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Department of
Treasury
FREE STATE PROVINCE

FREE STATE PROVINCE QUARTERLY LABOUR MARKET REVIEW (QLMR)

FOURTH QUARTER 2018



The QLMR is an online quarterly publication authored by officials within the Economic Analysis Directorate of the Free State Provincial Treasury. It provides an analysis of the Quarterly Labour Force Survey (QLFS) conducted by Statistics South Africa (StatsSA) with special focus on the Free State province.

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Definitions of Labour Market Terms and Indicators

1. **Discouraged work-seeker** is a person who was not employed during the reference period, wanted to work, was available to work/start a business but did not take active steps to find work during the last four weeks, provided that the main reason given for not seeking work was any of the following: no jobs available in the area; unable to find work requiring his/her skills; lost hope of finding any kind of work.
2. **Economic activities** are those that contribute to the production of goods and services in the country. There are two types of economic activities, namely: (1) Market production activities (work done for others and usually associated with pay or profit); and (2) Non-market production activities (work done for the benefit of the household, e.g. subsistence farming).
3. **Employed persons** are those aged 15–64 years who, during the reference week, did any work for at least one hour, or had a job or business but were not at work (temporarily absent).
4. **Employment-to-population ratio (labour absorption rate)** is the proportion of the working-age population that is employed.
5. **Informal employment** identifies persons who are in precarious employment situations irrespective of whether or not the entity for which they work is in the formal or informal sector. Persons in informal employment therefore comprise all persons in the informal sector, employees in the formal sector, and persons working in private households who are not entitled to basic benefits such as pension or medical aid contributions from their employer, and who do not have a written contract of employment.
6. **Informal sector** has two components, namely:
 - a) Employees working in establishments that employ fewer than five employees, who do not deduct income tax from their salaries/wages; and
 - b) Employers, own-account workers and persons who are helping and getting unpaid in their household business and are not registered for either income tax or value-added tax.
7. **The labour force** comprises all persons who are employed plus all persons who are unemployed.
8. **Labour force participation rate** is the proportion of the working-age population that is either employed or unemployed.
9. **Long-term unemployment** refers to persons among the unemployed who were without work and trying to find a job or start a business for one year or more.
10. **Not in education and not in employment (NEET)** comprises of persons who are not in any form of education or training and not in employment.
11. **Not economically active** refers to persons aged 15–64 years who are neither employed nor unemployed in the reference week.
12. **Underemployment** (time-related) includes employed persons who were willing and available to work additional hours, whose total number of hours actually worked during the reference period were below 35 hours per week.
13. **Underutilized labour** comprises three groups that are defined as follows: persons who are underemployed, persons who are unemployed, and persons who are discouraged.
14. **Unemployed persons** are those (aged 15–64 years) who:
 - a) Were not employed in the reference week; and
 - b) Actively looked for work or tried to start a business in the four weeks preceding the survey interview; and
 - c) Were available for work, i.e. would have been able to start work or a business in the reference week; or
 - d) Had not actively looked for work in the past four weeks but had a job or business to start at a definite date in the future and were available.
15. **Unemployment rate** is the proportion of the labour force that is unemployed.
 - a) **Official unemployment rate** includes only the unemployed who are actively searching for work, thus excluding the discouraged.
 - b) **Expanded unemployment rate** includes the unemployed who are actively searching for work and those who are not actively searching.
16. The **working-age population** comprises all persons aged 15–64 years.

Source: Statistics South Africa

Quick Hard facts

- Unemployment rate in South Africa decreased by 0.4 percentage point, from 27.5% in 2018:Q3 to 27.1% in 2018:Q4. However, it is 0.4 percentage point higher compared to the same period last year.
- Employment in South Africa increased by 149 000 or 0.9% in 2018:Q4. Jobs were created in the formal (92 000), private households (65 000) and agricultural sectors (7 000), whilst the informal sector shed about 15 000 jobs.
- *The number of employed persons increased in five of the nine provinces between 2018:Q3 and 2018:Q4.* The largest employment increases were recorded in Gauteng (86 000), Free State (33 000) and Western Cape (26 000) while Eastern Cape shed about 15 000 jobs, North West 6 000 and Northern Cape and Limpopo shed 1 000 jobs each, in the same period.
- The Free State official unemployment rate decreased by 3.4 percentage points (from 36.3% to 32.9%) in 2018:Q4 compared to 2018:Q3. The rate of unemployment amongst women declined by 2.7 percentage points, from 39.2% in 2018:Q3 to 36.5% in 2018:Q4, whilst unemployment amongst men declined from 33.8% to 29.9%, which represents 3.9 percentage points improvement.
- Total employment in the Free State expanded by 4.2% in 2018:Q4 compared to 2018:Q3. This expansion was exclusively due to the jobs gained in the formal, informal and private households sectors with 46 000, 1 000 and 4 000 jobs respectively. However, roughly 17 000 jobs were shed in the agriculture sector.
- *Five of the ten industries in Free State reported employment growth quarter-to-quarter.* Manufacturing and the tertiary sector (transport, finance, community and social services and private household) expanded jobs while agriculture, utilities, construction and trade shed jobs in 2018:Q4 compared to 2018:Q3. Employment in mining industry remained unchanged during this period.
- On employment by industry and gender in the Free State, more men (454 000) are employed relative to women (353 000) across major sectors. In 2018:Q4, female employment increased by 9 000 while male employment increased significantly by 23 000 compared to the previous quarter. Year-on-year, the number of women in employment increased by 20 000, while the number of men in employment decreased by 19 000.
- The youth aged 15 to 34 years are vulnerable in the province's labour market with an official unemployment rate of 45.3% in 2018:Q4, which is 12.4 percentage points above the provincial average. The unemployment rate has decreased across all age categories except for the 55 to 64 years category. The biggest decrease was recorded among adults between 35 to 44 years age category with 3.8 percentage points decline.

