

# FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

THIRD QUARTER  
2022

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## Definitions of Labour Market Terms and Indicators

1. **Discouraged work-seeker** is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work.
2. **Economic activities** are those that contribute to the production of goods and services in the country. There are two types of economic activities, namely: (1) Market production activities (work done for others and usually associated with pay or profit); and (2) Non-market production activities (work done for the benefit of the household, e.g. subsistence farming).
3. **Employed persons** are those aged 15–64 years who, during the reference week, did any work for at least one hour, or had a job or business but were not at work (temporarily absent).
4. **Employment-to-population ratio** (labour absorption rate) is the proportion of the working-age population that is employed.
5. **Informal employment** identifies persons who are in precarious employment situations irrespective of whether or not the entity for which they work is in the formal or informal sector. Persons in informal employment, 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 unemployed persons.
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 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 worked during the reference period was below 35 hours per week.
13. **Underutilized labour** comprises three groups that are defined as follows: under-employed, 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 where 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

- The unemployment rate in South Africa has eased to 32.9% in 2022:Q3, down from 33.9% in 2022:Q2. A large number of people moved from the "*unemployed*" category to the "*employed*" category between the two quarters. The number of the unemployed decreased by 269 000 (-3.4%), while the employed increased by 203 000 (1.3%). Year on year, the unemployment rate is about 2.0 percentage points lower than the previous year.
- The formal and informal sectors have created jobs in this quarter, in South Africa, compared to the previous quarter. The formal sector has created the highest number of jobs (236 000), while the informal sector created about 6 000 jobs. Private households and agriculture sectors shed about 36 000 and 1 000 jobs, respectively.
- The number of employed persons increased in 6 provinces between 2022:Q2 and 2022:Q3. The largest employment increases were recorded in Gauteng (136 000), Western Cape (84 000) and KwaZulu-Natal (58 000). Free State province shed about 9 000 jobs.
- The Free State's official unemployment rate increased by 1.4 percentage points from 32.4% in 2022:Q2 to 33.8% in 2022:Q3. The rate of unemployment amongst women also increased by 1.1 percentage points, from 37.8% to 38.9%, while the unemployment rate among men increased by 1.4 percentage points, from 28.3% to 29.7% in the same period.
- Total employment in the Free State declined by 1.2% between the second and third quarters of 2022. The formal sector and private households shed about 3 000 and 17 000 jobs, respectively. On the other hand, the informal and agricultural sectors created about 4 000 and 7 000 jobs, respectively.
- Five of the ten industries in the Free State reported employment decreases quarter-to-quarter. Private households (17 000), finance (13 000) and utilities (8 000) shed the most jobs in the province, while community and social services (24 000), agriculture (7 000) and manufacturing (5 000) generated jobs in 2022:Q3.
- On employment by industry and gender in the Free State, more men (469 000) were employed relative to women (328 000). In 2022:Q3, female employment increased by 11 000, while male employment decreased by 20 000, compared to the previous quarter. Year-on-year, the number of women in employment increased by 35 000, whereas the number of men in employment increased by 43 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 43.8% in 2022:Q3, which is 10.0 percentage points above the provincial rate (33.8%). The unemployment rate increased across all age cohorts.

## 1.1 Economic growth outlook in South Africa

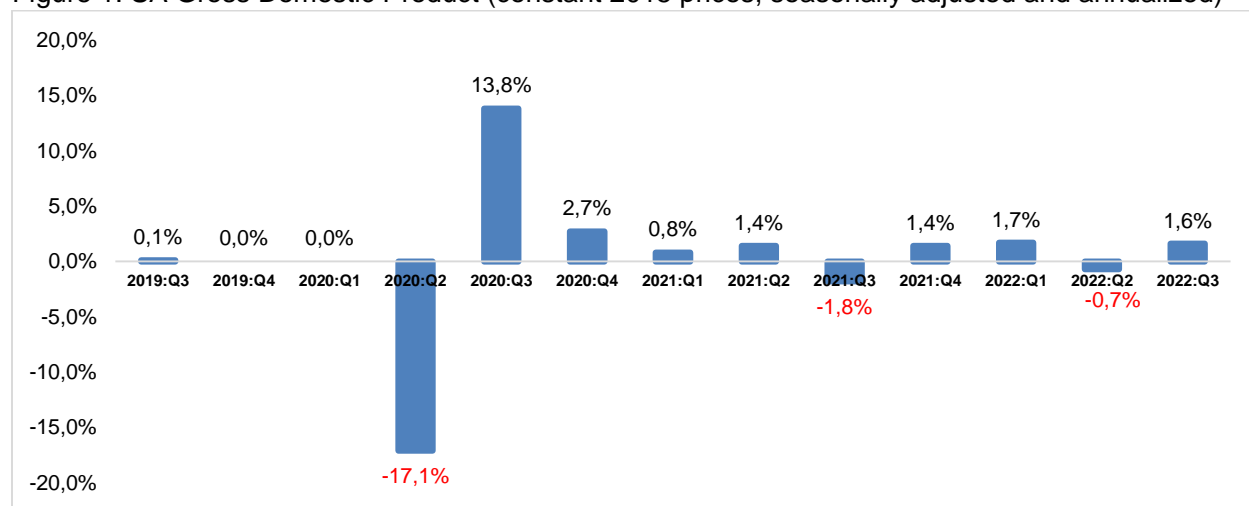
The global economy is experiencing a number of turbulent challenges, such as high inflation, tightening financial conditions in most regions, Russia's invasion of Ukraine and the prolonged COVID-19 pandemic. All these challenges weigh heavily on the outlook. The world is in a volatile period of economic, geopolitical, and ecological changes, which all have an impact on the global outlook (IMF, 2022). Soaring inflation have mostly widespread among advanced economies, with greater variability in emerging market and developing economies. Global growth is forecasted to slow down from 6.0% in 2021 to 3.2% in 2022 and further to 2.7% in 2023. This is the weakest growth profile since 2001 except for the global financial crisis period.

