

FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

THIRD QUARTER
2023

TABLE OF CONTENTS

1.1 Economic growth outlook in South Africa	5
1.2 South Africa’s Labour Market Overview	6
1.3 Cross-Provincial Labour Market Performance	7
1.3.1. <i>Employment Levels</i>	7
1.3.2. <i>Unemployment Rate</i>	7
1.4 Decomposition of the Free State Labour Market	9
1.4.1. <i>Employment in the Free State Province</i>	9
1.4.2. <i>Unemployment in the Free State Province</i>	12
1.4.3. <i>Not in Education, Employment or Training (NEET)</i>	13
1.4.4. <i>Not Economically Active (NEA) in the Free State Province</i>	14
1.5 Concluding Remarks and Policy Recommendation.	15

LIST OF TABLES

Table 1: South Africa's labour market at a glance	6
Table 2: Employment by province	7
Table 3: Unemployment rates by province	8
Table 4: Free State labour force characteristics	9
Table 5: Free State employment by industry	10
Table 6: Free State characteristics of the unemployed	12
Table 7: Free State official unemployment rate by age group	12
Table 8: Free State highest level of education of the unemployed	13
Table 9: Free State profile of economically active group not in education and not in employment (NEET)	14
Table 10: Free State characteristics of the not economically active (NEA) population	14

LIST OF FIGURES

Figure 1: Free State employment by occupation and gender	11
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APPENDIX

Diagram 1: Summary of Free State’s Labour Market – 2023:Q3	17
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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 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 latest labour data reveals that, many people moved from the "*not economically active*" and "*unemployed*" category to the "*economically active*" and "*employed*" category between the 2023:Q2 and 2023:Q3. This led the unemployment rate in South Africa to decrease to 31.9% in 2023:Q3 from 32.6% in 2023:Q2. Based on a year-on-year analysis, the provincial unemployment rate is about 1.0 percentage points lower than the previous year.
- At the national level (i.e., South Africa), both sectors (formal, informal, agricultural, and private households' sectors) created jobs in the third quarter of 2023 compared to the previous quarter. Most jobs were created in the formal sector (287 000) and agricultural sector (62 000).
- The number of employed persons increased in all provinces, except in Free State, between 2023:Q2 and 2023:Q3, with the largest employment growth recorded in KwaZulu-Natal (152 000), followed by Limpopo (70 000) and North West (61 000). Free State province shed about 3 000 jobs.
- The Free State's official unemployment rate increased by 1.8 percentage points from 36.7% in 2023:Q2 to 38.5% in 2023:Q3. The rate of unemployment amongst women grew by 2.5 percentage points (from 40.6% to 43.1%), while the unemployment rate among men grew by 1.3 percentage points (from 33.5% to 34.8%) over the same period.
- Total employment in the Free State declined by 0.4% between 2023:Q2 and 2023:Q3. The formal and agricultural sectors shed about 16 000 and 7 000 jobs, respectively. Nonetheless, the informal and private household sectors created about 8 000 and 12 000 jobs, respectively.
- Five of the ten industries in the Free State province recorded decline in employment, on quarter-to-quarter basis. In this case, construction (19 000), agriculture (7 000) and mining (5 000) shed most jobs in the province, however, trade (13 000), private households' (12 000) and community and social services (8 000) generated most jobs in 2023:Q3. Jobs in the finance and manufacturing remained stable.
- On employment by industry and gender in the Free State, more men (422 000) were employed relative to women (305 000). In 2023:Q3, female employment increased by 1 000, while male employment decreased by 4 000, compared to the previous quarter. Based on a year-on-year analysis, the number of women in employment decreased by 24 000, whereas the number of employed men decreased drastically by about 47 000.
- The youth aged 15 to 34 years continued to be the most vulnerable group with high level of unemployment in the provincial labour market given an official unemployment rate of 54.0% in 2023:Q3, which is 15.5 percentage points above the provincial rate (38.5%).

1.1 Economic growth outlook in South Africa

After a strong initial rebound from the depths of the COVID-19 pandemic, the pace of recovery has moderated. The Russia's invasion of Ukraine, the Israel-Hamas war is also likely to hurt other economies especially in the Middle East. This current war could hold back the recovery. Global growth is therefore forecast to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024.

For Advanced Economies (AEs), the expected slowdown is from 2.6% in 2022 to 1.5% in 2023 and 1.4% in 2024, amid stronger-than-expected United States (US) growth momentum but weaker-than-expected growth in the Euro Area. The strongest recovery among major economies has been in the US, where GDP in 2023 is estimated to exceed its pre-pandemic path. The Euro Area has recovered, though less strongly, reflecting greater exposure to the war in Ukraine and the associated adverse terms-of-trade shock, as well as a spike in imported energy prices.