1.1 Economic growth outlook in South Africa

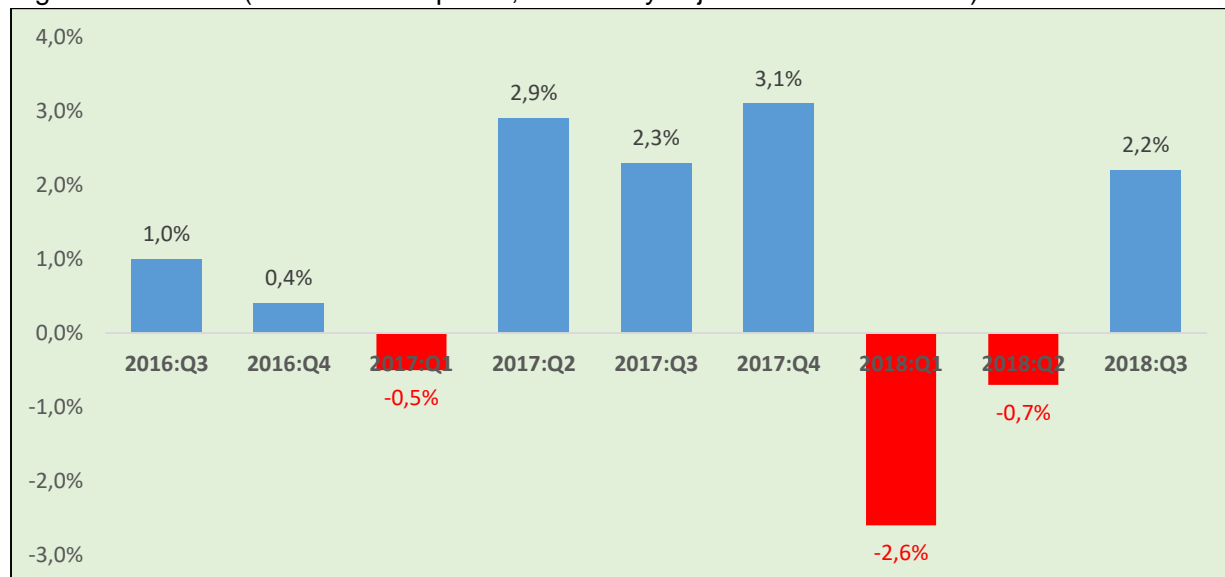
The global economic growth is projected to slow down in 2019. The downside risks of the prevailing global developments have led to the downward revision of the world economic growth rate from 3.7% in 2018 to 3.5% in 2019 (IMF, 2019), implying that growth in economic activity level in both the advanced and developing countries (including the emerging market economies) is expected to be sluggish in 2019. International trade and manufacturing activity have softened, trade tensions remain elevated, and some large emerging markets have experienced substantial financial market pressures.

Interestingly, Sub-Saharan Africa growth is expected to accelerate from 2.9% in 2018 to 3.4% in 2019, predicated on diminished policy uncertainty and improved investment in large economies, together with continued robust growth in non-resource intensive countries. South Africa is projected to accelerate modestly from 0.8% to a 1.3% in growth, amid constraints on domestic demand and limited government spending (World Bank, 2019).

The South African economy had a dismal year in 2018. The country experienced two consecutive quarters of negative growth in the first two quarters of 2018. However, it recovered with positive growth of 2.2% in the third quarter of 2018, which ended the technical recession of the preceding two quarters.

The largest positive contributors to growth in GDP in the third quarter of 2018 were the manufacturing, finance, transport and trade industries. The manufacturing industry increased by 7.5% and contributed 0.9 of a percentage point to GDP growth; the transport, storage and communication industry increased by 5.7% and contributed 0.5 of a percentage point; the finance, real estate and business services industry increased by 2.3% and contributed 0.5 of a percentage point and lastly, the trade, catering and accommodation industry increased by 3.2% and contributed 0.4 of a percentage point. Negative GDP growth came from the mining (-8.8%), construction (-2.7%) and electricity (-0.9%) industries.

