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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 has risen to another record high, increasing from 34.4% in 2021:Q2 to 34.9% in 2021:Q3, reaching an all-time high since the inception of the Quarterly Labour Force Survey in 2008:Q1. The unemployment rate is up 10% over the past decade, having reached 25% in 2011. Year on year, unemployment rate is about 4.1 percentage points higher than the previous year. The expanded unemployment rate, which includes the discouraged work seekers and those who did not search for work due to other reasons, increased from 44.4% to 46.6% over the same period.
- The data shows that between 2021:Q2 and 2021:Q3, the number of employed persons decreased in all sectors with the exception of informal sector where employment increased by 9 000. Employment in South Africa decreased by 660 000 (or -4.4%) in 2021:Q3, as a result of 572 000 jobs shed in the formal sector only, while agricultural sector and private households shed 33 000 and 94 000 jobs, respectively.
- The number of employed persons decreased in all provinces between 2021:Q2 and 2021:Q3, with Northern Cape being the only province to record an increase in employment over the period (19 000). The largest employment decreases were recorded in Gauteng (-200 000), North West (-128 000) and KwaZulu-Natal (-124 000). Free State province shed the least jobs (-3 000).
- The Free State official unemployment rate increased by 1.6 percentage points from 36.5% in 2021:Q2 to 38.1% in 2021:Q3. The rate of unemployment amongst women also increased by 5.2 percentage points, from 38.0% in 2021:Q2 to 43.2% in 2021:Q3, while unemployment rate among men decreased from 35.2% to 34.0%, which represent a 1.2 percentage point decrease.
- Total employment in the Free State contracted by 0.4% between 2021:Q2 and 2021:Q3. While the formal sector shed 12 000 jobs, informal sector on the other hand created 12 000 jobs. Agricultural sector and private households shed 2 000 jobs, respectively.
- Five of the six industries in the Free State reported employment decrease on quarter-to-quarter. Community and social services (-17 000), manufacturing (-14 000), agriculture and private households (-2 000 respectively) shed jobs, while finance (23 000), trade (8 000) and mining (1 000) created jobs in 2021:Q3. Jobs in the utilities remained unchanged at 5 000.
- On employment by industry and gender in the Free State, more men (426 000) were employed relative to women (294 000) across major sectors. In 2021:Q3, female employment decreased by 29 000, while male employment increased by 26 000, 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 increased by 27 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 55.4% in 2021:Q3, which is 17.3 percentage points above the provincial rate (38.1%). The unemployment rate increased across age categories of 15 to 24 years, 25 to 34 years and 55 to 64 years age cohorts, while the other categories decline. The biggest increase was recorded among the 55 to 64 years age category with 6.5 percentage points.

1.1 Economic growth outlook in South Africa

Data released by International Monetary Fund (2021) project the global economy to grow to 5.9% in 2021 and 4.9% in 2022 (0.1 percentage point lower for 2021 than in the July 2021). The downward revision for 2021 reflects a downgrade for advanced economies, in part due to supply disruptions; and for low-income developing countries, largely due to worsening pandemic dynamics.

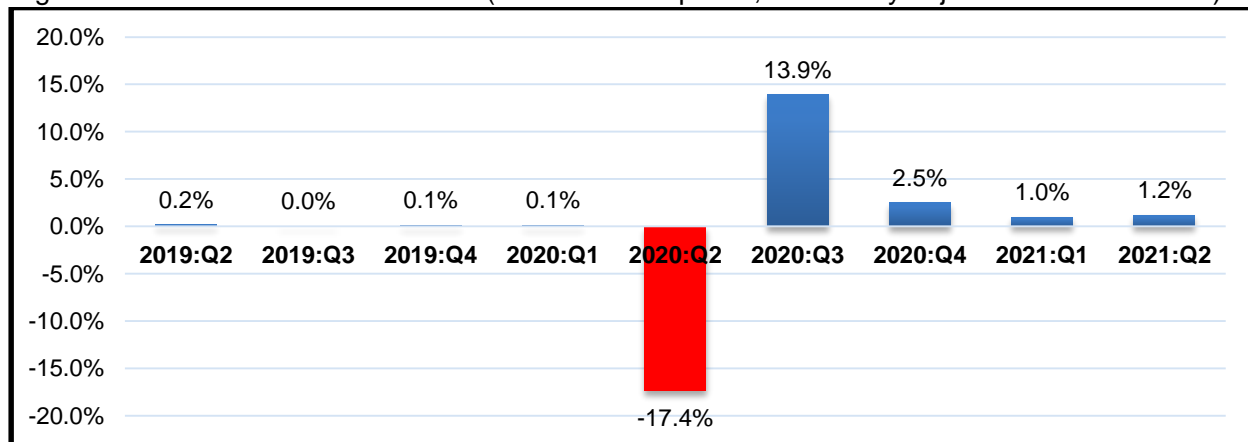
Labour markets are recovering from a disastrous hit in 2020. According to the International Labour Organization (ILO 2021), the decline in hours worked was equivalent to 255 million full-time jobs lost. But the pace is uneven across economies and workers. Employment around the world remains below its pre-pandemic levels, reflecting a mix of negative output gaps, worker fears of on-the-job infection in contact-intensive occupations, childcare constraints, labour demand changes as automation picks up in some sectors, replacement income through unemployment benefits helping to cushion income losses, and frictions in job searches and matching.