For advanced economies, growth is projected to slow from 5.2% in 2021 to 2.4% in 2022 and 1.1% in 2023. The projected slowdown and the downgrades are concentrated in the United States and European economies. Declining real disposable income continues to plague consumer demand, and higher interest rates are taking an important toll on spending. Weak 2023 growth across Europe reflects spillover effects from the war in Ukraine, with especially sharp downward revisions for economies most exposed to the Russian gas supply cuts, and tighter financial conditions.

Growth in the emerging market and developing economy is expected to decline to 3.7% in 2022 and remain there in 2023, in contrast to the deepening slowdown in advanced economies. COVID-19 outbreaks and lockdowns in multiple localities, as well as the worsening property market crisis; have held back economic activity in China.

Growth in Sub-Saharan Africa (SSA) is projected to slow down to 3.6% in 2022 (from 4.7% in 2021). Price pressures, partly induced by Russia's invasion of Ukraine, continue to reduce food affordability and real incomes across the region. Growth is projected to firm slightly to an average of 3.7% in 2023, assuming further progress with pandemic containment, favourable terms of trade in commodity exporters, and a gradual easing of global food price pressures. International Monetary Fund expects South Africa's economy to decelerate to 2.1% in 2022 (from 4.9% in 2021) and weaken further to 1.1% in 2023, speculating further electricity constraints and high inflation.

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



Source: Statistics South Africa, Gross Domestic Product, 2022:Q3

According to Statistics South Africa (2022:Q3), South Africa's real gross domestic product (GDP) grew by 1.6%, following a decrease of 0.7% in 2022:Q2. Eight industries recorded positive growth during this period. Agriculture reported the highest growth of 19.2%, contributing 0.5 of a percentage point to GDP growth, driven by a rise of field crops and horticulture products. The finance industry increased by 1.9% and contributed 0.5 of a percentage point to GDP growth. Increased economic activities were reported for financial intermediation, insurance and pension funding, auxiliary activities, real estate activities and other business services. The transport industry increased by 3.7% and contributed 0.3 of a percentage point to GDP growth. Increased economic activities were reported for land transport, transport support services and communication services.

## 1.2 South Africa's Labour Market Overview

South Africa's economic growth rate is far too low to address the poverty and unemployment challenges. Rapid and decisive action is needed on reforms to lift the economic growth rate. Government's structural reforms are centred on increasing electricity production and removing associated regulatory constraints, building confidence to support increased private investment in infrastructure, and creating the conditions in which small and large businesses can flourish and create many more jobs (MTBPS, 2022).

Table 1: South Africa's labour market at a glance

	Jul-Sep 2021	Apr- Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Population 15-64 yrs</b>	<b>39 745</b>	<b>40 177</b>	<b>40 322</b>	<b>145</b>	<b>577</b>	<b>0,4</b>	<b>1,5</b>
<b>Labour Force</b>	<b>21 925</b>	<b>23 556</b>	<b>23 491</b>	<b>-65</b>	<b>1 566</b>	<b>-0,3</b>	<b>7,1</b>
<b>Employed</b>	<b>14 282</b>	<b>15 562</b>	<b>15 765</b>	<b>203</b>	<b>1 483</b>	<b>1,3</b>	<b>10,4</b>
Formal sector (Non-agricultural)	9 628	10 599	10 835	236	1 207	2,2	12,5
Informal sector (Non-agricultural)	2 695	2 965	2 971	6	276	0,2	10,2
Agriculture	829	874	873	-1	44	-0,1	5,3
Private households	1 130	1 124	1 088	-36	-42	-3,2	-3,7
<b>Unemployed</b>	<b>7 643</b>	<b>7 994</b>	<b>7 725</b>	<b>-269</b>	<b>82</b>	<b>-3,4</b>	<b>1,1</b>
<b>Not economically active</b>	<b>17 820</b>	<b>16 621</b>	<b>16 831</b>	<b>210</b>	<b>-989</b>	<b>1,3</b>	<b>-5,5</b>
Discouraged work-seekers	3 862	3 568	3 514	-54	-348	-1,5	-9,0
Other(not economically active)	13 958	13 053	13 317	264	-641	2,0	-4,6
<b>Rates (%)</b>							
Unemployment rate	34,9	33,9	32,9	-1,0	-2,0		
Employed / population ratio (Absorption)	35,9	38,7	39,1	0,4	3,2		
Labour force participation rate	55,2	58,6	58,3	-0,3	3,1		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