Figure 1: SA GDP (constant 2010 prices, seasonally adjusted and annualized)



Source: Statistics South Africa, Gross Domestic Product, 2018:Q3

South Africa is confronted by low domestic growth and an uncertain global economic environment. However, government is taking steps to bolster economic activity, investment and job creation in the short to medium term. The economic stimulus and recovery plan announced by President Ramaphosa

in September 2018 seeks to focus public spending in areas that can grow the economy, create jobs, accelerate necessary growth-enhancing reforms, promote infrastructure development, and tackle problems in education and healthcare. In support of the stimulus efforts, the productive sectors of the economy will be targeted. Amongst others, it includes (1) mining - mineral beneficiation activities have significant potential to drive long term growth, exports and job growth; (2) tourism - has the potential to boost tourism and make business travel a lot more conducive; and (3) agriculture - to support measures for black commercial farmers so as to increase their entry into food value chains through access to infrastructure like abattoirs and feedlots.

1.2 South Africa's Labour Market Overview

For the economy to grow at a rate that will lead to job creation on a meaningful scale, the level of investment needs to be significantly increased. South Africa had pledged R400 billion from countries that the President and his team visited between March and September 2018. However, the President secured R300 billion in investment pledges, of which projects to the value of R187 billion are being implemented and projects worth another R26 billion are in the pre-implementation phase. Investor confidence is being restored, while political stability is still uncertain due to the national elections coming on the 8th of May 2019. These will have an impact on the economic performance of the country and the labour market.

Table 1 below depicts South Africa's labour market and shows that the working-age population was 38.1 million in 2018:Q4, with 16.5 million employed, 6.1 million unemployed individuals and 15.5 million people who are not economically active. This translates to labour force participation rate of 59.4% and unemployment rate of 27.1%. The number of *the unemployed* population decreased by 70 000 in 2018:Q4 on a quarterly basis, mainly due to the decrease in job losers (134 000) and job leavers (8 000).

Table 1: South Africa labour market at a glance

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Population 15-64 yrs	37 525	37 985	38 134	149	609	0.4	1.6
Labour Force	22 051	22 589	22 668	79	617	0.3	2.8
Employed	16 171	16 380	16 529	149	358	0.9	2.2
Formal sector (Non-agricultural)	11 244	11 255	11 346	91	102	0.8	0.9
Informal sector (Non-agricultural)	2 808	3 017	3 001	-16	193	-0.5	6.9
Agriculture	849	842	849	7	0	0.8	0.0
Private households	1 270	1 267	1 332	65	62	5.1	4.9
Unemployed	5 880	6 209	6 139	-70	259	-1.1	4.4
Not economically active	15 474	15 395	15 466	71	-8	0.5	-0.1
Discouraged work-seekers	2 538	2 733	2 841	108	303	4.0	11.9
Other(not economically active)	12 936	12 662	12 625	-37	-311	-0.3	-2.4
Rates (%)							
Unemployment rate	26.7	27.5	27.1	-0.4	0.4		
Employed / population ratio (Absorption)	43.1	43.1	43.3	0.2	0.2		
Labour force participation rate	58.8	59.5	59.4	-0.1	0.6		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

Quarter-to-quarter, employment has increased by 149 000 in 2018:Q4 in South Africa, resulting in 0.2% growth in the absorption rate during the same period. The expansion of employment was mainly driven by the formal, private households and agriculture sectors which increased by 91 000, 65 000 and 7 000 jobs respectively. Conversely, the informal sector shed 16 000 jobs.

1.3 Cross-Provincial Labour Market Performance

Provinces are expected to implement the economic stimulus and recovery plan in order to prevent further job losses and create new jobs, amid other measures. Free State is currently looking into ways to apply the plan.

1.3.1. Employment Levels

Table 2 below depicts that employment increased in five of the nine provinces between 2018:Q3 and 2018:Q4. The largest quarterly employment gain was observed in Gauteng (86 000), followed by Free State (32 000) and Western Cape (26 000). Eastern Cape shed most jobs (15 000), followed by North West (6 000) and Northern Cape & Limpopo (1 000 each).

Compared to the same quarter last year (2017:Q4), employment increased in six of the nine provinces. The highest employment gains were recorded in Gauteng, KwaZulu-Natal, and Limpopo, with 172 000, 135 000 and 60 000 jobs respectively. Conversely, only two provinces shed jobs, namely; North West (26 000), and Eastern Cape (16 000), while Free State employment remain unchanged during the same period.

Table 2: Employment by province

Province	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
South Africa	16 171	16 380	16 529	149	358	0.9	2.2
Western Cape	2 492	2 494	2 520	26	28	1.0	1.1
Eastern Cape	1 391	1 390	1 375	-15	-16	-1.1	-1.2
Northern Cape	321	323	322	-1	1	-0.3	0.3
Free State	806	774	806	32	0	4.1	0.0
KwaZulu-Natal	2 513	2 635	2 648	13	135	0.5	5.4
North West	999	979	973	-6	-26	-0.6	-2.6
Gauteng	4 991	5 077	5 163	86	172	1.7	3.4
Mpumalanga	1 242	1 231	1 245	14	3	1.1	0.2
Limpopo	1 417	1 478	1 477	-1	60	-0.1	4.2

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

1.3.2. Unemployment Rate

The prominent unemployment rate indicator in South Africa is the official unemployment rate. As illustrated in Table 3 below, the national official unemployment rate decreased from 27.5% in 2018:Q3 to 27.1% in 2018:Q4. The quarterly decreases in the official unemployment rate were observed in seven of the nine provinces, with Free State having the largest decrease by 3.4 percentage points, followed by Limpopo (2.4 percentage points) and Northern Cape (2.0 percentage point). The increase in the official unemployment rate amongst provinces was observed in KwaZulu-Natal and Eastern

Cape with 2.6 and 0.5 percentage point respectively. Eastern Cape has the highest official unemployment rate in the country at 36.1%, followed by Free State at 32.9%.