In advanced economies, the growth prospects for 2021 are revised down compared to the July forecast, among other reasons, reflecting downgrades to the United States due to large inventory drawdowns in the second quarter, in part reflecting supply disruptions, and softening consumption in the third quarter. Growth is projected to be 5.2% in 2021 and moderate to 4.5% in 2022.

In many emerging market and developing economies (EMDEs), growth is forecasted to reach 6.4% in 2021 and collapsed to 5.1% in 2022. The forecast for this group is marked up slightly compared to the July 2021 update, reflecting upgrades across most regions. The revisions in part reflect improved assessments for some commodity exporters outweighing drags from pandemic developments.

Economic growth in Sub-Saharan Africa (SSA) is expected to expand to 3.7% in 2021, and 3.8% in 2022. The rebound is largely on the sharp improvement in global trade and commodity prices. Favourable harvests have also helped lift agricultural production. IMF projects South African economy to grow at 5.0% in 2021 and contract to 2.2% in 2022. According to the economists, there is uncertainty about the new omicron variant, and its ability to resist vaccination and spread rapidly, among other things, it has shaken global financial markets. For South Africa, until concerns about omicron are cleared up, domestic lockdown measures and travel bans add downside risks to global growth and could exacerbate inflationary pressures if there are further disruptions to supply chains.

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



Source: Statistics South Africa, Gross Domestic Product, 2021:Q2

Real GDP increased by 1.2% in the second quarter of 2021, following an increase of 1.0% in the first quarter of 2021. The largest positive contributors to growth in GDP in the second quarter were the transport, personal services and trade industries. The transport industry increased by 6.9% and contributed 0.5 of a percentage point to GDP growth. The personal services industry increased by 2.5% and contributed 0.4 of a percentage point to GDP growth. The trade industry increased by 2.2% and contributed 0.3 of a percentage point to GDP growth. On contrary, manufacturing, finance and government services contributed negative growth of 0.1 percentage points, respectively.

1.2 South Africa's Labour Market Overview

South Africa is expected to grow by 5.0% in 2021, reflecting a better-than-expected growth in the first half of the year, and level effects from the recent update to its national accounts, which complemented the strong base effects from 2020. However, the outlook has been weighed down by the combined impacts of the third wave of COVID-19 and localized social unrest in July. With the pace of structural reforms expected to remain limited and the faster-than-expected rebound in 2021, South Africa will be constrained in its ability to sustain the 2021 growth pace, so growth is expected to slow to 2.2% in 2022 (IMF, 2021).

Table 1: South Africa labour market at a glance

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	39 167	39 599	39 745	146	578	0.4	1.5
Labour Force	21 224	22 768	21 925	-843	701	-3.7	3.3
Employed	14 691	14 942	14 282	-660	-409	-4.4	-2.8
Formal sector (Non-agricultural)	10 306	10 200	9 628	-572	-678	-5.6	-6.6
Informal sector (Non-agricultural)	2 456	2 686	2 695	9	239	0.3	9.7
Agriculture	808	862	829	-33	21	-3.8	2.6
Private households	1 121	1 194	1 130	-64	9	-5.4	0.8
Unemployed	6 533	7 826	7 643	-183	1 110	-2.3	17.0
Not economically active	17 944	16 832	17 820	988	-124	5.9	-0.7
Discouraged work-seekers	2 696	3 317	3 862	545	1 166	16.4	43.2
Other(not economically active)	15 248	13 515	13 958	443	-1 290	3.3	-8.5
Rates (%)							
Unemployment rate	30.8	34.4	34.9	0.5	4.1		
Employed / population ratio (Absorption)	37.5	37.7	35.9	-1.8	-1.6		
Labour force participation rate	54.2	57.5	55.2	-2.3	1.0		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