On contrary, the growth outlook in the Emerging Market and Developing Economies are estimated to have modestly decline to 4.0% in both 2023 and 2024 (from 4.1% in 2022). In China, the pandemic-related slowdown in 2022 and the property sector crisis contributed to the larger output losses of about 4.2%, compared with pre-pandemic predictions. However, higher interest rates and depreciated currencies have exacerbated the difficulties of low-income countries, placing more than half either at high risk of distress or already in distress (IMF, 2023).

On the other hand, growth outlook in the Sub-Saharan Africa (SSA) region is expected to slow down to about 3.3% in 2023 (from 4.0% in 2022), and gain momentum in 2024 increasing back to 4.0%. Recoveries from the pandemic remain incomplete in many countries, with elevated costs of living tempering the growth of consumption. Fiscal space has narrowed further, while surging import bills and higher debt burdens have heightened financing needs (IMF, 2023). Meanwhile, SSA region may not suffer yet against the Israel-Hamas war, but the burden could likely come in the form of heightened security risks, bigger costs of importation and a geopolitical pressure on their stands.

According to the IMF (2023), growth in South Africa is expected to slow down significantly to about 0.9% in 2023 (from 1.9% in 2022), followed by a slight increase to 1.8% in 2024. Growth in South Africa decelerated sharply in early 2023, reflecting policy tightening and the impact of an intensifying energy crisis. The power utility, Eskom, beset by chronic unprofitability and regular breakdowns, has been struggling to meet a post-pandemic rebound in electricity demand. Power outages have hit record highs this year and crippled the economy. On the other hand, headline inflation has receded from its peak, but it has been above the 6% upper bound of the SARB's target range since April 2022.

According to Statistics South Africa, real GDP increased by 0.6% in 2023:Q2, following an increase of 0.4% in 2023:Q1 when six industries recorded positive growth between these quarters. The manufacturing industry increased by 2.2% and contributed 0.3 of a percentage point to GDP growth. The petroleum, chemical products, rubber, and plastic products division made the largest contribution to the increase in the second quarter. The finance industry increased by 0.7% and contributed 0.2 of a percentage point to GDP growth. Increased economic activities were reported for financial intermediation, insurance, and real estate activities. The agriculture industry increased by 4.2% and contributed 0.1 of a percentage point to GDP growth. This was primarily due to increased economic activities reported for field crops and horticulture products. The personal services industry increased

by 0.7% and contributed 0.1 of a percentage point to GDP growth. Increased economic activities were also reported for health and education (StatsSA, 2023).

1.2 South Africa Labour Market Overview

Lack of employment in South Africa has deep-rooted causes that date back several years. The COVID-19 pandemic, power outages, natural disasters, and other external factors has further intensified these problems. With the ongoing cost-of-living crisis, people are increasingly desperate to secure employment opportunities. Even more concerning is the fact that 48.6% (8.7 million out of 17.9 million) young people (15 to 34 years) are neither in employment, education, nor training, while 58.3% of them (youth) are unemployed (4.5 million out of 7.8 million).

Recently, Statistics South Africa (2023) reported that South Africa's official unemployment rate fell from 32.6% in 2023:Q2 to 31.9% in 2023:Q3. Using the expanded definition (which includes discouraged job-seekers), the national unemployment rate fell by 0.9 percentage points from 42.1% to 41.2%, as the number of discouraged work-seekers declined significantly.

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

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	40 322	40 746	40 886	140	564	0,3	1,4
Labour Force	23 491	24 268	24 594	326	1 103	1,3	4,7
Employed	15 765	16 346	16 745	399	980	2,4	6,2
Formal sector (Non-agricultural)	10 835	11 329	11 616	287	781	2,5	7,2
Informal sector (Non-agricultural)	2 971	3 029	3 058	29	87	1,0	2,9
Agriculture	873	894	956	62	83	6,9	9,5
Private households	1 088	1 093	1 116	23	28	2,1	2,6
Unemployed	7 725	7 921	7 849	-72	124	-0,9	1,6
Not economically active	16 831	16 478	16 292	-186	-539	-1,1	-3,2
Discouraged work-seekers	3 514	3 182	3 156	-26	-358	-0,8	-10,2
Other (not economically active)	13 317	13 296	13 136	-160	-181	-1,2	-1,4
Rates (%)							
Unemployment rate	32,9	32,6	31,9	-0,7	-1,0		
Employed/population ratio	39,1	40,1	41,0	0,9	1,9		
Labour force participation rate	58,3	59,6	60,2	0,6	1,9		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3)

As shown in Table 1, the working-age population increased by 140 000 (or 0.3%) in 2023:Q3 compared to 2023:Q2. Many people moved from the "not economically active" and "unemployed" category to the "economically active" and "employed" category between the two quarters. The number of the economically active population increased by 326 000 (or 1.3%), while the employed increased by 399 000 (or 2.4%). On the contrary, the number of the not economically active population decreased by 186 000 (or -1.1%) and the unemployed decreased by 72 000 (or -0.9%), resulting in a decrease of 26 000 (-0.8%) in the number of discouraged work-seekers during the period under review.