In comparison to the same period last year, the national official unemployment rate increased by 0.4 percentage points. During this period, the official unemployment rate increased in five provinces and decreased in the remaining four provinces. The official unemployment rate of Mpumalanga increased the most over this period, by 3.1 percentage points followed by North West (2.7 percentage points) and KwaZulu-Natal with 1.5 percentage point. Contrariwise, Limpopo recorded the highest decline in unemployment rate of 3.1 percentage point in 2018:Q4, followed by Northern Cape (2.1 percentage point) and Western Cape (0.2 percentage point).

When discouraged work seekers are included, the national expanded unemployment rate decreased by 0.3 of a percentage point from 37.3% to 37.0% between 2018:Q3 and 2018:Q4. Over the same period, the expanded unemployment rate decreased in six provinces, with a largest decrease of 2.2 percentage points recorded in Free State, followed by Northern Cape (1.5 percentage points) and North West with 1.0 percentage point. Contrariwise, Eastern Cape recorded the highest quarterly growth of the expanded unemployment rate of 0.8 percentage point in 2018:Q4, followed by Limpopo (0.7 percentage point) and KwaZulu-Natal (0.1 percentage point).

On a year-on-year basis, the expanded unemployment rate surged nationally by 0.7 percentage point, mainly due to the increased rate in North West (2.3 percentage points), as well as Eastern Cape and Limpopo with 2.0 percentage points each. On the contrary, Northern Cape had the highest decline in the expanded unemployment rate of 1.9 percentage points, followed by Gauteng (0.1 percentage points).

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Jul-Sep 2017	Apr-Jun 2018	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	26.7	27.5	27.1	-0.4	0.4	36.3	37.3	37.0	-0.3	0.7
Western Cape	19.5	20.4	19.3	-1.1	-0.2	23.0	23.7	23.1	-0.6	0.1
Eastern Cape	35.1	35.6	36.1	0.5	1.0	44.8	46.0	46.8	0.8	2.0
Northern Cape	27.1	27.0	25.0	-2.0	-2.1	40.5	40.1	38.6	-1.5	-1.9
Free State	32.6	36.3	32.9	-3.4	0.3	39.0	41.5	39.3	-2.2	0.3
KwaZulu-Natal	24.1	23.0	25.6	2.6	1.5	41.0	41.2	41.3	0.1	0.3
North West	23.9	28.0	26.6	-1.4	2.7	40.6	43.9	42.9	-1.0	2.3
Gauteng	29.1	29.6	29.0	-0.6	-0.1	33.7	34.3	33.6	-0.7	-0.1
Mpumalanga	28.9	32.5	32.0	-0.5	3.1	39.7	41.3	41.1	-0.2	1.4
Limpopo	19.6	18.9	16.5	-2.4	-3.1	36.8	38.1	38.8	0.7	2.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

1.4 Decomposition of the Free State Labour Market

The Free State labour force is currently at 1 202 000, and represents a decline of 13 000 between 2018:Q3 and 2018:Q4. Within the labour force, the number of unemployed individuals decreased by 45 000 people whilst the number of employed individuals increased by 33 000 in 2018:Q4.

Consequently, in 2018:Q4, the number of unemployed persons reduced to 396 000, while the number of employed people increased to 806 000. This translates to an official unemployment rate of 32.9%, a 42.4% employment rate (absorption rate) and a 63.2% labour force participation rate in Free State.

As illustrated in Table 4 below, the *not economically active population* in Free State grew by 2.1% in 2018:Q4, which translates to 14 000 more inactive population in the province. The increase of the inactive population was prompted by a significant growth in the number of discouraged work seekers (21 000 or 30.0%) in 2018:Q4 compared to 2018:Q3.

Compared to 2017:Q4, the labour force of the Free State increased by 7 000 people. The number of employed individuals increased by 1 000 (or 0.1%) whilst the number of unemployed people increased by 7 000 (or 1.7%).