Many businesses, particularly micro and small enterprises, have already gone bankrupt or are facing a highly uncertain future, with negative consequences for their future productivity and their ability to retain workers. The problem is most pronounced in those sectors of economic activity that have been most affected by the crisis, that is, accommodation and food services, wholesale and retail trade, construction and manufacturing and in activities where there is a large number of smaller enterprises. Such enterprises are less likely to have the financial means to withstand pro-longed disruptions to their business operations. Businesses in parts of KZN and Gauteng suffered losses during violent demonstrations. Government has encouraged companies to apply for government funding after assessing the extent of damage after the unrest. The government has paid out R1.5 billion in 123

transactions, benefiting 320 businesses or business sites and saving more than 13 000 jobs (DTI, 2021).

On the other hand, the report from Statistics SA pronounced that, South Africa's unemployment rate increased by 0.5 percentage points from 34.4% in 2021:Q2 to 34.9% in 2021:Q3. The country continues to break the record of all time highest rate since quarterly data became available in 2008:Q1. Under the expanded definition, which includes discouraged jobseekers, the rate rose by 2.2 percentage points to a shocking 46.6%. It is all very discouraging.

As shown in Table 1, the working-age population increased by 146 000 (or 0.4%) in 2021:Q2 compared to 2021:Q3. The number of employed persons decreased by 660 000 (or -4.4%), while the number of unemployed persons decreased by 183 000 (or -2.3%), resulting in the decrease of 843 000 (-3.7%) 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 decrease by -1.8, and -2.3 percentage points, respectively, while the unemployment rate increased by 0.5 percentage point.

1.3 Cross-Provincial Labour Market Performance

In 2021:Q3, the economy is widely believed to have contracted due to the wave of violence and looting that shook Gauteng and KZN in July. Looking forward, a new threat in the form of the omicron variant of the virus was announced on 25 November 2021. However, South Africa would remain at lockdown level 1, as the government looks at increasing the vaccination rate to combat the fourth wave of infections and limiting disruptions to the economy. Experts declares there are indications that the looming fourth wave will be driven by the newly identified omicron variant of concern. While there is limited data around this variant at present, it's economic and employment impact remains unknown.

1.3.1. Employment Levels

Between 2021:Q2 and 2021:Q3, employment decreased in eight provinces. South Africa shed a total number of about 660 000 jobs in this quarter.

Table 2: Employment by province

Province	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
South Africa	14 691	14 942	14 282	-660	-409	-4.4	-2.8
Western Cape	2 216	2 256	2 225	-31	9	-1.4	0.4
Eastern Cape	1 212	1 235	1 216	-19	4	-1.5	0.3
Northern Cape	287	256	275	19	-12	7.4	-4.2
Free State	723	723	720	-3	-3	-0.4	-0.4
KwaZulu-Natal	2 389	2 421	2 297	-124	-92	-5.1	-3.9
North West	930	979	851	-128	-79	-13.1	-8.5
Gauteng	4 506	4 648	4 448	-200	-58	-4.3	-1.3
Mpumalanga	1 161	1 166	1 104	-62	-57	-5.3	-4.9
Limpopo	1 266	1 257	1 145	-112	-121	-8.9	-9.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

The largest employment decreases were recorded in Gauteng (-200 000), North West (-128 000) and KwaZulu-Natal (-124 000). Free State province shed the least jobs (-3 000). Northern Cape is the only province that have employment increase (19 000). As compared to 2020:Q3, employment decreased in seven provinces to a total of -409 000 jobs. The highest employment decreases were recorded in Limpopo (-121 000), KwaZulu-Natal (-92 000) and North West (-79 000). During this period, Free State shed about 3 000 jobs.

