived, oppressed, and powerless people who have

not been able to participate in the decision-making process and the implementation of policies and programs of both government and organizations as well as domestic and societal matters), and *psychologically* (break the rules of traditional and patriarchal taboos and social obligations and lets women go beyond what's expected of them in society).

In Free State, about 133 000 women were employed in the domestic and elementary occupations (low skilled-level) relative to 127 000 men who were employed in the same occupations. Notably, less women are employed in the province than men. In 2020:Q3, the employment of women increased by 13 000, while employment of men increased by about 73 000 people in comparison to 2020:Q2. Currently, employment amongst women stands at 324 000, whereas employment amongst men is at 399 000. For both women and men, the provincial unemployment rate had increased by 11.5 and 9.1 percentage points, respectively.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

The current provincial labour force participation rate for women is about 52.5%, whereas the same indicator for men is 64.9%. 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 increased on a quarter-to-quarter basis by 182 000 (or 84.5%), which was mainly driven by job losers. Year-on-year, “*other*” unemployed population drove unemployment to decrease by 20 000 (-21.8%). 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

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Unemployed	419	215	398	182	-21	84.5	-5.0
Job losers	142	60	151	91	9	152.9	6.4
Job leavers	30	14	24	10	-6	71.0	-19.4
New entrants	142	102	142	40	0	39.2	-0.3
Re-entrants	13	16	9	-7	-4	-41.3	-28.9
Other	92	24	72	48	-20	198.9	-21.8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

Table 7 depicts the *unemployment rate by age group* in the Free State. Out of the 398 000 unemployed people in the province, 236 000 are under the age of 35 years, which is equivalent to 59.5% 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 35.5%, the rate among the youth (15-24 years) remain the highest at about 58.3%. This is followed by 43.8% of population in the 25-34 years age category who are unemployed. Young, mostly informal workers and entrepreneurs are likely facing a triple challenge due to the pandemic. COVID-19 is exacerbating youth's vulnerabilities in the workplace, disrupting their plans for education and training, and delaying their transition into the labour market.

Compared to the previous quarter, official unemployment rate increased significantly by 10.2 percentage points in the Free State province. The rate increased across all age categories, except in 15 to 24 years and 55 to 64 years age cohorts. The largest increase was observed in the age cohort 25-34 years, which recorded 15.4 percentage points in 2020:Q3, followed by the cohort 35-44 years (9.7 percentage point) and 45-54 years (8.5 percentage point). Year-on-year, the rate increased marginally by 1.0 percentage point.

Table 7: Free State official unemployment rate by age group

Age categories	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	34.5	25.3	35.5	10.2	1.0
15-24 years	59.3	60.5	58.3	-2.2	-1.0
25-34 years	43.1	28.4	43.8	15.4	0.7
35-44 years	27.0	24.2	33.9	9.7	6.9
45-54 years	24.1	14.6	23.1	8.5	-1.0
55-64 years	10.0	9.7	7.5	-2.2	-2.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

Equally important, lower education attainment has a substantial impact on unemployment in the Free State province. About 53.1% of the unemployed population has lower than secondary education. Out of 398 000 unemployed population in 2020:Q3, about 4 000 had *no schooling*, 18 000 had *less than*

primary completed, 24 000 had primary completed, and 165 000 had secondary not completed. Those with post-secondary (tertiary education) amounted to 38 000 in 2020:Q3.

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 53.1% of the unemployed in the province have pre-secondary education, while about 46.9% have post-secondary education.

Table 8: Highest level of education of the unemployed

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change
Thousand					
Highest level of education of the unemployed	419	215	398	182	-21
No schooling	2	1	4	2	1
Less than primary completed	25	11	18	8	-6
Primary completed	22	10	24	14	2
Secondary not completed	226	103	165	63	-61
Secondary completed	123	72	149	77	25
Tertiary	18	17	38	21	20
Other	2	1		-1	-2

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

Those with post-secondary education are still to face labour market challenges. New graduates find the job market highly competitive. These graduates experience challenges during the job hunting, as the job market is often flooded with qualified job-seekers holding higher levels of experience than recent graduates. Unfortunately, gaining valuable experience is equally difficult during economic slowdowns, since internships and other paid training opportunities are limited.

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:Q2, the number of people “not in employment or education and training” (NEET) in the Free State decreased by 96 000 (from 931 000 to 836 000) in 2020:Q3. The 836 000 of the NEET cohort constituted 43.6% of the province’s working age population, of which 56.4% of them were female, 92.4% were African and 47.8% were between the ages of 15 and 34 years.