Meanwhile, both the absorption rate and the labour force participation rate increased by 0.9 percentage points and 0.6 percentage points respectively, while the unemployment rate decreased by 0.7 percentage points.

1.3 Cross-Provincial Labour Market Performance

South African labour market prospects are highly unequal, not only across provinces but also within age groups, gender, and race. Most provinces have been slowly returning to the levels of employment seen at the end of 2019, before the outbreak of COVID-19, and some are yet to recover. Thus, in 2023:Q3, employment in South Africa was 16.7 million compared to 16.4 million in 2019:Q4, prior to the pandemic outbreak and the hard lockdown.

1.3.1. Employment Levels

Considering the labour data displayed in Table 2, employment increased in eight provinces, between 2023:Q2 and 2023:Q3, with about 399 000 jobs created. Particularly, the largest employment growth increase was recorded in KwaZulu-Natal (152 000), followed by Limpopo (70 000) and North-West (61 000). On the other hand, Free State was the only province that shed jobs (3 000) in this Q3.

Table 2: Employment by Province

Province	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
South Africa	15 765	16 346	16 745	399	980	2,4	6,2
Western Cape	2 428	2 711	2 734	23	306	0,8	12,6
Eastern Cape	1 360	1 444	1 459	15	99	1,0	7,3
Northern Cape	324	322	328	6	4	1,9	1,2
Free State	798	730	727	-3	-71	-0,4	-8,9
KwaZulu-Natal	2 539	2 642	2 794	152	255	5,8	10,0
North-West	858	881	942	61	84	6,9	9,8
Gauteng	4 923	4 988	5 019	31	96	0,6	2,0
Mpumalanga	1 199	1 158	1 202	44	3	3,8	0,3
Limpopo	1 337	1 469	1 539	70	202	4,8	15,1

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Compared to 2022:Q3, approximately 980 000 more jobs were created in the third quarter of 2023, with the largest employment growth increase recorded in provinces such as Western Cape (306 000), KwaZulu-Natal (255 000) and Limpopo (202 000). Also, during this period, the Free State province shed a significant number of jobs (71 000).

1.3.2. Unemployment Rate

In the third quarter of 2023, South Africa had 7.8 million persons who are without work, looking for work and available to work, of which 5.9 million are facing long-term unemployment and 1.9 million

experiencing short-term unemployment. Findings from Statistics SA QLFS 2023:Q3 show that long-term unemployment has almost doubled since 2013:Q3, while short-term unemployment has increased by 253 000 people.

Considering the labour data presented in Table 3, South Africa's official unemployment rate contracted by 0.7 percentage points, and the quarterly decrease in the official unemployment rate was observed in seven provinces. The official unemployment rate of Mpumalanga decreased the most by 2.9 percentage points, followed by KwaZulu-Natal (1.6 percentage points) and Eastern Cape (0.9 percentage points). On the contrary, Free State and North-West recorded an increase of about 1.8 percentage points, respectively, over the reference period being considered.

Table 3: Unemployment Rates by Province

Province	Official unemployment rate					Expanded unemployment rate				
	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change
	Per cent			Percentage points		Per cent			Percentage points	
South Africa	32,9	32,6	31,9	-0,7	-1,0	43,1	42,1	41,2	-0,9	-1,9
Western Cape	24,5	20,9	20,2	-0,7	-4,3	29,5	25,3	25,6	0,3	-3,9
Eastern Cape	42,4	39,7	38,8	-0,9	-3,6	50,6	43,3	43,9	0,6	-6,7
Northern Cape	26,4	26,9	26,3	-0,6	-0,1	45,9	43,3	42,0	-1,3	-3,9
Free State	33,8	36,7	38,5	1,8	4,7	40,8	44,0	44,7	0,7	3,9
KwaZulu-Natal	30,6	31,0	29,4	-1,6	-1,2	46,4	46,7	44,7	-2,0	-1,7
North-West	39,0	36,8	38,6	1,8	-0,4	53,3	53,5	51,2	-2,3	-2,1
Gauteng	33,7	34,4	33,7	-0,7	0,0	39,0	39,3	39,4	0,1	0,4
Mpumalanga	35,1	38,4	35,5	-2,9	0,4	46,5	49,5	46,7	-2,8	0,2
Limpopo	31,0	31,6	30,8	-0,8	-0,2	49,9	47,9	45,1	-2,8	-4,8

