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Department of
Treasury
FREE STATE PROVINCE



FREE STATE PROVINCE QUARTERLY LABOUR MARKET REVIEW (QLMR)

4TH QUARTER 2020

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Definitions of Labour Market Terms and Indicators

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

Source: Statistics South Africa

Quick Hard facts

- Unemployment rate in South Africa increased from 30.8% in 2020:Q3 to 32.5% in 2020:Q4, reaching an all time high since the inception of the Quarterly Labour Force Survey in 2008:Q1. The labour market is not creating sufficient opportunities to absorb enough population of working age into employment. Year on year, unemployment rate is about 3.4 percentage points higher than the previous year.
- Employment in South Africa increased by 333 000 (or 2.3%) in 2020:Q4. All sectors across the country gained a significant number of jobs, with the formal sector creating about 189 000 jobs, informal sector with 65 000 jobs, private households with 76 000 jobs and agriculture with 2 000 jobs.
- The number of employed persons increased in all nine provinces between 2020:Q3 and 2020:Q4, except for Mpumalanga. The largest employment increases were recorded in Western Cape (122 000), KwaZulu-Natal (65 000) and Gauteng (64 000).
- The Free State official unemployment rate decreased by 2.1 percentage points from 35.5% in 2020:Q3 to 33.4% in 2020:Q4. The rate of unemployment amongst women also decreased by 2.1 percentage points, from 36.8% in 2020:Q3 to 34.7% in 2020:Q4, while unemployment rate among men also decreased from 34.3% to 32.2%, which represent a 2.1 percentage point decrease.
- Total employment in the Free State expanded by 3.0% between 2020:Q3 and 2020:Q4. This expansion was due to the 22 000 jobs created across all sectors. Private households sector created most jobs (14 000) during this quarter.
- Six of the ten industries in the Free State reported employment increase on quarter-to-quarter. Agriculture (5 000), manufacturing (1 000), utilities (9 000), transport (4 000), community and social services (28 000) and private households (14 000) created jobs, while mining (-3 000), construction (-7 000), trade (-11 000) and finance (-19 000) shed jobs in 2020:Q4.
- On employment by industry and gender in the Free State, more men (389 000) were employed relative to women (356 000) across major sectors. In 2020:Q4, female employment increased by 32 000, while male employment decreased by 10 000, compared to the previous quarter. Year-on-year, the number of women in employment increased by 1 000, whereas the number of men in employment decreased by 41 000.
- The youth aged 15 to 34 years are the most vulnerable in the province's labour market with an official unemployment rate of 48.2% in 2020:Q4, which is 14.8 percentage points above the provincial rate (33.4%). 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 15 to 24 years age category with 4.1 percentage points.

1.1 Economic growth outlook in South Africa

International Monetary Fund (2021) describes how the recent vaccine approvals have raised hopes of a turnaround in the pandemic later this year, even though the renewed waves and new variants of the virus pose concerns for the outlook. The vaccines are expected to lift the world economy and health of the population at large. Multiple vaccine approvals and the launch of vaccination have raised hopes of an eventual end to the pandemic. Thus, the global economy is projected to grow at 5.5% in 2021 and 4.2% in 2022. The global growth contraction for 2020 is estimated at -3.5%, 0.9 percentage point higher than projected in the previous forecast.