Statistics South Africa (2022) pronounced that South Africa's unemployment rate decreased from 33.9% in 2022:Q2 to 32.9% in 2022:Q3. Under the expanded definition, which includes discouraged job-seekers, the rate decreased by 1.0 percentage points to 43.1%, as the number of discouraged work-seekers declined.

As shown in Table 1 above, the working-age population increased by 145 000 (or 0.4%) in 2022:Q3 compared to 2022:Q2. A large number of people moved from the "unemployed" status to the "employed" status between the two quarters. The number of employed people increased by 203 000 (or 1.3%), while the number of unemployed people decreased by 269 000 (or -3.4%), resulting in the decrease of 65 000 (-0.3%) 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 unemployment rate and the labour force participation rate decreased by 1.0 percentage points and 0.3 percentage points respectively, while the employment rate increased by 0.4 percentage points.

### 1.3 Cross-Provincial Labour Market Performance

Over the past two years, South Africa's broad recovery from the COVID-19 induced crisis of 2020 was supported by higher global commodity prices, which improved export and fiscal revenues. Real GDP growth recovered to 4.9% in 2021, nonetheless, the growth is projected to contract to 1.1% in 2022. The recovery has been hampered by slow implementation of economic reforms and a series of shocks, historic flooding in April 2022 and escalating power cuts. In general theory, when the growth rate of a country's economy decreases, it is expected that employment will decrease and the unemployment rate will increase.

#### 1.3.1. Employment Levels

Between 2022:Q2 and 2022:Q3, employment increased in six provinces. South Africa created about 203 000 jobs in this quarter. The largest employment increases were recorded in Gauteng (136 000), Western Cape (84 000) and KwaZulu-Natal (58 000). On the other hand, North West, Limpopo and Free State shed about 66 000, 54 000 and 9 000 jobs, respectively.

Table 2: Employment by Province

Province	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>South Africa</b>	<b>14 282</b>	<b>15 562</b>	<b>15 765</b>	<b>203</b>	<b>1 483</b>	<b>1,3</b>	<b>10,4</b>
Western Cape	2 225	2 344	2 428	84	203	3,6	9,1
Eastern Cape	1 216	1 343	1 360	17	144	1,3	11,8
Northern Cape	275	318	324	6	49	1,9	17,8
<b>Free State</b>	<b>720</b>	<b>807</b>	<b>798</b>	<b>-9</b>	<b>78</b>	<b>-1,1</b>	<b>10,8</b>
KwaZulu-Natal	2 297	2 481	2 539	58	242	2,3	10,5
North West	851	924	858	-66	7	-7,1	0,8
Gauteng	4 448	4 787	4 923	136	475	2,8	10,7
Mpumalanga	1 104	1 167	1 199	32	95	2,7	8,6
Limpopo	1 145	1 391	1 337	-54	192	-3,9	16,8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

As compared to 2021:Q3, approximately 1 483 000 more jobs were created. The highest employment increases were recorded in Gauteng (475 000), KwaZulu-Natal (242 000) and Western Cape (203 000). During this period, Free State created about 78 000 jobs.

### 1.3.2. Unemployment Rate

There are two definitions of unemployment used to describe the form of unemployment; the official definition and the expanded definition of unemployment.

South Africa's official unemployment rate decreased by 1.0 percentage points; from 33.9% in the second quarter to 32.9% in the third quarter. The quarterly decrease in the official unemployment rate was observed in six provinces. The official unemployment rate of Limpopo decreased the most by -5.3 percentage points, followed by Western Cape (-3.0 percentage points) and KwaZulu-Natal (-2.1 percentage points). On the contrary, North West, Northern Cape and Free State recorded increases of 6.8 percentage points, 2.7 percentage points and 1.4 percentage points, respectively.