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

In comparison to the same period last year, the national official unemployment rate shrunk by 1.0 percentage points. Specifically, the official unemployment rate declined in six provinces, with the largest decrease in recorded in the Western Cape (-4.3 percentage points), followed by Eastern Cape (-3.6 percentage points) and KwaZulu-Natal (-1.2 percentage points). On the other hand, Free State experienced an unemployment rate increase of roughly 4.7 percentage points, whereas the unemployment rate in Mpumalanga grew by 0.4 percentage points. Gauteng official unemployment rate remained unchanged at 33.7% as compared to last year. Meanwhile, Eastern Cape province continued to record the highest unemployment rate in the country (38.8%), followed by North-West (38.6%) and Free State (38.5%).

Furthermore, the national expanded unemployment rate fell by 0.9 of a percentage points from 42.1% to 41.2% between 2023:Q2 and 2023:Q3. Similarly, during the same period, the expanded unemployment rate decreased in five provinces, with the largest decrease of 2.8 percentage points recorded in the Mpumalanga and Limpopo, followed by North-West (-2.3 percentage points).

On a year-on-year basis, the expanded unemployment rate declined by 1.9 percentage points, due to the declines recorded in six provinces. Eastern Cape recorded the highest decline of 6.7 percentage points, followed by Limpopo (-4.8 percentage points) while Northern Cape declined by 3.9 percentage

points. Free State, Gauteng and Mpumalanga provinces recorded an increase of 3.9 percentage points, 0.4 percentage points and 0.2 percentage points, respectively.

1.4 Decomposition of the Free State Labour Market

The Free State labour force increased from 1 153 000 to 1 183 000 persons, representing an increase of 30 000 economically active population between 2023:Q2 and 2023:Q3. Within the provincial labour force, the number of unemployed increased by 33 000 people (from 423 000 to 456 000), while the number of employed contracted by 3 000 (from 730 000 to 727 000) in 2023:Q3. These changes translated into an official unemployment rate of 38.5%, along with an employment rate (or absorption rate) of 37.6% and a labour force participation rate of 61.1% for the Free State.

As illustrated in Table 4, the inactive population in Free State declined by 3.7% in 2023:Q3, which translates to 29 000 less inactive population in the province.

Table 4: Free State Labour Force Characteristics

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 929	1 934	1 935	1	6	0,1	0,3
Labour Force	1 205	1 153	1 183	30	-22	2,6	-1,8
Employed	798	730	727	-3	-70	-0,4	-8,8
Formal sector (Non-agricultural)	490	456	440	-16	-50	-3,6	-10,2
Informal sector (Non-agricultural)	153	149	157	8	4	5,5	2,6
Agriculture	93	71	65	-7	-28	-9,2	-30,5
Private households	61	54	65	12	4	21,3	6,8
Unemployed	407	423	456	33	49	7,9	11,9
Not economically active	724	781	752	-29	28	-3,7	3,9
Discouraged work-seekers	111	120	110	-10	-1	-8,4	-1,3
Other (not economically active)	613	661	642	-19	29	-2,8	4,8
Rates (%)							
Unemployment rate	33,8	36,7	38,5	1,8	4,7		
Employed / population ratio	41,3	37,8	37,6	-0,2	-3,7		
Labour force participation rate	62,5	59,6	61,1	1,5	-1,4		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Compared to 2022:Q3, the provincial labour force in 2023:Q3 contracted by about 22 000 economically active population whereby, the number of employed decreased significantly by 70 000 workers (or -8.8%), while the province's unemployment level increased by 49 000 (or 11.9%).

1.4.1. Employment in the Free State Province

A closer look at the labour data in Table 5, shows that the Free State Province had about 727 000 people employed in 2023:Q3, of which 60.5% (440 000) were in the formal sector, 21.6% (157 000)

were in the informal sector, 8.9% (65 000) were in the agricultural sector and 9.0% (65 000) in the private households. During the period under review, jobs were shed in the formal sector (16 000) and agricultural sector (7 000). On the contrary, the informal sector and private households generated about 8 000 and 12 000 jobs, respectively.

On a year-on-year basis, same pattern was observed. The formal and agricultural sectors shed about 50 000 and 28 000 jobs, respectively, while the informal and private households' sectors created about 4 000 jobs, respectively. The biggest employer in the province in the third quarter of 2023 was the community and social services industry which accounted for 213 000 jobs, followed by trade (174 000), and finance (74 000) industries. While utilities (water, gas and electricity) sector remained the smallest employer with about 4 000 workers followed by mining (16 000) and transport (32 000) sector (see Table 5).