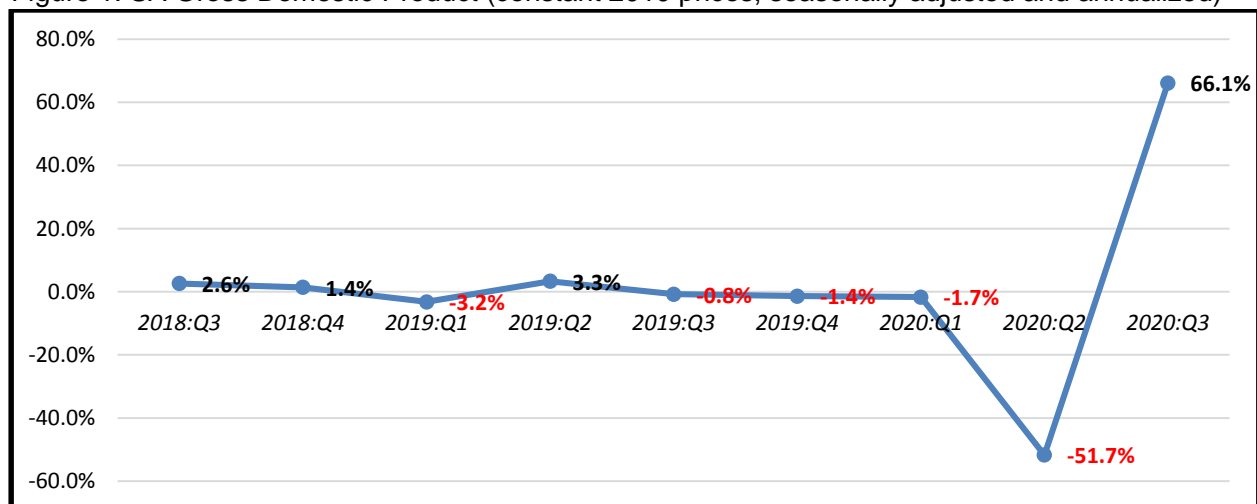
Growth in the advanced economy is projected to contract by 4.9% in 2020. Advanced economies are projected to recover, with growth reaching 4.3% and 3.1% in 2021 and 2022, respectively, on the back of the pandemic containment aided by widespread vaccination and sustained monetary policy accommodation, which is expected to more than offset the partial unwinding of fiscal support.

Among emerging market and developing economies (EMDEs), growth is forecasted at -2.4% in 2020. Oil exporters and tourism-based economies within the group face difficult prospects considering the expected slow normalization of cross-border travel and the subdued outlook for oil prices. The growth is anticipated to strengthen to 6.3% in 2021 and 5.0% in 2022.

COVID-19 is likely to weigh on growth in Sub-Saharan Africa for an extended period, as the rollout of vaccines in the region is expected to lag that of major economies and many other EMDEs. Growth for 2020 is estimated to shrink by 2.6% and projected to recover to 3.2% and 3.9% in 2021 and 2022, respectively. For South Africa, IMF estimated growth in 2020 to contract to 7.5% and forecasted to resume at a moderate pace at 2.8% in 2021 and 1.4% in 2022.

On other hand, Statistics South Africa data revealed that SA economy has recovered strongly by 66.1% in the third quarter of 2020, recuperating from a low record 51.7% in the second quarter of 2020, as the easing of COVID-19 lockdown measures enabled the gradual firming of economy with manufacturing, trade and mining being the biggest drivers of growth.

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



Source: Statistics South Africa, Gross Domestic Product, 2020:Q3

In the State of the Nation Address (SONA) 2021, President Ramaphosa identified government's main objectives for 2021 as (1) defeating COVID-19, (2) accelerating the economy, (3) implementing economic reforms to drive growth and jobs, and (4) fighting corruption. As a result of these measures that government has to implement, and the reopening of the economy, a strong recovery is expected in both employment and economic growth in the near future.

1.2 South Africa's Labour Market Overview

In jump-starting the economy amid the pandemic, government further announced (through SONA 2021) the Presidential Employment Stimulus as one of the most significant expansions of public and social employment in South Africa's history. By the end of January 2021, over 430 000 opportunities have already been supported through the stimulus. A further 180 000 opportunities are currently in the recruitment process. These opportunities are in areas like education, arts and culture, global business services, early childhood development and small-scale and subsistence farming. Additionally, youth are encouraged to join the more than 1.2 million people who are already in the network called Pathway Management Network, for support and opportunities across the country for a better future.

On the other hand, the report from Statistics SA pronounced that, South Africa's unemployment rate increased by 1.7 percentage points from 30.8% in 2020:Q3 to 32.5% in 2020:Q4. This is an all time highest rate since quarterly data became available in 2008:Q1, with the economy recovering from the lockdown restrictions.