There were approximately 400 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2020:Q3, with 147 000 aged 15 to 24 years and 253 000 aged 25 to 34 years.

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

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	809	931	836	-96	26	-10.3	3.3
Women	450	508	471	-37	21	-7.3	4.7
Men	359	423	365	-59	5	-13.8	1.5
Age group	809	931	836	-96	26	-10.3	3.3
15-24 years	144	173	147	-26	3	-15.0	2.1
25-34 years	275	277	253	-24	-22	-8.6	-8.2
35-44 years	157	214	191	-23	35	-10.8	22.1
45-54 years	117	129	127	-3	9	-2.0	8.0
55-64 years	116	138	118	-20	2	-14.6	1.6
Population groups	809	931	836	-96	26	-10.3	3.3
Black/African	769	861	772	-90	2	-10.4	0.3
Coloured	18	37	36	-1	19	-2.5	106.6
Indian/Asian	0				0		0.0
White	22	33	28	-5	6	-16.0	26.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

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

Approximately 41.5% of the working age population in the province were economically inactive in 2020:Q3, compared to 55.4% in 2020:Q2. *Students*, those who were *ill or disabled* and those who were *too old/too young to work* made up the top three reasons for economic inactivity in the province. In 2020:Q3, *students* accounted for 44.7% of the inactive population, while those who were *ill or disabled* accounted for 12.1 % and those who were *too old/too young to work* accounted for 9.3%.

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

	Jul-Sep 2019	Apr-Jun 2020	Jul-Sep 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Not economically active	694	1 060	794	-266	100	-25.1	14.4
Student	299	344	355	11	56	3.3	18.6
Home-maker	64	68	70	1	5	2.0	8.5
Illness/disability	103	70	96	27	-7	38.1	-6.9
Too old/young to work	67	85	74	-12	7	-13.8	9.7
Discouraged work seekers	132	90	65	-25	-66	-27.7	-50.4
Other	29	403	135	-268	105	-66.6	361.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

The NEA population of the province decreased by 266 000 (-25.1%) between 2020:Q3 and 2020:Q2, due to the decrease in economic activities due to lockdown.

1.5 Concluding Remarks

South Africa's unemployment rate reached a record high in the 2020:Q3, as the country's lockdown was relaxed, with more people actively looking for employment. In order to revive the economy for more job opportunities, the government has set up the recovery plan with the extraordinary measures to restore the economy to inclusive growth following the devastation caused by COVID-19 to people's lives and the country's economy.

The rate of unemployment in South Africa increased from 23.3% in 2020:Q2 to 30.8% in 2020:Q3. Across the nine provinces, Western Cape recorded the lowest unemployment rate of about 21.6%, followed by Northern Cape at 23.1% and Limpopo at 26.3%. The Eastern Cape had the highest provincial unemployment rate at 45.8% in 2020:Q3, followed by Free State at 35.5% and Gauteng at 33.7%.

Free State unemployment rate also increased drastically by 10.2 percentage points as most people were now actively looking for employment during this period. The number of the unemployed increased by 182 000 (from 215 000 to 398 000) and the number of the employed in Free State increased by 86 000 (from 638 000 to 723 000) in 2020:Q3. This led to the labour force to increase by 268 000 economically active population. Jobs were created only in the primary industry and small part of secondary industry.

1.6 Policy imperatives

Researchers have different expectations of the aftermaths of the COVID-19 pandemic. Some are expecting major changes in employment law.

Employers have been likely forced to choose among cutting salaries, not renewing contracts or retrenching employees. There are the possible disputes that may be a real issue in South Africa post-lockdown.

- **Remuneration cuts and deductions**

The Basic Conditions of Employment Act (BCEA) prohibits the deduction of an employee's remuneration without the written consent of that employee. With the sudden and unforeseen economic destruction of Covid-19, however, most employers were forced into cutting salaries without following proper procedures.

- **Non-renewal of fixed term contracts**

Dismissal is defined as meaning: An employee reasonably expected the employer to renew a fixed-term contract of employment on the same or similar terms but the employer offered to renew it on less favourable terms, or did not renew it.