Based on a quarter-to-quarter analysis, total employment declined by 3 000, with most jobs being shed in the construction (19 000), agriculture (7 000) and mining (5 000) industries. In contrast, employment gains were recorded in trade (13 000), private households (12 000) and community and social services (8 000) industries.

Equally, based on a year-on-year analysis, total employment in the Free State province decreased by 8.8%, and the largest losses were recorded in community and social services (-35 000), agriculture (-28 000), and construction and transport industries (-12 000). Conversely, jobs were generated in finance (16 000), trade (8 000) and private households (4 000) industries.

Table 5: Free State Employment by Industry/Sector

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Industry	798	730	727	-3	-70	-0,4	-8,8
Agriculture	93	71	65	-7	-28	-9,2	-30,5
Mining	25	21	16	-5	-9	-25,6	-36,0
Manufacturing	56	51	51	0	-5	-0,7	-8,7
Utilities	2	5	4	-1	2	-18,6	150,5
Construction	45	52	33	-19	-12	-36,2	-26,0
Trade	166	161	174	13	8	8,1	4,9
Transport	44	36	32	-4	-12	-10,0	-26,4
Finance	58	74	74	0	16	-0,5	26,9
Community and social services	248	205	213	8	-35	4,0	-14,0
Private households	61	54	65	12	4	21,3	6,8

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Furthermore, Figure 1 presents employment by gender and occupation in the Free State Province in 2023:Q3. As can be seen, women are dominant in four occupations (most notably, professional, technician, clerical, and domestic), while men lead in six occupations, namely, management, sales

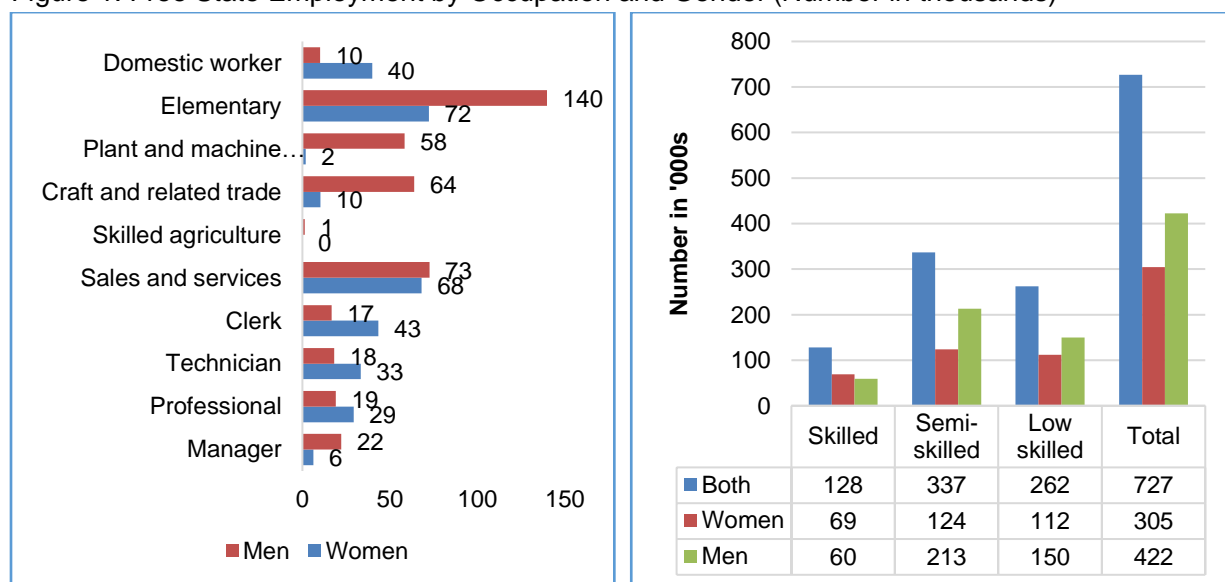
and services, skilled agriculture, craft and related trade, plant, and machine operator and elementary in the province¹.

Notably, few women were employed in the province relative to men. Specifically, women accounted for 41.9% of total employment, while men accounted for 58.1% in the third quarter of 2023. On the other hand, the Free State Province is dominated by semi-skilled workers who accounted for 46.3% of the total workforce, followed by low-skilled workers (36.0%) and skilled workers (17.7%).

During 2023:Q3, there were 69 000 women employed as skilled workers (22.6%), 124 000 women employed as semi-skilled workers (40.6%) and 112 000 women employed as low-skilled workers (36.8%). In the same period, the employment of women increased by 1 000, whereas the employment of men decreased by about 4 000 persons in comparison to 2023:Q2.