Table 1: South Africa labour market at a glance

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand					Percent	
Population 15-64 yrs	38 727	39 167	39 311	144	584	0.4	1.5
Labour Force	23 146	21 224	22 257	1 033	-889	4.9	-3.8
Employed	16 420	14 691	15 024	333	-1 396	2.3	-8.5
Formal sector (Non-agricultural)	11 331	10 306	10 495	189	-836	1.8	-7.4
Informal sector (Non-agricultural)	2 918	2 456	2 521	65	-397	2.6	-13.6
Agriculture	885	808	810	2	-75	0.2	-8.5
Private households	1 286	1 121	1 197	76	-89	6.8	-6.9
Unemployed	6 726	6 533	7 233	700	507	10.7	7.5
Not economically active	15 581	17 944	17 054	-890	1 473	-5.0	9.5
Discouraged work-seekers	2 855	2 696	2 930	234	75	8.7	2.6
Other(not economically active)	12 726	15 248	14 124	-1 124	1 398	-7.4	11.0
Rates (%)							
Unemployment rate	29.1	30.8	32.5	1.7	3.4		
Employed / population ratio (Absorption)	42.4	37.5	38.2	0.7	-4.2		
Labour force participation rate	59.8	54.2	56.6	2.4	-3.2		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

As shown in Table 1, the working-age population increased by 144 000 (or 0.4%) in 2020:Q4 compared to 2020:Q3. The number of employed persons increased by 333 000 (or 2.3%), while the number of unemployed persons also increased by 700 000 (or 10.7%), resulting in the increase of 1.0 million (4.9%) in the number of people in the labour force during the period under review. This led to both the unemployment rate, employment (absorption) rate and labour force participation rate to increase by 1.7, 0.7 and 2.4 percentage points, respectively.

1.3 Cross-Provincial Labour Market Performance

South Africa's unemployment predicament continued to worsen even though many sectors of the economy were opened during the fourth quarter, which paved the way for economic activity to pick up and unemployed people to look for jobs.

1.3.1. Employment Levels

Between 2020:Q3 and 2020:Q4, employment increased in all nine provinces, except in Mpumalanga province. South Africa created a total number of about 333 000 jobs in this quarter. The highest employment gains were recorded in Western Cape (122 000), KwaZulu-Natal (65 000) and Gauteng (64 000). Mpumalanga shed about 13 000 jobs in the fourth quarter of 2020.

Table 2: Employment by province

Province	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
South Africa	16 420	14 691	15 024	333	-1 396	2.3	-8.5
Western Cape	2 518	2 216	2 338	122	-180	5.5	-7.1
Eastern Cape	1 384	1 212	1 236	24	-148	2.0	-10.7
Northern Cape	335	287	308	21	-27	7.3	-8.1
Free State	785	723	745	22	-40	3.0	-5.1
KwaZulu-Natal	2 664	2 389	2 454	65	-210	2.7	-7.9
North West	992	930	944	14	-48	1.5	-4.8
Gauteng	5 096	4 506	4 570	64	-526	1.4	-10.3
Mpumalanga	1 244	1 161	1 148	-13	-96	-1.1	-7.7
Limpopo	1 400	1 266	1 281	15	-119	1.2	-8.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

As compared to 2019:Q4, employment decreased in all nine provinces to a total of 1.4 million. The highest employment decreases were recorded in Gauteng (-526 000), KwaZulu-Natal (-210 000) and Western Cape (-180 000). During this period, Free State shed about 40 000 jobs.

1.3.2. Unemployment Rate

The reality is, the number of jobs lost due to the lockdown will not bounce back as robustly, as South Africa's economy is still sluggish; low business confidence is persisting; and the government's main objectives plans for 2021 to implement pro-growth structural reforms still has to take effect.

The quarterly increase in the official unemployment rate were observed in eight provinces. The highest increase was experienced in Northern Cape, Mpumalanga and North West, increasing by 5.6, 5.2 and 5.0 percentage points, respectively. The unemployment rate has decreased in the Free State with only 2.1 percentage points.

In comparison to the same period last year, the national official unemployment rate increased by 3.4 percentage point. During this period, the official unemployment rate rose in seven provinces, except in Free State and Mpumalanga. Official unemployment rate of Eastern Cape increased the most over this period, by 8.4 percentage points, followed by KwaZulu-Natal (4.6 percentage points) and North West (4.5 percentage points). Free State recorded a decline of 1.6 percentage points, while Mpumalanga recorded a decline of 0.6 percentage points, in the same period.