1.3.2. Unemployment Rate

The South African economy is not growing at a pace that can absorb all of the job market's lost and new entrants. The quarterly increase in the official unemployment rate were observed in seven provinces. The highest increase was experienced in Mpumalanga, Limpopo, Gauteng and Free State, increasing by 2.3, 2.1 and 1.6 percentage points, respectively. The unemployment rate in the Free State has increased by a minute 0.9 percentage point, (from 35.6% to 36.5%).

In comparison to the same period last year, the national official unemployment rate increased by 4.1 percentage point. During this period, the official unemployment rate rose in all provinces. Official unemployment rate of Mpumalanga increased the most over this period, by 9.7 percentage points, followed by North West with 7.4 percentage points and Limpopo with 6.2 percentage points. Free State recorded an increase of 2.6 percentage points. Eastern Cape recorded the highest unemployment rate in the country (47.4%), followed by Free State (38.1%) and Mpumalanga (37.5%).

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change
	Percent			Percentage points		Percent			Percentage points	
South Africa	30.8	34.4	34.9	0.5	4.1	43.1	44.4	46.6	2.2	3.5
Western Cape	21.6	25.8	26.3	0.5	4.7	29.1	29.1	30.3	1.2	1.2
Eastern Cape	45.8	47.1	47.4	0.3	1.6	51.2	53.0	54.5	1.5	3.3
Northern Cape	23.1	28.1	24.9	-3.2	1.8	44.0	50.3	49.1	-1.2	5.1
Free State	35.5	36.5	38.1	1.6	2.6	42.6	45.2	45.8	0.6	3.2
KwaZulu-Natal	26.4	32.5	28.7	-3.8	2.3	47.5	47.1	48.6	1.5	1.1
North West	28.3	35.2	35.7	0.5	7.4	46.5	46.9	52.2	5.3	5.7
Gauteng	33.7	35.4	37.0	1.6	3.3	41.0	42.7	44.9	2.2	3.9
Mpumalanga	27.8	35.2	37.5	2.3	9.7	45.6	46.5	49.7	3.2	4.1
Limpopo	26.3	30.4	32.5	2.1	6.2	46.9	49.9	54.5	4.6	7.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

The national expanded unemployment rate increased by 2.2 percentage point from 44.4% to 46.6% between 2021:Q2 and 2021:Q3. During the same period, the expanded unemployment rate increased in eight provinces, except for Northern Cape province. The largest increase of 5.3 percentage points was recorded in North West, followed by Limpopo (4.6 percentage points) and Mpumalanga (3.2 percentage points). On a year-on-year basis, the expanded unemployment rate surged nationally by 3.5 percentage points, due to the persistent rise in unemployment rates recorded in all provinces.

1.4 Decomposition of the Free State Labour Market

The Free State labour force is currently at 1.2 million, representing an increase of 25 000 people between 2021:Q2 and 2021:Q3. Within the labour force, the number of the unemployed increased by 28 000 people (from 415 000 to 443 000), whilst the number of the employed decreased by 3 000 (from 723 000 to 720 000) in 2021:Q3. This translates into an official unemployment rate of 38.1%, 37.5% employment rate (absorption rate) and 60.5% labour force participation rate for the Free State.

As illustrated in Table 4, the inactive population in Free State decreased by 3.1% in 2021:Q3, which translates to 24 000 less inactive population in the province.

Table 4: Free State labour force characteristics

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 915	1 920	1 922	2	7	0.1	0.4
Labour Force	1 121	1 138	1 163	25	42	2.2	3.7
Employed	723	723	720	-3	-3	-0.4	-0.4
Formal sector (Non-agricultural)	455	457	445	-12	-10	-2.6	-2.2
Informal sector (Non-agricultural)	139	108	120	12	-19	11.1	-13.7
Agriculture	49	74	72	-2	23	-2.7	46.9
Private households	81	84	82	-2	1	-2.4	1.2
Unemployed	398	415	443	28	45	6.7	11.3
Not economically active	794	782	758	-24	-36	-3.1	-4.5
Discouraged work-seekers	65	145	128	-17	63	-11.7	96.9
Other(not economically active)	729	636	631	-5	-98	-0.8	-13.4
Rates (%)							
Unemployment rate	35.5	36.5	38.1	1.6	2.6		
Employed / population ratio	37.8	37.7	37.5	-0.2	-0.3		
Labour force participation rate	58.5	59.3	60.5	1.2	2.0		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

As compared to 2020:Q3, the provincial labour force in 2021:Q3 increased by about 42 000 economically active population. At the same time, the province's unemployment level increased by 45 000 (or 11.3%), while the number of the employed decreased by 3 000 workers (or -0.4%).