Currently, employment among women stands at 305 000, whereas employment among men stands at 422 000. Overall, the provincial unemployment rate of women increased by 2.5 percentage points, while the unemployment rate of men grew by 1.3 percentage points.

Figure 1: Free State Employment by Occupation and Gender (Number in thousands)



Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Recently, the current provincial labour force participation rate for women is about 54.4% (53.4% in 2023:Q2), whereas for men it is 68.1% (65.7% in 2023:Q2), indicating that more women relative to men, are economically inactive and have become discouraged to search for employment.

¹ According to Stats SA occupation classification; 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 is considered low-skilled.

The women population remain highly vulnerable in the labour market. Compared to men, women are more likely to remain unemployed for longer periods, which eventually affects their chances of being employed in the future.

1.4.2. Unemployment in the Free State Province

The labour statistics presented in Table 6 reflect the characteristics of the unemployed in the Free State Province. Evidently, the unemployed grew on a quarter-to-quarter basis by 33 000 (or 7.9%), mainly driven by job losers and new entrants. Whereas, a year-on-year analysis shows that unemployment has grown by 11.9%, due to job losers and new entrants.

Table 6: Free State Characteristics of the Unemployed

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Unemployed	407	423	456	33	49	7,9	11,9
Job losers	127	140	164	23	37	16,7	28,8
Job leavers	15	21	15	-6	0	-28,5	1,6
New entrants	156	159	176	17	20	10,5	12,8
Re-entrants	9	1	2	1	-7	83,4	-82,4
Other	101	102	100	-2	-1	-1,6	-1,1

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Table 7 depicts the unemployment rate by age group in the Free State Province. Out of the 456 000 unemployed people in the province, 277 000 are under the age of 35 years, which is equivalent to 60.7% of the unemployed population.

The overall official unemployment rate in the province is 38.5%, with the youth unemployment rate (i.e., 15 to 24 years) being the highest at about 61.3%, followed by 48.1% among the 25 to 34 years age group. Compared to the previous quarter, the official unemployment rate grew by 2.3 percentage points in the Free State Province. This increase was due to the unemployment rate of the adults in the age group of 45 to 54 years, which grew by 3.7 percentage points, and the youth in the age group of 25 to 34 years, which increased by 3.2 percentage points.

Considering a year-on-year analysis, the unemployment rate increased by 4.3 percentage points, possibly owing to an increase of 10.8 percentage points among the 25 to 34 years age group, and 5.2 percentage points among those in the 45 to 54 years age group.

Table 7: Free State official unemployment rate by age group

Age categories	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	32,4	34,4	36,7	2,3	4,3
15-24 years	62,6	61,1	61,3	0,2	-1,3
25-34 years	37,3	44,9	48,1	3,2	10,8
35-44 years	28,2	28,6	29,6	1,0	1,4
45-54 years	18,6	20,1	23,8	3,7	5,2
55-64 years	13,0	12,8	9,8	-3,0	-3,2

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Data displayed in Table 8 reveals that out of 456 000 unemployed population in 2023:Q3, less than 1 000 have *no schooling*, 8 000 had *less than primary completed*, 19 000 had *primary completed*, and 180 000 had *secondary not completed*. Those with post-secondary (*tertiary* education) amounted to 31 000 in 2023:Q3. About 45.4% of the unemployed in the province have pre-secondary education, while about 54.6% have post-secondary education.

Table 8: The Highest level of Education of the Unemployed

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Highest level of education of the unemployed	407	423	456	33	49	7,9	11,9
No schooling	2	4	0	-3	-2	-94,2	-88,2
Less than primary completed	29	16	8	-8	-21	-48,8	-71,8
Primary completed	15	16	19	3	4	19,0	28,1
Secondary not completed	178	164	180	15	2	9,2	1,0
Secondary completed	150	190	208	18	58	9,5	38,9
Tertiary	32	31	40	9	8	28,8	26,8
Other	2	1	1	0	-1	0,0	0,0

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

The level of education plays a vital role in the employability of unemployed people in the labour market. Generally, people with the highest level of education are less likely to be affected by high levels of unemployment, however, unemployed people with less than a matric level of education and matric qualification have a higher likelihood of being in long-term unemployment as opposed to those with tertiary and other tertiary qualifications. A possible reason for this might be a lack or shortage of necessary skills required to meet the demand in the labour market. Conversely, people who pursue higher education careers are more likely to increase their employability and boost their success in the labour market.

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

Policymakers growing concern about rising youth unemployment has been accompanied by an increasing focus on those, *not in education, employment, or training*.