Table 3: Unemployment rates by province

Province	Official unemployment rate					Expanded unemployment rate				
	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	29.1	30.8	32.5	1.7	3.4	38.7	43.1	42.6	-0.5	3.9
Western Cape	20.9	21.6	22.5	0.9	1.6	24.1	29.1	26.8	-2.3	2.7
Eastern Cape	39.5	45.8	47.9	2.1	8.4	47.7	51.2	52.4	1.2	4.7
Northern Cape	26.9	23.1	28.7	5.6	1.8	39.2	44.0	41.8	-2.2	2.6
Free State	35.0	35.5	33.4	-2.1	-1.6	42.3	42.6	39.9	-2.7	-2.4
KwaZulu-Natal	25.0	26.4	29.6	3.2	4.6	41.9	47.5	46.0	-1.5	4.1
North West	28.8	28.3	33.3	5.0	4.5	43.0	46.5	46.0	-0.5	3.0
Gauteng	30.8	33.7	34.1	0.4	3.3	35.3	41.0	41.0	0.0	5.7
Mpumalanga	33.6	27.8	33.0	5.2	-0.6	43.8	45.6	46.4	0.8	2.6
Limpopo	23.1	26.3	27.3	1.0	4.2	44.0	46.9	47.5	0.6	3.5

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

The national expanded unemployment rate decreased by 0.5 percentage point from 43.1% to 42.6% between 2020:Q3 and 2020:Q4. During the same period, the expanded unemployment rate decreased in five provinces, except for Eastern Cape, Mpumalanga and Limpopo provinces. The largest decrease of 2.7 percentage point was recorded in Free State, followed by Western Cape (-2.3 percentage points) and Northern Cape (-2.2 percentage points). Gauteng expanded unemployment rate remain the same as last year. On a year-on-year basis, the expanded unemployment rate surged nationally by 3.9 percentage points, due to the persistent rise in unemployment rates recorded in eight provinces.

1.4 Decomposition of the Free State Labour Market

Free State has managed to increase employment 3.0% and minimize the unemployed population by 6.0%. Meanwhile, the economically active population has decreased, while the economically inactive population increased.

The Free State labour force is currently at 1.1 million, representing a decrease of 2 000 people between 2020:Q3 and 2020:Q4. Within the labour force, the number of the unemployed decreased by 24 000 people (from 398 000 to 374 000), whilst the number of the employed increased by 22 000 (from 723 000 to 745 000) in 2020:Q4. This translates into an official unemployment rate of 33.4%, 38.9% employment rate (absorption rate) and 58.4% labour force participation rate for the Free State.

As illustrated in Table 4, the *NEA* in Free State increased by 0.5% in 2020:Q4, which translates to 4 000 more inactive population in the province. This increase in the inactive population was prompted by discouraged work-seekers who surged by 23.0% in the period under review.

Table 4: Free State labour force characteristics

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 910	1 915	1 917	2	7	0.1	0.4
Labour Force	1 208	1 121	1 119	-2	-89	-0.2	-7.4
Employed	785	723	745	22	-40	3.0	-5.1
Formal sector (Non-agricultural)	490	455	466	11	-23	2.5	-4.8
Informal sector (Non-agricultural)	132	139	131	-8	-1	-5.8	-1.1
Agriculture	66	49	54	5	-12	10.1	-18.4
Private households	97	81	94	14	-3	16.8	-3.2
Unemployed	423	398	374	-24	-49	-6.0	-11.6
Not economically active	702	794	798	4	97	0.5	13.8
Discouraged work-seekers	112	65	80	15	-31	23.0	-28.0
Other(not economically active)	590	729	718	-11	128	-1.5	21.7
Rates (%)							
Unemployment rate	35.0	35.5	33.4	-2.1	-1.6		
Employed / population ratio (Absorption)	41.1	37.8	38.9	1.1	-2.2		
Labour force participation rate	63.2	58.5	58.4	-0.1	-4.8		

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

As compared to 2019:Q4, the provincial labour force in 2020:Q4 decreased by about 89 000 economically active population. At the same time, the province's employment level decreased by 40 000 (or -5.1%), while the number of the unemployed also decreased by 49 000 workers (or -11.6%).