In comparison to the same period last year, the national official unemployment rate decreased by 2.0 percentage points. During this period, the official unemployment rate declined in six provinces. The highest decreases were in Eastern Cape (-5.0 percentage points), Free State (-4.3 percentage points) and Gauteng (-3.3 percentage points). Inversely, North West, KwaZulu-Natal and Northern Cape have experienced unemployment rate increases of 3.3 percentage points, 1.9 percentage points and 1.5 percentage points, respectively. Eastern Cape continued recording the highest unemployment rate in the country (42.4%), followed by North West (39.0%) and Mpumalanga (35.1%).

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
<b>South Africa</b>	<b>34,9</b>	<b>33,9</b>	<b>32,9</b>	<b>-1,0</b>	<b>-2,0</b>	<b>46,6</b>	<b>44,1</b>	<b>43,1</b>	<b>-1,0</b>	<b>-3,5</b>
Western Cape	26,3	27,5	24,5	-3,0	-1,8	30,3	31,3	29,5	-1,8	-0,8
Eastern Cape	47,4	42,8	42,4	-0,4	-5,0	54,5	51,8	50,6	-1,2	-3,9
Northern Cape	24,9	23,7	26,4	2,7	1,5	49,1	46,3	45,9	-0,4	-3,2
<b>Free State</b>	<b>38,1</b>	<b>32,4</b>	<b>33,8</b>	<b>1,4</b>	<b>-4,3</b>	<b>45,8</b>	<b>40,3</b>	<b>40,8</b>	<b>0,5</b>	<b>-5,0</b>
KwaZulu-Natal	28,7	32,7	30,6	-2,1	1,9	48,6	49,4	46,4	-3,0	-2,2
North West	35,7	32,2	39,0	6,8	3,3	52,2	49,2	53,3	4,1	1,1
Gauteng	37,0	34,4	33,7	-0,7	-3,3	44,9	40,8	39,0	-1,8	-5,9
Mpumalanga	37,5	36,1	35,1	-1,0	-2,4	49,7	48,1	46,5	-1,6	-3,2
Limpopo	32,5	36,3	31,0	-5,3	-1,5	54,5	47,5	49,9	2,4	-4,6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

The national expanded unemployment rate decreased by 1.0 percentage points; from 44.1% to 43.1% between 2022:Q2 and 2022:Q3. During the same period, the expanded unemployment rate decreased in six provinces. The largest decrease of 3.0 percentage points was recorded in KwaZulu-Natal, followed by Western Cape (-1.8 percentage points) and Gauteng (-1.8 percentage points).

On a year-on-year basis, the expanded unemployment rate declined nationally by 3.5 percentage points, due to the declines recorded in eight provinces. Gauteng, Free State, and Limpopo recorded the highest declines of 5.9 percentage points, 5.0 percentage points and 4.6 percentage points, respectively. North West was the only province that recorded an increase of 1.1 percentage point during this period.

## 1.4 Decomposition of the Free State Labour Market

The Free State labour force rose to 1 205 000, representing an increase of 12 000 economically active population between 2022:Q2 and 2022:Q3. Nonetheless, the labour force has not yet returned to the pre-pandemic level, which was 1 228 000 in 2020:Q1. Within the labour force, the number of unemployed increased by 21 000 people (from 386 000 to 407 000), whilst the number of employed decreased by 9 000 (from 807 000 to 798 000) in 2022:Q3. This translates into an official unemployment rate of 33.8%, employment rate (absorption rate) of 41.3% and labour force participation rate of 62.5% for the Free State.

As illustrated in Table 4 below, the inactive population in Free State decreased by 1.4% in 2022:Q3, which translates to 10 000 less inactive population in the province.

Table 4: Free State labour force characteristics

	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Population 15-64 years</b>	1 922	1 927	1 929	2	7	0,1	0,4
<b>Labour Force</b>	1 163	1 193	1 205	12	42	1,0	3,6
<b>Employed</b>	720	807	798	-9	78	-1,2	10,8
Formal sector (Non-agricultural)	445	493	490	-3	45	-0,7	10,0
Informal sector (Non-agricultural)	120	149	153	4	33	2,6	27,6
Agriculture	72	86	93	7	21	8,2	28,6
Private households	72	78	61	-17	-11	-22,0	-15,4
<b>Unemployed</b>	443	386	407	21	-36	5,6	-8,1
<b>Not economically active</b>	758	734	724	-10	-34	-1,4	-4,5
Discouraged work-seekers	128	134	111	-23	-17	-17,2	-13,0
Other(not economically active)	631	600	613	13	-18	2,1	-2,8
<b>Rates (%)</b>							
Unemployment rate	38,1	32,4	33,8	1,4	-4,3		
Employed / population ratio (Absorption)	37,5	41,9	41,3	-0,6	3,8		
Labour force participation rate	60,5	61,9	62,5	0,6	2,0		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

As compared to 2021:Q3, the provincial labour force in 2022:Q3 increased by about 42 000 economically active population. Consequently, the number of employed increased by 78 000 workers (or 10.8%), while the province's unemployment level decreased by 36 000 (or -8.1%).