Table 4: Free State labour force characteristics

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 892	1 900	1 902	2	9	0.1	0.5
Labour Force Employed	1 195	1 215	1 202	-13	7	-1.0	0.6
Formal sector (Non-agricultural)	806	774	806	33	1	4.2	0.1
Informal sector (Non-agricultural)	488	474	519	46	32	9.6	6.5
Agriculture	157	133	134	1	-23	0.2	-14.6
Private households	77	74	57	-17	-21	-23.5	-26.7
Unemployed	390	441	396	-45	7	-10.2	1.7
Not economically active	697	685	699	14	2	2.1	0.3
Discouraged work-seekers	89	70	91	21	2	30.0	1.9
Other(not economically active)	608	615	609	-6	1	-1.0	0.1
Rates (%)							
Unemployment rate	32.6	36.3	32.9	-3.4	0.3		
Employed / population ratio (Absorption)	42.6	40.7	42.4	1.7	-0.2		
Labour force participation rate	63.2	63.9	63.2	-0.7	0.0		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

1.4.1. Employment in the Free State Province

Free State Province has 806 000 people employed in 2018:Q4. The total number of employed persons increased by 1 000 in 2018:Q4 compared to 2017:Q4, as a result, the absorption rate contracted by 0.2 percentage points (see Table 4). Year-on-year, 32 000 jobs and 13 000 jobs were created in the formal and private households sectors. However, the informal sector shed 23 000 jobs whilst agriculture shed 21 000 jobs over the same period.

The biggest employer in the province in the fourth quarter of 2018 was the community and social services with 219 000 jobs, followed by trade industry (140 000) as well as private households

(96 000). The utilities (water, gas and electricity) industry remains the smallest employer which has employed 10 000 individuals in the province, followed by mining (24 000) and transport (40 000).

Year-on-year, the largest gains in employment was recorded in community and social services (19 000), manufacturing (16 000) as well as private households (12 000). Conversely, the trade industry shed 23 000 jobs, followed by agriculture (20 000) as well as construction (17 000). Overall, there was a minute change in employment level in the province, which resulted in the expansion of total employment by 1 000 (or 0.1 %) on a year-on-year basis.

Quarter to quarter, 33 000 jobs were gained in the province in 2018:Q4, and of the five industries that created jobs, the highest employment were recorded in community and social services (22 000), finance (20 000) and manufacturing (6 000). Conversely, jobs were shed in four industries, with the highest job losses recorded in agriculture (17 000), construction (6 000) as well as utilities and trade (1 000 each).

Table 5: Free State employment by industry

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Industry	806	774	806	33	1	4.2	0.1
Agriculture	77	74	57	-17	-20	-23.5	-26.7
Mining	16	24	24	0	8	3.0	48.5
Manufacturing	55	65	71	6	16	7.7	28.1
Utilities	9	11	10	-1	1	-2.2	18.0
Construction	75	64	58	-6	-17	-10.2	-23.3
Trade	163	141	140	-1	-23	-0.6	-14.2
Transport	39	35	40	5	1	16.0	2.5
Finance	86	71	91	20	4	28.1	5.7
Community and social services	200	197	219	22	19	11.3	9.3
Private households	84	92	96	4	12	4.4	15.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

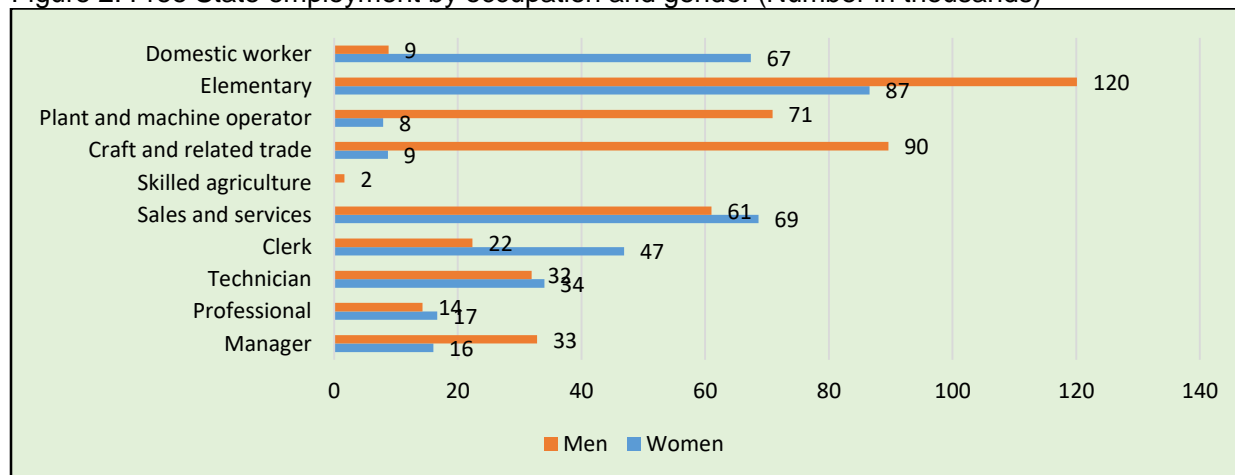
Figure 2 below shows employment by gender and occupation in 2018:Q4. Women are dominant in five occupations (professional, technician, clerical, sales & services and domestic), while men lead the four occupations (manager, craft & related trade, plant & machine operator and elementary) in the province. Women tend to be overrepresented in vulnerable employment, but this condition is improving given that more women are now employed as skilled workers (67 000) in 2018:Q4 compared to 58 000 in 2018:Q3. On the same note, less women are employed as unskilled workers (154 000) in 2018:Q4 compared to 157 000 in 2018:Q3.