1.4.1. Employment in the Free State Province

Free State Province had about 720 000 people employed in 2021:Q3, of which 61.8% (445 000) of the jobs were in the formal sector, 16.7% (120 000) were in the informal sector, 11.4% (82 000) were in the private households and 10.0% (72 000) in the agricultural sector. In the period under review, jobs were created in the informal sector only, while the formal sector, agriculture and private households shed jobs. On year-on-year basis, roughly 3 000 jobs were shed in the Free State, in the formal and informal sectors. The biggest contributor to job losses were the informal sector (-19 000). Agriculture created about 23 000 more jobs, in the period under review.

Meanwhile, the biggest employer in the province in the third quarter of 2021 was the community and social services with about 178 000 jobs, followed by trade industry (163 000) as well as private households (82 000). The utilities (water, gas and electricity) industry remained the smallest employer with about 5 000 people in the province, followed by mining with 19 000 and construction with 33 000 workers.

Based on a quarter to quarter analysis, the largest losses in employment were recorded in community and social services (-17 000), manufacturing (-14 000) as well as agriculture and private households (-2 000). Conversely, finance created about 23 000 jobs, followed by trade (8 000) and mining (1 000). Looking at year-on-year, the highest employment losses were recorded in construction with 20 000 less workers, manufacturing (-17 000) and community and social services with 16 000 less workers. Seven industries has created jobs, however, the new vacancies were overcrowded by the number of jobs shed in only three industries.

Table 5: Free State employment by industry/sector

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Industry	723	723	720	-3	-3	-0.4	-0.4
Agriculture	49	74	72	-2	23	-2.7	46.9
Mining	16	18	19	1	3	5.6	18.8
Manufacturing	48	45	31	-14	-17	-31.1	-35.4
Utilities	3	5	5	0	2	-2.9	61.9
Construction	53	34	33	-1	-20	-2.9	-37.7
Trade	160	155	163	8	3	5.2	1.9
Transport	42	49	48	-1	6	-2.0	14.3
Finance	78	65	88	23	10	35.4	12.8
Community and social services	194	195	178	-17	-16	-8.7	-8.2
Private households	81	84	82	-2	1	-2.4	1.2

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

Figure 2 presents employment by gender and occupation in 2021:Q3. Women are dominant in three occupations (professional, 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.

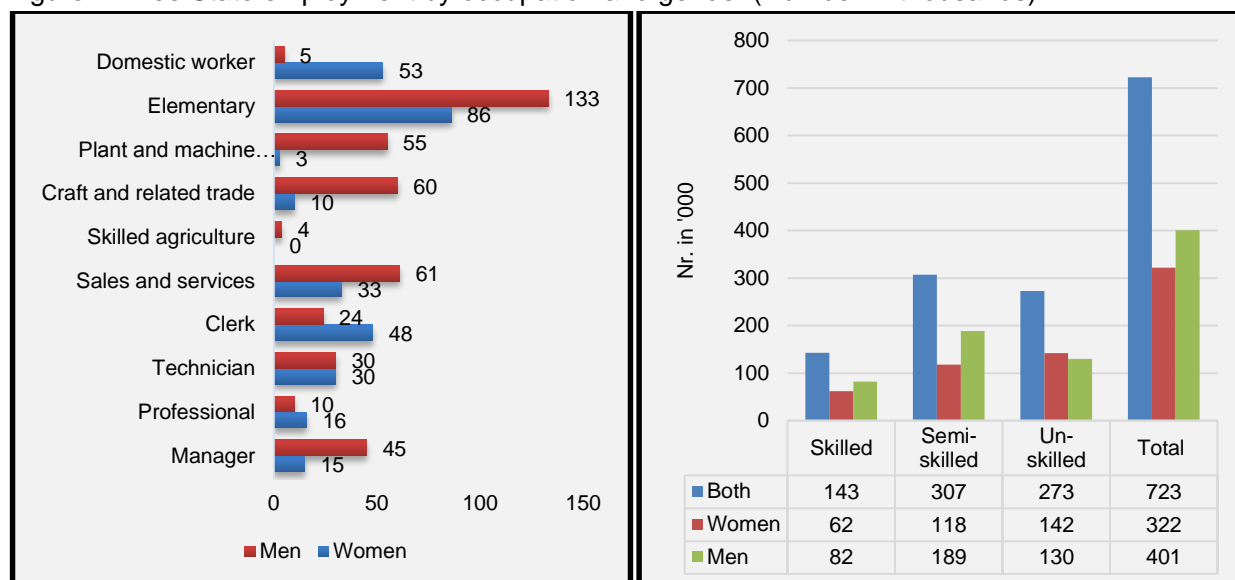
Women accounted for 40.8% of total employment, while men accounted for 59.2% in the third quarter of 2021. Free State is dominated by semi-skilled workers who accounted 41.3% of total workers, followed by low skilled workers (38.5%) and skilled workers (20.2%).