Using the data provided in Table 9, in the third quarter of 2023, the NEET population decreased by 4 000, as about 11 000 more women entered and 15 000 men exited this category. Further, as can be seen, out of 904 000 NEET, there were approximately 458 000 young people aged between 15 and 34 years, in the Free State Province that falls into the NEET group in 2023:Q3, with 158 000 aged 15 to 24 years and 299 000 aged 25 to 34 years.

Compared to 2022:Q3, the number of NEETs in the Free State Province increased by 8.5%. In particular, the 904 000 of the NEET group consists of about 46.7% of the province's working-age population, of which 56.8% are female, 93.8% are African and 50.6% are between the ages of 15 and 34 years.

Based on the above inference, it is crucial for policymakers in the province to implement targeted interventions to help young people in the NEET population, for example, (i) successfully gain access to the provincial market through skill development initiatives, (ii) gain adequate education by enrolling

in TVET colleges, higher institutions primary and secondary school, and (iii) attend entrepreneurship trainings.

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

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	833	908	904	-4	71	-0,4	8,5
Women	495	502	514	11	19	2,3	3,8
Men	338	406	391	-15	52	-3,7	15,4
Age group	833	908	904	-4	71	-0,4	8,5
15-24 years	152	158	158	0	7	0,0	4,4
25-34 years	256	293	299	6	44	2,0	17,1
35-44 years	188	182	186	4	-2	2,5	-1,1
45-54 years	117	142	134	-8	17	-5,4	14,9
55-64 years	120	132	126	-6	5	-4,8	4,4
Population groups	833	908	904	-4	71	-0,4	8,5
Black/African	765	839	848	9	83	1,0	10,8
Coloured	26	23	20	-3	-7	-14,0	-25,2
Indian/Asian	5	2	3	0	-2	0,0	0,0
White	37	44	34	-10	-3	-22,4	-8,6

Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

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

Focusing on the NEA population, as displayed in Table 10, approximately 38.9% of the working-age population in the province were not economically active in 2023:Q3. More specifically, groups consisting of *students*, those who were *ill or disabled*, and *discouraged work seekers* made up the top three reasons for economic inactivity in the province. In 2023:Q3, *students* accounted for 40.5% of the inactive population, while those who were *ill or disabled* accounted for 16.2% and *discouraged work seekers* accounted for 14.6%.

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

	Jul-Sep 2022	Apr-Jun 2023	Jul-Sep 2023	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Not economically active	724	781	752	-29	28	-3,7	3,9
Student	303	300	305	5	2	1,6	0,6
Home-maker	72	95	80	-16	8	-16,4	10,8
Illness/disability	102	123	122	-1	20	-1,0	19,5
Too old/young to work	71	78	76	-3	4	-3,6	5,7
Discouraged work seekers	111	120	110	-10	-1	-8,4	-1,3
Other	64	64	60	-4	-4	-5,5	-6,3

Source: Statistics South Africa (Quarterly Labour Force Survey, 2023:Q3).

Overall, the NEA population of the province increased by 28 000 (3.9%) between 2022:Q3 and 2023:Q3, owing to the significant increase in homemakers and those who were ill or disabled.

1.5 Concluding Remarks and Policy Recommendation.

The unemployment levels are persistently higher post-2016, reaching 7.8 million unemployed people in South Africa, alongside a growing long-term unemployment rate consisting of about 5.9 million people and those facing short-term unemployment comprises of about 1.9 million in 2023:Q3. Currently, the unemployment rate in South Africa fell marginally to 31.9% in 2023:Q3 compared to the rate of 32.6% noted a year ago.

A comparative provincial analysis shows that Western Cape province recorded the lowest unemployment rate of about 20.2%, followed by the Northern Cape at 26.3% and KwaZulu-Natal at 29.4%. However, the Eastern Cape province had the highest provincial unemployment rate at 38.8%, followed by North West at 38.6% and Free State at 38.5%.

Assessing the labour market performance in the Free State province reveals that the number of unemployed people grew by 33 000 (i.e., from 423 000 to 456 000) and those that are employed declined by 3 000 (i.e., from 730 000 to 727 000). Consequently, the economically active population in the labour force increased by 30 000. Further, significant job losses are observed in the construction (19 000), agriculture (7 000) and mining (5 000).

On the policy front, to reduce the unemployment rate, it is vital for the government to upskilled workers with obsolete or poor skills to gain access to better job opportunities in the skill-intensive labour market, reinforce the quality of education, encourage self-entrepreneurship for small business start-ups, and create a conducive condition to attract foreign (capital) investment, as well as, for private sector employment growth to materialize.