Notably, less women are employed in the province than men. In 2018:Q4, the employment of both women and men expanded by 9 000 and 23 000 people respectively in comparison to 2018:Q3. Currently, employment amongst women stands at 353 000 whereas employment amongst men is 454 000.

The current provincial labour force participation rate for women is 57.3% whilst the same indicator for men is 69.4%. There are more women (969 000) than men (932 000) who form part of the working

population. However, the province also has a higher number of women who are NEA and form part of the discouraged work seekers relative to men. More details are required to determine the gender aspects of the NEA, however part of what may increase the employment of women is to encourage their participation in the labour market, either through employment or seeking employment. Gender – sensitive employment should also continue to be encouraged. Gender gaps in the labour force participation rate are sometimes influenced by socio-economic constraints and pressure to conform to traditional gender roles. Closing gender gaps in the labour force is not just beneficial for women and their households, but for the national economy as a whole.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

Box 1: Part of the State of the Province Address delivered by the Honourable S.H. Ntombela

Job Opportunities in the Province

Through the Expanded Public Works Programme, for the 2018/19 financial year, the government created 18 897 jobs. Employment creation prospects for the youth appears similarly encouraging. Through the Community Development Programme, 682 job opportunities were created for young people and 396 for women.

The grass cutting job creation programme benefitted 682 young people and 244 women. The Free State Development Corporation concluded 18 new commercial and industrial lease contracts that are below R10 million with various tenants, creating 900 jobs. In 2018, 1 407 unemployed youth benefitted from the skills development initiatives. In addition, 1 827 unemployed graduates were beneficiaries of this programme. Of these, 782 are enrolled in learnership programmes.

In the financial year 2019/20, government promises to create 52 000 job opportunities. Of these, 28 600 will benefit women. Another 28 600, 600 will benefit the youth and 1 040 will benefit people living with disability.

Government pledges to place 3 137 young people in different programmes to prepare them for life in the work place. Another 2 250 youth will be placed in graduate internship programmes. All these programmes would have not been possible without the support of the Sector Education and Training Authorities.

Skills programme in welding, building, construction and mixed farming for 1 500 youth have started. Ten enterprises have been trained in Sao Paulo in Brazil in automotive vehicle maintenance and metal mechanics.

The Department of Trade and Industry has upgraded both the Botshabelo and QwaQwa Industrial Parks, which were launched in 2017/18 and 2018/19, respectively. The second phase of revitalisation has been approved and will start in March 2019 in Botshabelo. The application for Phuthaditjhaba second phase and Thaba Nchu first phase have been submitted to The Department of Trade and Industry.

The biggest employer at the Phuthaditjhaba Industrial Park is SA Clothing. It employs 1 300 people, and 90% of these are women. Sasko Pioneer Foods employs 220 people comprised of women and youth. Bibi Cash and Carry employs 800 people, of which 90% are women.

Overall, 8 744 jobs have been created in Phuthaditjhaba Industrial Park as part of the revitalisation process.

Source: State of the Province Address 2019 delivered by Hon S.H. Ntombela, February 2019

1.4.2. Unemployment in the Free State Province

Table 6 illustrates the characteristics of the unemployed in the Free State province. The number of unemployed individuals in Free State declined on a quarter-to-quarter basis by 45 000 (10.2%). However, on year-on-year basis, unemployment increased by 7 000 (1.7%), mainly driven by new entrants. Also, new entrants constitute the majority of the unemployed population, equivalent to 159 000 or 40.0% of all unemployed people in the province.

Table 6: Free State characteristics of the unemployed

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Unemployed	390	441	396	-45	7	-10.2	1.7
Job losers	135	142	119	-23	-16	-16.3	-12.2
Job leavers	22	30	23	-7	1	-21.4	7.3
New entrants	146	169	159	-10	13	-6.2	8.6
Re-entrants	6	8	3	-5	-3	-61.8	-47.7
Other	81	93	92	-1	11	-0.4	14.3

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

Of the 396 000 unemployed people in the province, 248 000 are under the age of 35, which is equivalent to 62.6% of unemployed population.

Table 7 depicts the *unemployment rate by age group* in the Free State, and suggests a high youth unemployment rate in the province. The age group of 15-24 years old has the highest unemployment rate, which might be reflecting that approximately 70% within this age cohort lack the required qualifications and desired work experience required by employers. Furthermore, they might lack resources to start up their own small business enterprises.

While the overall unemployment rate in the province is 32.9%, among the youth between the ages 15-24 years, the unemployment rate is a daunting 64.5%. This is followed by 39.6% of individuals in the 25-34 years age category who are unemployed. Therefore, the largest challenge in reducing employment in the province lies in reduce the bulge of youth unemployment (those aged between 15-34 years).

The unemployed youth face various challenges, such as lack of work experience, no job guarantee after education, high-level jobs on the market (where most do not qualify), social networks that really matters (it's still a lot about who you know), expensive job search, and the requirement for high education level that makes it easier to find a job.

Compared to the previous quarter, unemployment declined by 3.4 percentage points in the Free State province, with the largest unemployment rate decrease visible across all age categories, except for the 55-64 year olds. The largest decrease of the indicator was visible in the age cohort 35-44 years, which recorded a 3.8 percentage points decline in 2018:Q4, followed by the cohort 45-54 years (3.5 percentage points) and 25-34 years (3.4 percentage points).