1.4.1. Employment in the Free State Province

Free State Province had about 745 000 people employed in 2020:Q4, of which 62.6% (466 000) of the jobs were in the formal sector, 17.5% (131 000) were in the informal sector, 12.7% (94 000) were

in the private households and only 7.2% (54 000) in the agricultural sector. In the period under review, jobs were created in the formal sector, private households and the agricultural sector, while the informal sector shed jobs. It might be that population that lost jobs in the informal sector gained jobs in the formal sector. On year-on-year basis, roughly 40 000 jobs were shed in the Free State, across all sectors. The biggest contributor to job losses was the formal sector (-23 000), followed by agriculture with 12 000 less jobs.

Meanwhile, the biggest employer in the province in the fourth quarter of 2020 was the community and social services with about 222 000 jobs, followed by trade industry (149 000) as well as private households (94 000). The utilities (water, gas and electricity) industry remained the smallest employer with about 12 000 people in the province, followed by mining with 13 000 and transport with 46 000.

Based on a quarter to quarter analysis, the largest gains in employment were recorded in community and social services (28 000), private households (14 000) as well as utilities (9 000). Conversely, finance shed about 19 000 jobs, followed by trade (11 000) and construction (7 000). Looking at year-on-year, the highest employment losses were recorded in finance and construction with 20 000 respectively, and trade and agriculture with 12 000 respectively. Only three industries had created jobs.

Table 5: Free State employment by industry/sector

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Industry	785	723	745	22	-40	3.0	-5.1
Agriculture	66	49	54	5	-12	10.1	-18.4
Mining	17	16	13	-3	-3	-18.6	-20.2
Manufacturing	55	48	49	1	-6	1.9	-11.7
Utilities	9	3	12	9	3	347.2	34.5
Construction	66	53	46	-7	-20	-12.4	-30.5
Trade	161	160	149	-11	-12	-6.9	-7.2
Transport	34	42	46	4	12	9.5	35.4
Finance	79	78	59	-19	-20	-23.8	-25.1
Community and social services	201	194	222	28	22	14.7	10.8
Private households	97	81	94	14	-3	16.8	-3.2

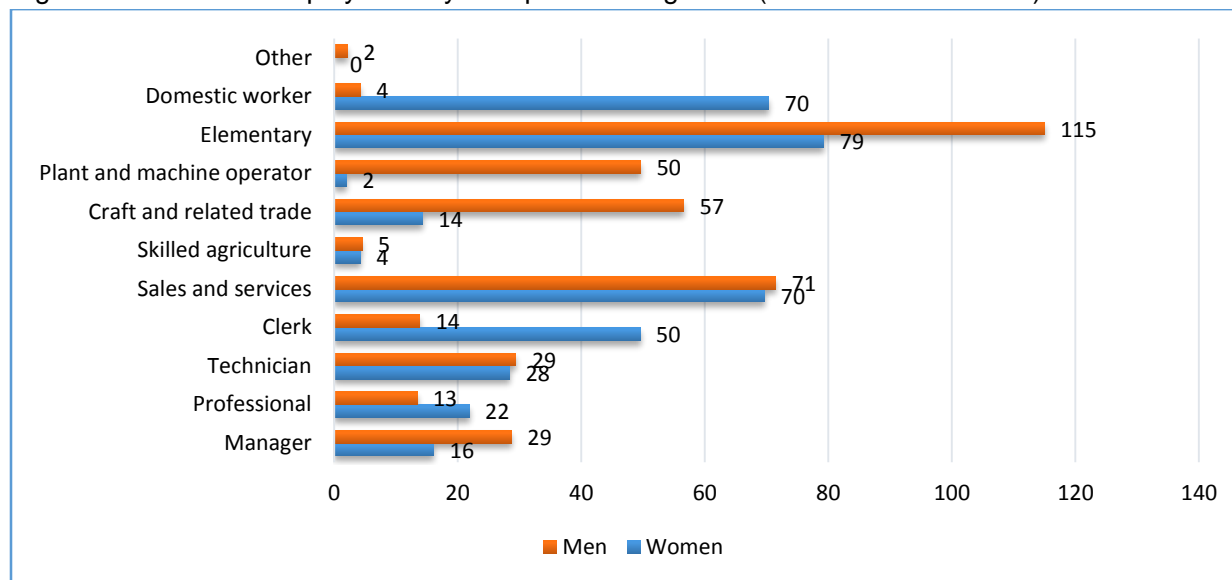
Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

Figure 2 presents employment by gender and occupation in 2020:Q4. 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.