Despite education status, women remain more likely to be employed in low skilled occupations. This difference is driven by the large proportion of women working as domestic workers. In other words, the women with high educational levels can take on the jobs requiring lower educational levels.

During 2021:Q3, there were 61 000 women employed as skilled workers (20.6%), 94 000 women employed as semi-skilled workers (32.0%) and 139 000 women employed as low skilled workers (47.4%). Notably, less women are employed in the province than men.

In 2021:Q3, the employment of women decreased by 29 000, while employment of men increased by about 26 000 people in comparison to 2021:Q2. Currently, employment amongst women stands at 294 000, whereas employment amongst men is at 426 000. The provincial unemployment rate of women had increased by 5.2 percentage points, while the unemployment rate of men has declined by 1.2 percentage points.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

The current provincial labour force participation rate for women is about 50.4%, whereas the same indicator for men is 67.0%. 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 increased on a quarter-to-quarter basis by 28 000 (or 6.8%), which was mainly driven by new entrants. Year-on-year, new entrants again, drove unemployment to increase by 46 000 (11.5%).

Table 6: Free State characteristics of the unemployed

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Unemployed	398	415	443	28	46	6.8	11.5
Job losers	151	163	156	-7	6	-4.3	3.7
Job leavers	24	14	13	-1	-11	-6.4	-44.6
New entrants	142	166	196	29	54	17.6	37.9
Re-entrants	9	7	1	-7	-9	-91.2	-93.4
Other	72	64	78	13	6	20.8	8.1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

Table 7 depicts the unemployment rate by age group in the Free State. Out of the 443 000 unemployed people in the province, 288 000 are under the age of 35 years, which is equivalent to 64.9% of the unemployed population. Young people have been hit hard by the labour market and social implications of the COVID 19 crisis. Youth unemployment has increased considerably; education and work based learning have been heavily disrupted. Early action is the best way to prevent long-term scarring effects on young people's labour market outcomes. Government is scaling up incentives to employers in both the public and private sectors to employ young people to gain a foothold and the requisite experience. The Department of Basic Education has opened recruitment for phase two of its Basic Education Employment Initiative. The recruitment drive aims to provide 287 000 unemployed young people employment and training opportunities in the education sector.

While the overall unemployment rate in the province is 38.1%, the rate among the youth, 15-24 years remain the highest at about 70.9%. This is followed by 50.4% of population in the 25 to 34 years age category who are unemployed. Compared to the previous quarter, official unemployment rate increased by 1.6 percentage points in the Free State province. Unemployment increased among adults of 55 to 64 years age cohorts and among youth of 15 to 24 years and 25 to 34 years. The largest increase was observed in the age cohort 55 to 64 years, which recorded 6.5 percentage points in 2021:Q3. Year-on-year, the rate increased by 2.6 percentage point.

Table 7: Free State official unemployment rate by age group

Age categories	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	35.5	36.5	38.1	1.6	2.6
15-24 years	58.3	67.3	70.9	3.6	12.6
25-34 years	43.8	48.8	50.4	1.6	6.6
35-44 years	33.9	30.3	30.0	-0.3	-3.9
45-54 years	23.1	23.4	19.7	-3.7	-3.4
55-64 years	7.5	7.0	13.5	6.5	6.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

Education has a substantial impact on employment prospects. Out of 443 000 unemployed population in 2021:Q1, about 2 000 had *no schooling*, 20 000 had *less than primary completed*, 16 000 had *primary completed*, and 221 000 had *secondary not completed*. Those with post-secondary (*tertiary*

education) amounted to 33 000 in 2021:Q3. About 62.2% of the unemployed in the province have pre-secondary education, while about 44.6% have post-secondary education.