### 1.4.1. Employment in the Free State Province

Free State Province had about 798 000 people employed in 2022:Q3, of which 61.4% (490 000) of the jobs were in the formal sector, 19.2% (153 000) were in the informal sector, 11.7% (93 000) were in the agricultural sector and 7.7% (61 000) in the private households. During the period under review, jobs were shed in the formal (3 000) and private households (17 000) sectors. The informal and agricultural sectors generated about 4 000 and 7 000 jobs, respectively. On a year-on-year basis,

roughly 78 000 jobs were created in the Free State's formal, informal and agricultural sectors, while the private households shed about 11 000 jobs.

Meanwhile, the biggest employer in the province in the third quarter of 2022 was the community and social services industry with about 248 000 jobs, followed by trade (166 000) as well as agriculture (93 000). The utilities (water, gas and electricity) industry remained the smallest employer with about 2 000 workers followed by mining (25 000) and transport (44 000).

Based on a quarter-to-quarter analysis, employment decreased by 9 000. Jobs were shed in private households (17 000), finance (13 000) and utilities (8 000). The largest gains in employment were recorded in community and social services (24 000), agriculture (7 000) as well as manufacturing (5 000).

Year-on-year, employment increased by 78 000. The largest gains in employment were recorded in the community and social services (70 000), manufacturing (25 000) as well as agriculture (21 000) industries. Conversely, jobs were shed in finance (30 000), private households (21 000) and transport (4 000).

Table 5: Free State employment by industry/sector

	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Industry</b>	<b>720</b>	<b>807</b>	<b>798</b>	<b>-9</b>	<b>78</b>	<b>-1,2</b>	<b>10,8</b>
Agriculture	72	86	93	7	21	8,2	28,6
Mining	19	21	25	4	6	18,7	30,6
Manufacturing	31	51	56	5	25	9,4	78,4
Utilities	5	10	2	-8	-4	-83,2	-69,3
Construction	33	50	45	-5	12	-10,7	36,6
Trade	163	173	166	-7	2	-4,2	1,3
Transport	48	42	44	2	-4	4,1	-9,1
Finance	88	71	58	-13	-30	-18,1	-33,8
Community and social services	178	224	248	24	70	10,6	39,5
Private households	82	78	61	-17	-21	-22,0	-25,2

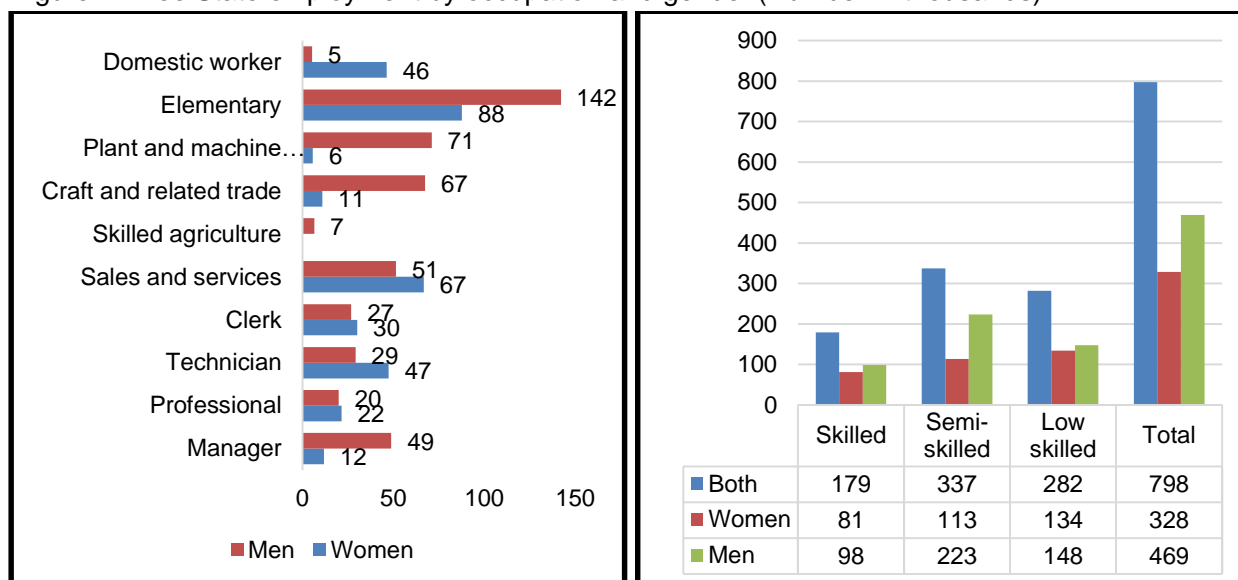
Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

Figure 2 below presents employment by gender and occupation in 2022:Q3. Women are dominant in five occupations (professional, technician, clerical, sales and services, and domestic), while men lead in the other five occupations, namely; management, skilled agriculture, craft and related trade, plant and machine operator and elementary in the province. According to Statistics South Africa, managers, professionals and technicians are considered skilled; clerks, sales and services, skilled agriculture, craft and related trade, and plant and machine operator are considered semi-skilled; while elementary and domestic work are considered low skilled.