Women accounted for 47.8% of total employment in the fourth quarter of 2020. The gender gap in employment is slowly closing. Additionally, 47.8% of skilled workers in Free State were women. 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. During 2020:Q4, there were more women than men employed in the tertiary sector (88.8% of women compared to 65.6% of men).

In Free State, about 150 000 women were employed in the domestic and elementary occupations (low skilled-level) relative to 119 000 men who were employed in the same occupations. Notably, less women are employed in the province than men. In 2020:Q4, the employment of women increased by 32 000, while employment of men decreased by about 10 000 people in comparison to 2020:Q3. Currently, employment amongst women stands at 356 000, whereas employment amongst men is at 389 000. For both women and men, the provincial unemployment rate had decreased by 2.1 percentage points, respectively.

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



Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

The current provincial labour force participation rate for women is about 54.5%, whereas the same indicator for men is 63.0%. 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 decreased on a quarter-to-quarter basis by 24 000 (or 6.0%), which was mainly driven by new entrants and re-entrants. Year-on-year, “other” unemployed population drove unemployment to decrease by 29 000 (-28.0%).

Table 6: Free State characteristics of the unemployed

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Unemployed	423	398	374	-24	-49	-6.0	-11.6
Job losers	151	151	150	-1	-1	-0.9	-0.8
Job leavers	22	24	19	-4	-3	-18.1	-11.6
New entrants	140	142	128	-14	-12	-9.6	-8.5
Re-entrants	8	9	3	-7	-5	-69.9	-62.1
Other	102	72	74	2	-29	2.8	-28.0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

Table 7 depicts the *unemployment rate by age group* in the Free State. Out of the 374 000 unemployed people in the province, 227 000 are under the age of 35 years, which is equivalent to 60.9% of the unemployed population. To curb this dilemma, youth should take advantage of technology and be creative and innovative in creating employment as some of them have access to smart phones and laptops.

While the overall unemployment rate in the province is 33.4%, the rate among the youth (15-24 years) remain the highest at about 62.4%. This is followed by 45.2% of population in the 25 to 34 years age category who are unemployed. Youth have been hit hard by the closing down of entry-level jobs in the labour market as well as internships and apprenticeships. The province and SA as a whole should consider and prioritize the employment needs of the youth so that they are better prepared to take up the responsibilities before them. They constitute an important cluster as they represent the next generation of professionals, breadwinners, parents and leaders.

Compared to the previous quarter, official unemployment rate decreased by 2.1 percentage points in the Free State province. Unemployment decreased among adults of 35 to 44 years and 45 to 54 years age cohorts. The largest decrease was observed in the age cohort 45 to 54 years, which recorded 8.5 percentage points in 2020:Q4. Year-on-year, the rate decreased by 1.6 percentage point, also among adults.

Table 7: Free State official unemployment rate by age group

Age categories	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	35.0	35.5	33.4	-2.1	-1.6
15-24 years	61.9	58.3	62.4	4.1	0.5
25-34 years	45.2	43.8	45.2	1.4	0.0
35-44 years	25.9	33.9	32.2	-1.7	6.3
45-54 years	21.0	23.1	14.6	-8.5	-6.4
55-64 years	14.6	7.5	9.4	1.9	-5.2

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

Education has a substantial impact on employment prospects. Out of 374 000 unemployed population in 2020:Q4, about 1 000 had *no schooling*, 14 000 had *less than primary completed*, 19 000 had

primary completed, and 167 000 had secondary not completed. Those with post-secondary (tertiary education) amounted to 34 000 in 2020:Q4.

In reality, people with higher levels of education have better job prospects. The difference is particularly marked between those who have attained upper secondary education and those who have not. About 54.1% of the unemployed in the province have pre-secondary education, while about 45.9% have post-secondary education.

Table 8: Highest level of education of the unemployed

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change
	Thousand				
Highest level of education of the unemployed	423	398	374	-24	-49
No schooling	4	4	1	-2	-2
Less than primary completed	23	18	14	-4	-8
Primary completed	22	24	19	-5	-3
Secondary not completed	213	165	167	2	-46
Secondary completed	137	149	137	-11	1
Tertiary	25	38	34	-4	10
Other	0	0	0	0	0

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

Most of the time, people with lower education are likely to have difficulty in getting ahead in life, have worse health and are sometimes poorer than the well-educated. Major effects of lack of education include the lack of a voice, unemployment, exploitation and gender inequality.