Table 7: Free State official unemployment rate by age group

Age categories	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	32.6	36.3	32.9	-3.4	0.3
15-24 years	62.2	66.4	64.5	-1.9	2.3
25-34 years	38.4	43.0	39.6	-3.4	1.2
35-44 years	26.2	31.5	27.7	-3.8	1.5
45-54 years	21.0	23.2	19.7	-3.5	-1.3
55-64 years	7.2	10.8	12.3	1.5	5.1

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

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

Young people who are neither in employment nor in education or training are at risk of becoming economically excluded. In her SOPA 2019 speech, Hon. Premier Ntombela stated that between 2009 and 2018, 9 976 young people benefited from the bursary scheme. Of these, 782 completed their studies and are employed. However, 2 723 have completed their studies and are yet to find employment. In an ideal labour market, jobs should be created by the private sector within an enabling environment which is created by government.

Compared to 2018:Q3, the number of people not in employment or education and training (NEET) in the Free State decreased by 19 000 (from 779 000 to 760 000) in 2018:Q4. The 760 000 of NEET constitutes 40.0% of the province's working age population, of which 59.1% of them are female, 95.5% are African and 51.2% are between the ages of 15 and 34 years. The NEETs have decreased by 2.4% in 2018:Q4 compared to the previous quarter. This decrease was attributed to adults relative to youth.

Table 8: Free State profile of economically active group not in education and not in employment (NEET)

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	749	779	760	-19	12	-2.4	1.6
Women	449	462	449	-13	0	-2.7	0.1
Men	299	317	311	-6	12	-2.0	3.9
Age group	749	779	760	-19	12	-2.4	1.6
15-24 yrs	154	150	144	-6	-10	-3.7	-6.7
25-34 yrs	228	241	245	5	17	1.9	7.5
35-44 yrs	143	158	145	-14	2	-8.7	1.1
45-54 yrs	109	122	114	-7	6	-5.8	5.4
55-64 yrs	115	109	112	3	-3	2.8	-2.3
Population groups	749	779	760	-19	12	-2.4	1.6
Black/African	685	734	727	-8	42	-1.1	6.1
Coloured	19	18	10	-8	-9	-43.0	-48.1
Indian/Asian	5	0	*	0	-5	-100.0	-100.0
White	40	27	24	-3	-16	-11.9	-39.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

**Indian/Asian figures are very small (less than a thousand)*

There were approximately 389 000 young people aged between 15 and 34 years in the Free State who were NEET in 2018:Q4, with 144 000 aged 15 to 24 years and 245 000 aged 25 to 34 years. The NEET among the youth is recorded irrespective of educational level, but those with less than matric are more likely to experience serious challenges when seeking employment.

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

Not economically active refers to persons aged 15-64 years who are neither employed nor unemployed in the reference week. There are many reasons why an individual may be inactive, for example, they might be studying, looking after a family or they might be disability, among other reasons. Roughly 36.8% of the working age population in the Free State are economically inactive, and most of these inactive population are students. Students, the ill/disabled and discouraged job-seekers made up the top three reasons for economic inactivity in the province. In 2018:Q4, students accounted for 47.4% of the inactive population, while illness/disability and discouraged work seekers accounted for 14.5% and 12.9% of the inactive population.

Table 9: Free State characteristics of the not economically active (NEA) population

	Oct-Dec 2017	Jul-Sep 2018	Oct-Dec 2018	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Not economically active	697	685	699	14	2	2.1	0.3
Student	327	334	332	-2	5	-0.7	1.5
Home-maker	62	77	75	-2	13	-2.2	20.8
Illness/disability	112	96	101	6	-11	6.3	-9.8
Too old/young to work	66	69	70	1	4	0.8	5.5
Discouraged work seekers	89	70	91	21	2	30.0	1.9
Other	41	40	31	-9	-10	-22.5	-24.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

The NEA population of the province expanded by 14 000 (or 2.1%) between 2018:Q3 and 2018:Q4, mainly due to the increased of discouraged work seekers (21 000). On a year-on-year basis, the NEA population grew slightly by 2 000 (or 0.3%), mainly due to home-makers, who increased by 13 000 (or 20.8%).

1.5 Conclusion

Unemployment rate in South Africa improved by 0.4 percentage point, from 27.5% in 2018:Q3 to 27.1% in 2018:Q4. There are 16.5 million employed people and 6.1 million unemployed people between the ages of 15 and 64 years in South Africa. While there were 2.8 million people employed in the informal sector in 2017:Q4, this had risen to 3.0 million in the most recent data, an increase of 6.9%.

The province with the lowest unemployment rate is Limpopo, at 16.5%, followed by the Western Cape at 19.3% and Northern Cape at 25.0%. The Eastern Cape has the highest provincial unemployment rate at 36.1% in 2018:Q4, followed by Free State at 32.9%.

The unemployment rate for Free State between the ages of 15 and 24 is 64.5%, while between the ages of 25 and 34, it is 39.6%. Regrettably, 2 723 youth have completed their studies through government bursaries and are yet to find employment. The private sector should be encouraged and supported to create employment in the province.