Notably, few women were employed in the province relative to men. Women accounted for 41.2% of total employment, while men accounted for 58.8% in the third quarter of 2022. Free State is dominated by semi-skilled workers who accounted for 42.2% of total workers, followed by low-skilled workers (35.3%) and skilled workers (22.4%).

During 2022:Q3, there were 81 000 women employed as skilled workers (24.6%), 113 000 women employed as semi-skilled workers (34.5%) and 134 000 women employed as low-skilled workers (40.8%). In the same period, the employment of women increased by 11 000, while the employment of men decreased by about 20 000 people in comparison to 2022:Q2. Currently, employment amongst women stands at 328 000, whereas employment amongst men is at 469 000. The provincial unemployment rate of women had increased by 1.1 percentage points, while the unemployment rate of men increased by 1.4 percentage points.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

The current provincial labour force participation rate for women is about 55.3% (53.9% in 2022:Q2), whereas for men it is 69.8% (69.6% in 2022:Q2). This shows that more women relative to men, were not economically active and were discouraged to look for employment.

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

Table 6 below presents the characteristics of the unemployed in the Free State province. The unemployed in the Free State increased on a quarter-to-quarter basis by 21 000 (or 5.6%), which was mainly driven by job losers and the “other” unemployed. Year-on-year, decreases in new entrants and job losers drove unemployment to decline by 36 000 (-8.1%).

Table 6: Free State characteristics of the unemployed

	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Unemployed</b>	<b>443</b>	<b>386</b>	<b>407</b>	<b>21</b>	<b>-36</b>	<b>5,6</b>	<b>-8,1</b>
Job losers	156	110	127	18	-29	16,0	-18,7
Job leavers	13	12	15	3	1	22,4	10,2
New entrants	196	172	156	-16	-39	-9,1	-20,2
Re-entrants	1	4	9	5	8	135,1	1290,6
Other	78	89	101	12	24	13,4	30,4

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

Table 7 below depicts the unemployment rate by age group in the Free State. Out of the 407 000 unemployed people in the province, 230 000 are under the age of 35 years, which is equivalent to 56.5% of the unemployed population.

While the overall official unemployment rate in the province is 33.8%, the rate among the youth, 15 to 24 years remains the highest at about 63.9%. This is followed by a 38.3% rate in the 25 to 34 years' age category. Compared to the previous quarter, the official unemployment rate increased by 1.4 percentage points in the Free State province. The unemployment rate increased in all the age cohorts, with highest increases among adults. Year-on-year, unemployment rate decreased significantly by 4.3 percentage points, due to the persistent fall among the youth.

Table 7: Free State official unemployment rate by age group

Age categories	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
<b>15-64 years</b>	<b>38,1</b>	<b>32,4</b>	<b>33,8</b>	<b>1,4</b>	<b>-4,3</b>
15-24 years	70,9	62,6	63,9	1,3	-7,0
25-34 years	50,4	37,3	38,3	1,0	-12,1
35-44 years	30,0	28,2	30,5	2,3	0,5
45-54 years	19,7	18,6	23,1	4,5	3,4
55-64 years	13,5	13,0	15,3	2,3	1,8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

Education has a substantial impact on employment prospects. Out of 407 000 unemployed population in 2022:Q3, about 2 000 had *no schooling*, 29 000 had *less than primary completed*, 15 000 had *primary completed*, and 178 000 had *secondary not completed*. Those with post-secondary (*tertiary education*) amounted to 32 000 in 2022:Q3. About 55.0% of the unemployed in the province have pre-secondary education, while about 45.0% have post-secondary education.

Table 8: The highest level of education of the unemployed

	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
<b>Highest level of education of the unemployed</b>	<b>443</b>	<b>386</b>	<b>407</b>	<b>21</b>	<b>-36</b>	<b>5,6</b>	<b>-8,1</b>
No schooling	2	1	2	1	0	76,5	18,5
Less than primary completed	20	29	29	0	10	-0,6	48,6
Primary completed	16	16	15	-1	-1	-5,1	-6,5
Secondary not completed	221	169	178	9	-43	5,4	-19,5
Secondary completed	151	143	150	6	-1	4,5	-0,6
Tertiary	33	27	32	5	-2	17,1	-4,9
Other	1	1	2	1	1	0,0	0,0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

Across both genders, persons with a low level of education have few chances of finding employment than those with a higher level. Education plays a significant role in every person's life. It has a strong potential to address most challenges by enhancing a variety of skills. It helps build character, opinions,

and intellect. Education and extension skills development is, therefore, key to solving some of the unemployment problems the province is facing.