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.

In comparison to 2020:Q3, the number of people “not in employment or education and training” (NEET) in the Free State decreased by 57 000 (from 836 000 to 778 000) in 2020:Q4. The 778 000 of the NEET cohort constituted 40.6% of the province’s working age population, of which 58.7% of them were female, 93.5% were African and 48.8% were between the ages of 15 and 34 years.

There were approximately 380 000 young people aged between 15 and 34 years in the Free State considered as NEET in 2020:Q4, with 118 000 aged 15 to 24 years and 262 000 aged 25 to 34 years.

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

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	805	836	778	-57	-27	-6.9	-3.3
Women	436	471	457	-14	21	-3.0	4.7
Men	369	365	321	-43	-47	-11.8	-12.8
Age group	805	836	778	-57	-27	-6.9	-3.3
15-24 years	153	147	118	-28	-35	-19.4	-22.7
25-34 years	262	253	262	9	0	3.5	-0.1
35-44 years	148	191	175	-16	28	-8.2	18.6
45-54 years	119	127	101	-26	-18	-20.2	-15.2
55-64 years	123	118	122	4	-1	3.2	-0.9
Population groups	805	836	778	-57	-27	-6.9	-3.3
Black/African	746	772	728	-44	-19	-5.7	-2.5
Coloured	25	36	26	-10	1	-27.4	4.7
Indian/Asian	0				0		0.0
White	33	28	24	-3	-9	-12.6	-26.6

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

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

Approximately 41.6% of the working age population in the province were economically inactive in 2020:Q4. *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 2020:Q4, *students* accounted for 48.8% of the inactive population, while those who were *ill or disabled* accounted for 12.9 % and the *discouraged work seekers* accounted for 10.1%.

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

	Oct-Dec 2019	Jul-Sep 2020	Oct-Dec 2020	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Not economically active	702	794	798	4	97	0.5	13.8
Student	314	355	390	35	76	9.8	24.1
Home-maker	65	70	79	10	15	14.3	23.1
Illness/disability	103	96	103	7	0	7.4	0.1
Too old/young to work	69	74	76	2	7	2.6	9.5
Discouraged work seekers	112	65	80	15	-31	23.0	-28.0
Other	40	135	70	-64	30	-47.9	76.8

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

The NEA population of the province increased by 4 000 (0.5%) between 2020:Q4 and 2020:Q3, due to the increase in high number of increased students and discouraged work-seekers.

1.5 Concluding Remarks

Life after the Covid-19 outbreak will never be the same. The world is at the beginning of the end, waiting for a new beginning.

Quarter to quarter analysis shows that a large number of persons moved from the "*other not economically active*" category to "*economically active*" category (i.e. employed and unemployment status). The movement was proportionately more to the unemployed than for the employed, which resulted in an increase of 1.7 percentage points in the unemployment rate to 32.5% in South Africa.

Across the nine provinces, Western Cape recorded the lowest unemployment rate of about 22.5%, followed by Limpopo at 27.3% and Northern Cape at 28.7%. The Eastern Cape had the highest provincial unemployment rate at 47.9% in 2020:Q4, followed by Gauteng at 34.1% and Free State at 33.4%.

Free State province was the only province that observed a decline in official unemployment rate by 2.1 percentage points. The number of the unemployed decreased by 24 000 (from 398 000 to 374 000) and the number of the employed in Free State increased by 22 000 (from 723 000 to 745 000) in 2020:Q4. This led to the labour force to decrease by 2 000 economically active population. Jobs were created mostly in the community and social services and the private households industries across the province.

1.6 Policy imperatives

Building on the objectives announced in the SONA (2021), policies should ensure effective support until a vaccine-powered normalization of activity is underway and limit persistent damage from the deep recession of the past year. Policies to support the economy in the near term should also advance medium-term objectives of placing economies on paths of resilient and equitable growth.

The re-opening phase must strike the balance between allowing business and social activity to resume, while avoiding or containing any new spike in infections. Moreover, also the need to find the right balance and sequencing of health, economic and social policy interventions to produce sustainable labour market outcomes and implement and sustain policy interventions at the necessary scale in the context of increasingly constrained public funding.