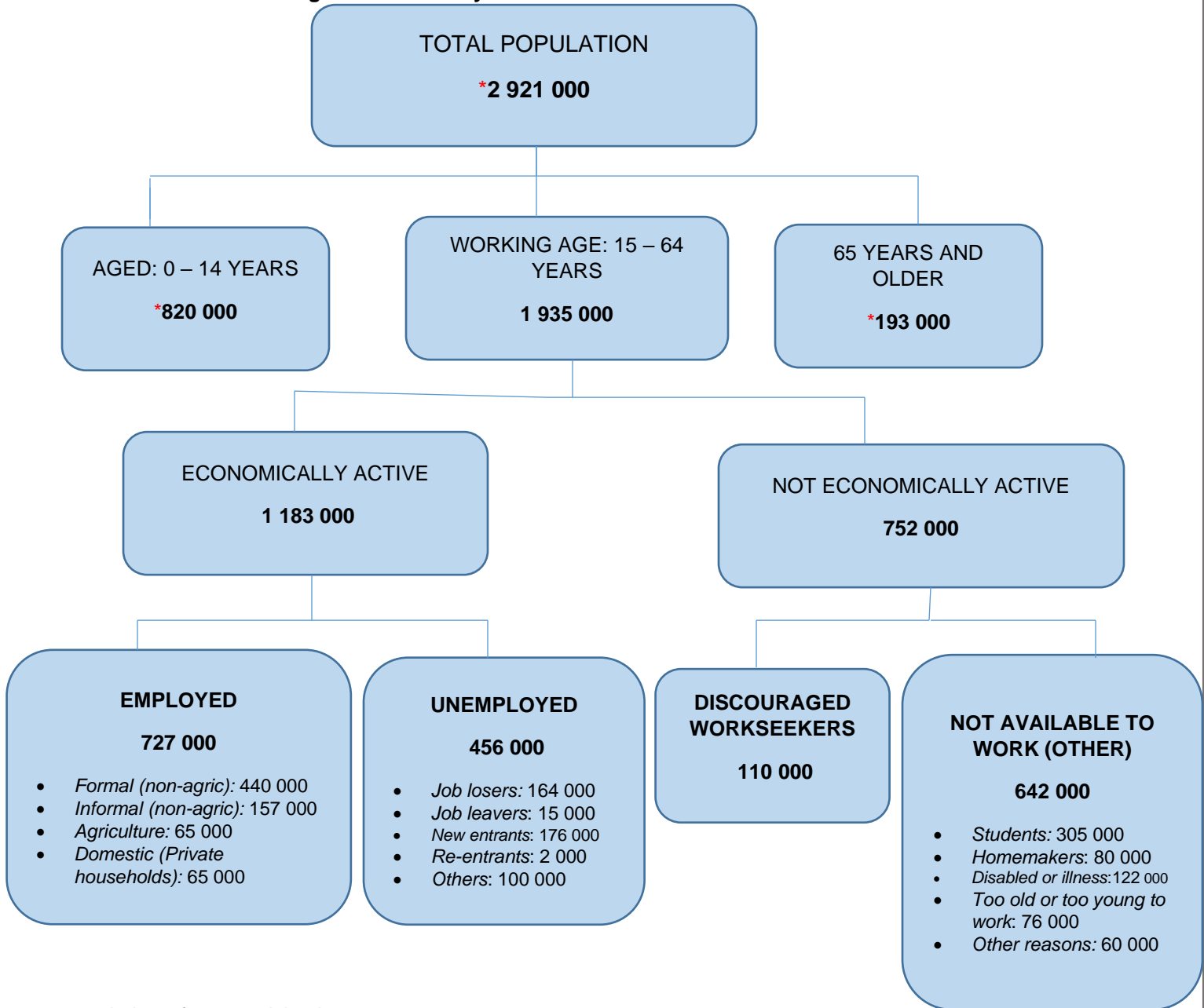
At the provincial level, to improve the sectoral contribution of the Free State Province to the national GDP, boost economic growth in the province, and effectively tackle the rising unemployment and poverty rates; it has become imperative for the provincial government to consider some remedial actions which entails, for example (i) initiate growth-enhancing reforms at the sectoral level (with a particular focus on Agriculture, Manufacturing, Mining and Tourism sectors); (ii) embark on the revitalization of SEZs to attract private investment and capital flow; (iii) intensify efforts on proper implementation of EPWP and CWP to harness the unemployment-reducing effects of these programmes to improve the labour market conditions by creating jobs; (iv) develop a long-term infrastructure plan to contribute meaningfully to job creation and inclusive economic development in the province; and (v) focus on strengthening financial management and fiscal prudence to reduce the large accrued debts and servicing costs across FS municipalities.

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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2023: Q3



Labour force participation rate = 61.1%

Absorption rate = 37.6%

Official unemployment rate = 38.5%

Expanded unemployment rate = 44.7%

Source: Statistics South Africa, Quarterly Labour Force Survey, 2023:Q3

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