#### 1.4.3. Not in Education, Employment or Training (NEET)

Concern with youth unemployment has been accompanied with increasing focus on those *not in education, employment or training*. In the third quarter of 2022, NEET population decreased by 10 000, as 10 000 more women entered the group, whilst 20 000 more men exited.

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

	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Both sexes</b>	<b>889</b>	<b>843</b>	<b>833</b>	<b>-10</b>	<b>-56</b>	<b>-1,2</b>	<b>-6,2</b>
Women	490	485	495	10	5	2,0	1,0
Men	399	358	338	-20	-60	-5,5	-15,1
<b>Age group</b>	<b>889</b>	<b>843</b>	<b>833</b>	<b>-10</b>	<b>-56</b>	<b>-1,2</b>	<b>-6,2</b>
15-24 years	170	177	152	-25	-19	-14,3	-11,0
25-34 years	292	249	256	7	-37	2,7	-12,6
35-44 years	187	176	188	13	1	7,3	0,5
45-54 years	104	118	117	-1	13	-0,8	12,6
55-64 years	135	124	120	-3	-14	-2,6	-10,5
<b>Population groups</b>	<b>889</b>	<b>843</b>	<b>833</b>	<b>-10</b>	<b>-56</b>	<b>-1,2</b>	<b>-6,2</b>
Black/African	810	779	765	-14	-46	-1,8	-5,6
Coloured	31	19	26	7	-4	35,6	-14,2
Indian/Asian	4	8	5	-3	0	0,0	0,0
White	43	37	37	0	-6	-0,3	-13,8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

There were approximately 408 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2022:Q3, with 152 000 aged 15 to 24 years and 256 000 aged 25 to 34 years. In comparison to 2022:Q2, the number of NEET in the Free State declined by 1.2%. The 833 000 of the NEET cohort constituted 43.2% of the province's working age population, of which 59.4% were female, 91.8% were African and 48.9% were between the ages of 15 and 34 years. There is a need for place-based targeted interventions to help different young NEETs successfully enter the labour market or re-engage in education and training activities.

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

Approximately 37.5% of the working age population in the province were not economically active in 2022:Q3. *Students*, the *discouraged work seekers* and those who were *ill or disabled* made up the top three reasons for economic inactivity in the province. In 2022:Q3, *students* accounted for 41.9% of the inactive population, while the *discouraged work seekers* accounted for 15.4% and those who were *ill or disabled* accounted for 14.1%.

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

	Jul-Sep 2021	Apr-Jun 2022	Jul-Sep 2022	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
<b>Not economically active</b>	<b>758</b>	<b>734</b>	<b>724</b>	<b>-10</b>	<b>-34</b>	<b>-1,4</b>	<b>-4,5</b>
Student	317	277	303	26	-14	9,5	-4,3
Home-maker	80	81	72	-9	-8	-11,3	-10,5
Illness/disability	103	106	102	-4	-1	-3,7	-0,7
Too old/young to work	72	79	71	-8	-1	-9,5	-0,9
Discouraged work seekers	128	134	111	-23	-17	-17,2	-13,0
Other	58	57	64	7	6	12,6	9,7

Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3

The NEA population of the province decreased by 34 000 (-4.5%) between 2021:Q3 and 2022:Q3, due to the decrease in all categories, except for the “*other*” not economically active.

## 1.5 Concluding Remarks

The unemployment rate in South Africa has eased further to 32.9% in 2022:Q3, from a record high of 35.3% in 2021:Q4. About 203 000 more people were employed while about 269 000 workers were unemployed in South Africa.

Across the nine provinces of SA, Western Cape recorded the lowest unemployment rate of about 24.5%, followed by the Northern Cape at 26.4% and KwaZulu-Natal at 30.6%. The Eastern Cape had the highest provincial unemployment rate at 42.4% in 2022:Q3, followed by North West at 39.0% and Mpumalanga at 35.1%.

In the Free State, the number of unemployed people increased by 21 000 (from 386 000 to 407 000) whilst those that were employed decreased by 9 000 (from 807 000 to 798 000). Consequently, the economically active population in the labour force increased by 12 000. Jobs were created mostly in community and social services (24 000), agriculture (7 000) and manufacturing (5 000).

## 1.6 Policy imperatives

Employment in agriculture in the Free State has reached the highest level since the first quarter of 2013. Therefore, more efforts and strategies are needed to keep the industry flourishing. To establish an environment where opportunities for higher incomes and employment are created for resource-poor farmers alongside a thriving commercial farming sector, the following initiatives should be implemented:

- Building an efficient and internationally competitive agricultural sector,
- Supporting the emergence of a more diverse structure of production with a large increase in the numbers of successful smallholder farming enterprises, and
- Conserving the agricultural natural resources and put in place policies and institutions for sustainable resource use.