The number of employed people in Free State increased by 33 000 to 806 000 and the number of unemployed people declined by 45 000 to 396 000 in 2018:Q4. Favourably, the number of the unemployed people has decline for the first time after five consecutive quarters of rising.

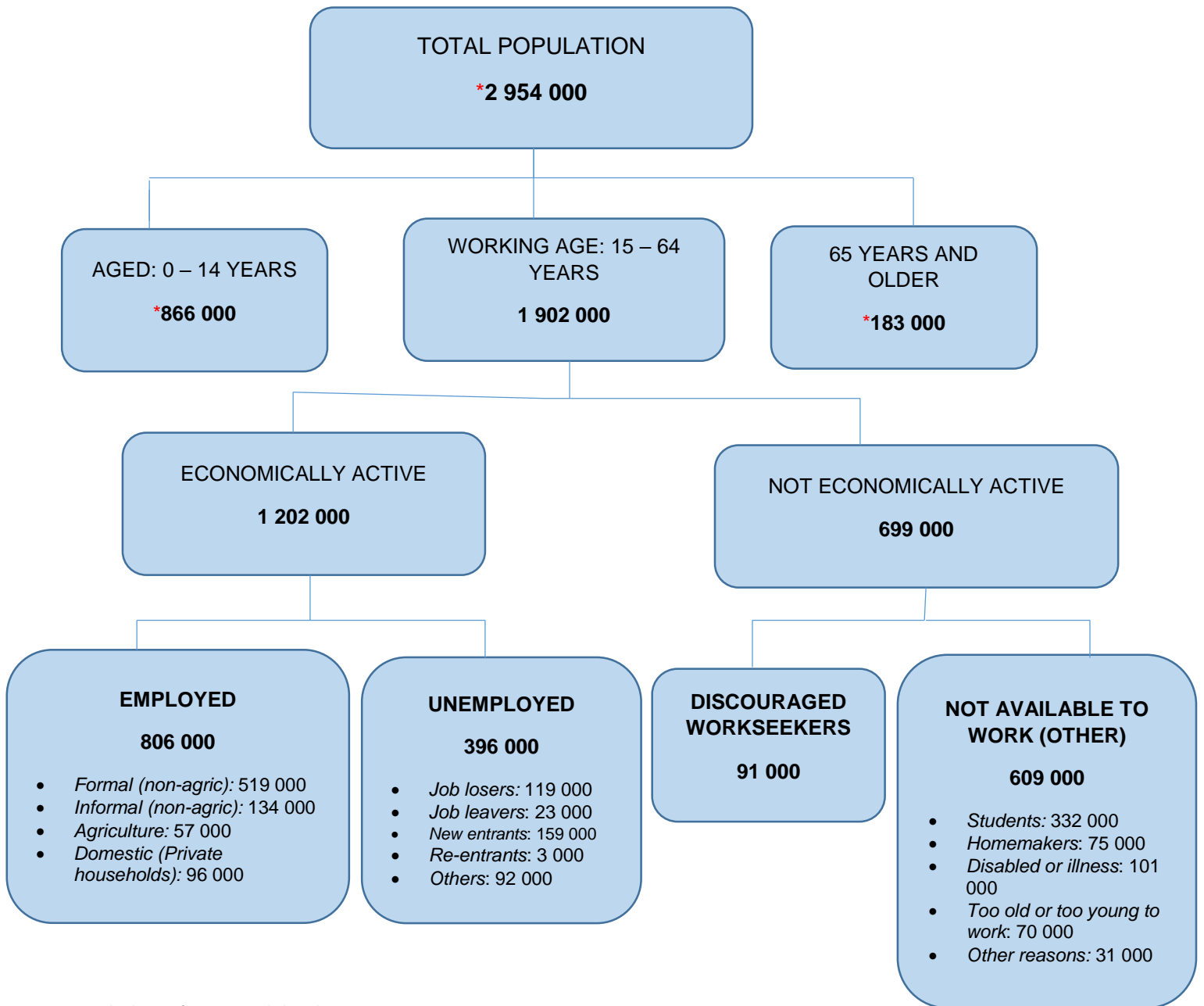
On a quarter-on-quarter basis, jobs were shed mostly in the agricultural sector by 23.5%, from 74 000 to 57 000.

There are still challenges that young work-seekers are faced with to find sustainable and long-term employment. Amid others, the challenges are – high level jobs on the market, no job guarantee after education, social networks that really matters (it's still a lot about who you know), expensive job search, and work experience a nightmare.

To accelerate inclusive growth and create jobs, President Ramaphosa announced that investment initiatives have secured R300 billion for South Africa, with the promise that the number of employment opportunities coming would be phenomenal and unprecedented.

APPENDIX

Diagram 1: Summary of the Free State's labour market - 2018:Q4



Labour force participation rate = 63.2%

Absorption rate = 42.4%

Official unemployment rate = 32.9%

Expanded unemployment rate = 39.3%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2018:Q4

Note: () Mid-year population estimates, July 2018 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population))*