Table 8: Highest level of education of the unemployed

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Highest level of education of the unemployed	215	388	415	27	200	6.9	92.6
No schooling	4	1	2	0	-2	9.6	-56.6
Less than primary completed	18	13	20	7	1	53.5	6.9
Primary completed	24	8	16	8	-8	96.8	-32.1
Secondary not completed	165	205	221	16	56	8.0	33.6
Secondary completed	149	148	151	2	2	1.6	1.2
Tertiary	38	40	33	-6	-5	-16.3	-12.3
Other	0	0	1	1	1	0.0	0.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

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 is causing 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.

There were approximately 443 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2021:Q3, with 170 000 aged 15 to 24 years and 292 000 aged 25 to 34 years. In comparison to 2021:Q2, the number of people "not in employment or education and training" (NEET) in the Free State increased by 32 000 (from 857 000 to 889 000) in 2021:Q3. The 889 000 of the NEET cohort constituted 46.2% of the province's working age population, of which 55.1% of them were female, 91.2% were African and 52.1% were between the ages of 15 and 34 years.

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

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	836	857	889	32	53	3.7	6.3
Women	471	492	490	-2	19	-0.4	4.0
Men	365	365	399	34	34	9.4	9.4
Age group	836	857	889	32	53	3.7	6.3
15-24 years	147	161	170	10	24	5.9	16.1
25-34 years	253	283	292	10	40	3.5	15.7
35-44 years	191	191	187	-4	-4	-2.0	-2.0
45-54 years	127	116	104	-12	-23	-10.4	-18.0
55-64 years	118	106	135	28	16	26.9	13.8
Population groups	836	857	889	32	53	3.7	6.3
Black/African	772	808	810	2	39	0.2	5.0
Coloured	36	26	31	4	-6	15.5	-15.7
Indian/Asian		4	4	0	4	0.0	0.0
White	28	17	43	26	16	148.8	56.1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

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 39.5% of the working age population in the province were economically inactive in 2021:Q3. *Students*, those who were *ill or disabled* and the *discouraged work seekers* made up the top three reasons for economic inactivity in the province. In 2021:Q3, *students* accounted for 41.8% of the inactive population, while the *discouraged work seekers* accounted for 16.9% and those who were *ill or disabled* accounted for 13.6%.

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

	Jul-Sep 2020	Apr-Jun 2021	Jul-Sep 2021	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Not economically active	794	782	758	-23	-36	-3.0	-4.5
Student	355	342	317	-25	-38	-7.3	-10.8
Home-maker	70	77	80	3	11	4.3	15.5
Illness/disability	96	90	103	13	7	14.2	7.1
Too old/young to work	74	77	72	-5	-2	-6.1	-2.1
Discouraged work seekers	65	145	128	-18	63	-12.1	95.6
Other	135	51	58	8	-76	15.3	-56.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

The NEA population of the province decreased by 36 000 (-4.5%) between 2020:Q3 and 2021:Q3, due to the decrease in high number of “other” and students.

1.5 Concluding Remarks

While it is still very early in dealing with this new variant, the world is not back at square one as it was in March 2020. It is too soon to predict how omicron will affect markets in the longer term, due to unavailability of enough information about it yet.

The country continues to break the record of all time highest rate since quarterly data became available in 2008:Q1. 2021:Q3 data shows that a large number of persons moved from the “*not economically active*” category to “*economically active*” category. About 183 000 more people were unemployed and about 660 000 less workers were employed in South Africa.

Across the nine provinces, Northern Cape recorded the lowest unemployment rate of about 24.9%, followed by Western Cape at 26.3% and KwaZulu-Natal at 28.7%. The Eastern Cape had the highest provincial unemployment rate at 47.4% in 2021:Q3, followed by Free State at 38.1% and Mpumalanga at 37.5%.

In Free State, the number of the unemployed increased by 28 000 (from 415 000 to 443 000) and the number of the employed in Free State decreased by 3 000 (from 723 000 to 720 000) in 2021:Q3. This led to the labour force to increase by 25 000 economically active population. Jobs were shed mostly in the community and social services (-17 000) and manufacturing (-14 000).