References

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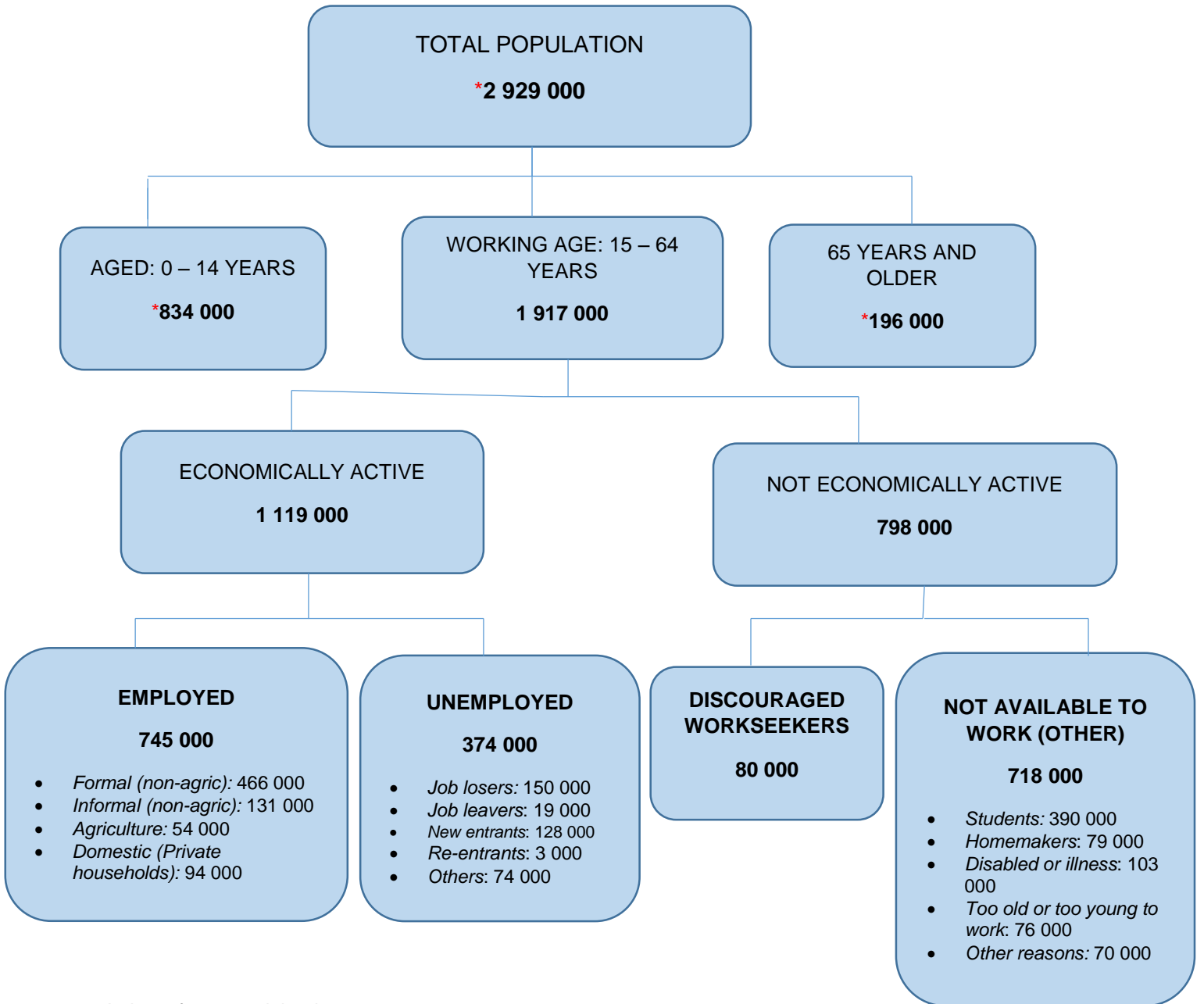
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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2020:Q4



Labour force participation rate = 58.4%
 Absorption rate = 38.9%
 Official unemployment rate = 33.4%
 Expanded unemployment rate = 39.9%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2020:Q4

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