- **Retrenchments**

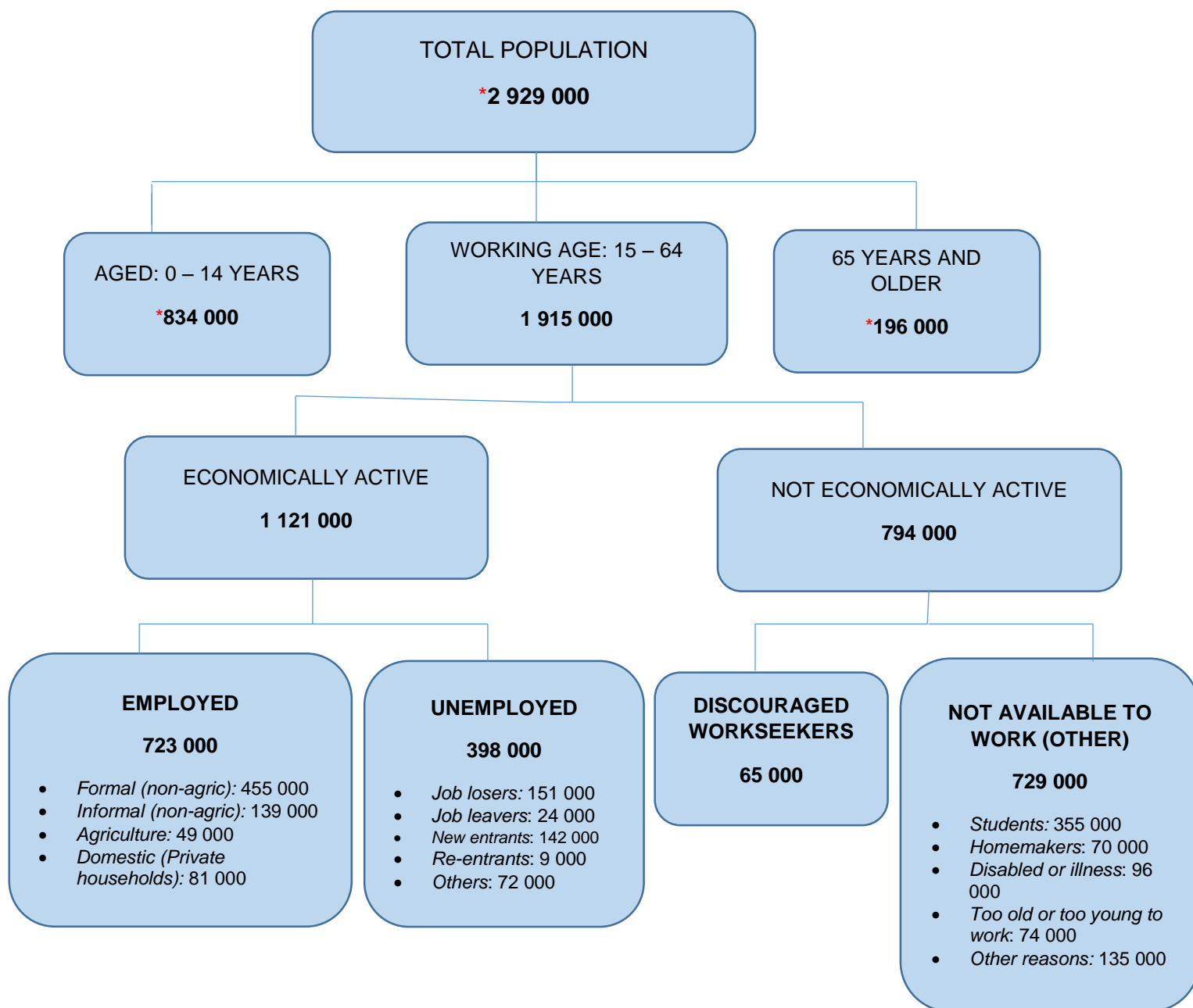
When an employer contemplates dismissing one or more of its employees for reasons based on the employer's operational requirements, the employer must consult with the trade unions or employees as required by the LRA. The employer ought to show that there are fair reasons for the retrenchment during lockdown.

References

- [1] International Monetary Fund (IMF) (2020). "A Long and Difficult Ascent", October 2020, International Monetary Fund: Washington DC.
- [2] Statistics South Africa. (2020). "Mid-year Population Estimates", July 2020, South Africa: Pretoria.
- [3] Statistics South Africa. (2020). "Gross Domestic Product", Second Quarter 2020. South Africa: Pretoria.
- [4] Statistics South Africa. (2020). "Quarterly Labour Force Survey", Third Quarter 2020. South Africa: Pretoria.

APPENDIX

Diagram 1: Summary of the Free State's labour market - 2020:Q3



Labour force participation rate = 58.5%

Absorption rate = 37.8%

Official unemployment rate = 35.5%

Expanded unemployment rate = 42.6%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q3

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