1.6 Policy imperatives

South Africa should consider policies that target labour market outcomes and that can make a difference in the pace of employment recovery. It should offer interventions that would support for poorer workers with reforms to increase the size of the labour market:

- Strengthening labour market linkages
- Relaxing constraints to entrepreneurship and self-employment
- Improving the effectiveness of active labour market programs through broader public-private partnerships and system enhancements.

References

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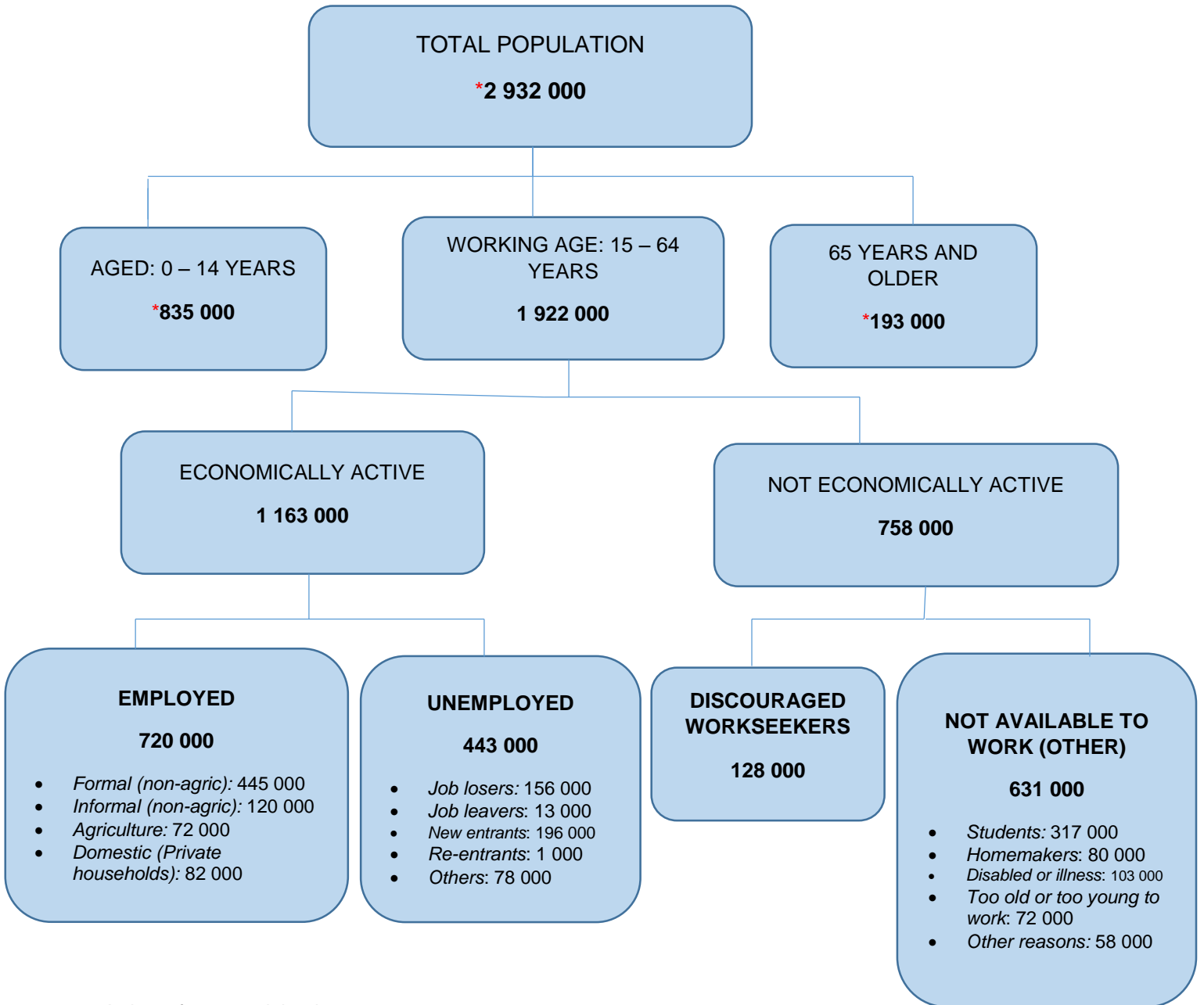
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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2021:Q3



Labour force participation rate = 60.5%

Absorption rate = 37.5%

Official unemployment rate = 38.1%

Expanded unemployment rate = 45.8%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2021:Q3

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