## References

[1] International Monetary Fund (2022). “Gloomy and uncertain”, October 2022, International Monetary Fund: Washington DC.

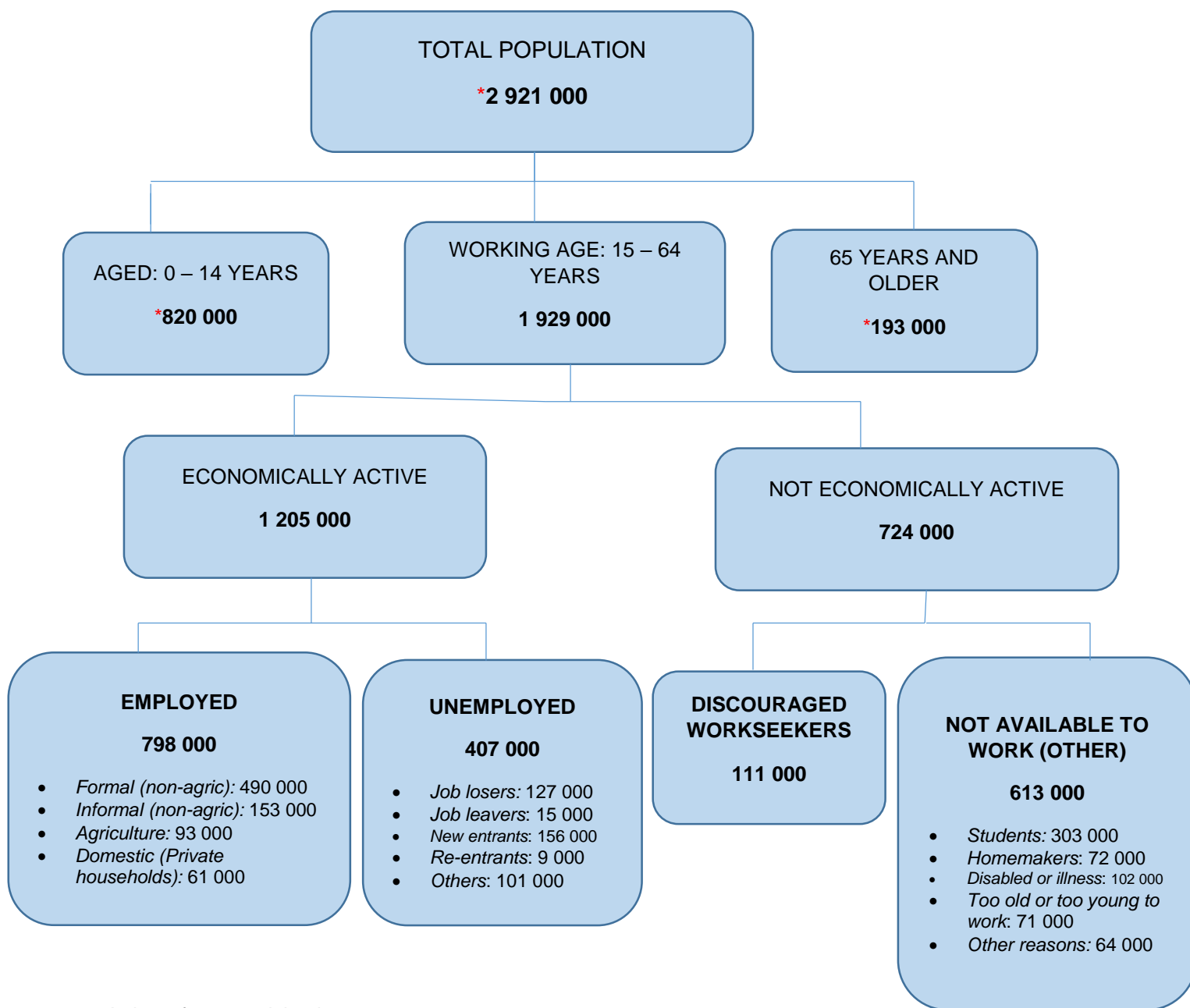
[2] Statistics South Africa. (2021). “Mid-year Population Estimates”, July 2022, South Africa: Pretoria.

[3] Statistics South Africa. (2022). “Gross Domestic Product”, Third Quarter 2022. South Africa: Pretoria.

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## APPENDIX

**Diagram 1: Summary of the Free State's labour market - 2022: Q3**



Labour force participation rate = 62.5%

Absorption rate = 41.3%

Official unemployment rate = 33.8%

Expanded unemployment rate = 40.8%

*Source: Statistics South Africa, Quarterly Labour Force Survey, 2022:Q3*

*Note: (\*) Mid-year population estimates, July 2022 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*