

FREE STATE PROVINCE

QUARTERLY LABOUR MARKET REVIEW

FOURTH QUARTER
2025

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New Definitions of Labour Market Terms and Indicators

Available potential jobseekers: Persons outside the labour force who did not carry out activities to seek employment but wanted employment and were currently available.

Contributing- family workers: are workers who help, without receiving regular pay, in a job or market-oriented enterprise held or operated by a household or family member.

Dependent contractor: Dependent contractors are workers who have contractual arrangements of a commercial nature (but not a contract of employment) to provide goods or services for or through another economic unit on which they are dependent for the organization and execution of the work, income or access to the market.

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.

Economic activities are those activities 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).

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 (i.e. were temporarily absent).

Employment-to-population ratio (labour absorption rate) is the proportion of the working-age population that is employed.

Employees: are workers employed for pay, on a formal or informal basis, who do not hold controlling ownership of the economic unit in which they are employed. They are remunerated in cash or in kind in return for time worked, or, in some cases, for each task or piece of work done or for services provided including sales (by the piece or commission).

Employers in corporations: are independent workers who, on their own-account or in partnership with others, own and control the activities of an incorporated enterprise that regularly employs one or more employees.

Employers in household market enterprises: are independent workers who, on their own account or in partnership with others, own and control the activities of an unincorporated market enterprise that regularly employs one or more employees.

Employers: are independent workers who own the economic unit in which they work and control its activities on their own account or in partnership with others, and in this capacity regularly employ one or more employees.

Fixed-term employees: are employees who are employed on a time-limited basis for a period of three months or more and who are guaranteed a minimum number of hours or amount of work.

Formal sector: Comprising economic units that are formally recognized as distinct producers of goods and services for the consumption of others.

Formal sector has the following components

- a) being owned or controlled by the government; or
- b) being recognized as separate legal entities from their owners or
- c) Registration for VAT or Income tax or
- d) Keeping accounts for tax purposes or
- e) Registered in a governmentally established system of registration (i.e CIPC)

Informal employment refers to persons in precarious employment, regardless of whether 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 or receive basic benefits such as pension or paid leave and sick leave.

Informal sector: comprising economic units whose production is mainly intended for the market with the purpose of generating income and profit, but that are not formally recognized as producers of goods and services distinct from the own-use production of the owner-operators' household.

The informal sector does not comply with any of the following components:

- a) being owned or controlled by the government; or
- b) being recognized as separate legal entities from their owners or
- c) Registration for VAT or Income tax or
- d) Keeping accounts for tax purposes or
- e) Registered in a governmentally established system of registration (i.e. CIPC)

Independent workers without employees: are independent workers who operate an economic unit, alone or in partnership with others, that does not employ any employees on a regular basis. The economic unit which they operate may be incorporated or unincorporated.

Institutional sector of employment refers to the type of economic unit in which a person is employed, as defined by its legal organisation, principal functions, behaviour and objectives. It is a characteristic of the economic unit in which the person is employed.

The labour force comprises all persons who are employed, plus all persons who are unemployed.

Labour force participation rate is the proportion of the working-age population that is either employed or unemployed.

Long-term unemployment: Persons in long-term unemployment are those individuals among the unemployed who were without work and trying to find a job or start a business for one year or more.

Labour underutilisation refers to mismatches between labour supply and demand which translates into an unmet need for employment among the population. The measure of Labour underutilisation includes: Time-related underemployment, Unemployment, and Potential labour force.

Outside the Labour Force (previously Not economically Active): Persons aged 15–64 years who are neither employed nor unemployed in the reference period.

Own-account workers in household market enterprises without employees: are independent workers who operate an unincorporated household market enterprise, alone or with one or more partners or contributing family workers and do not regularly employ any employees.

Owner-operators of corporations without employees: are independent workers who hold a job in an incorporated enterprise in which they hold controlling ownership of the enterprise, alone or together with one or more partners and /or with family members and do not employ any employees on a regular basis.

Paid apprentices and interns are employees who work for pay in an economic unit to acquire workplace experience or skills in a trade or profession. They may be formal or informal and may or may not receive a certification for the training experience.

Permanent employees (or with contracts without limit of time): are employees who are employed on an ongoing or indefinite basis and guaranteed a minimum number of hours or amount of work. It includes recently appointed employees with jobs that are subject to an initial trial period but who are expected to continue indefinitely.

Potential Labour Force: The potential labour force includes persons who are not in the labour force, but are either available for work but not actively seeking employment or actively seeking employment but not currently available to work.

(a) carried out activities to “seek employment”, were not “currently available” but would become available within a short subsequent period (i.e. unavailable jobseekers); or

(b) did not carry out activities to “seek employment” but wanted employment and were “currently available” (i.e. available potential jobseekers).

Short-term and casual employees: are employees with short-term employment arrangements and/or without a guaranteed minimum number of hours or amount of work per pay period. It excludes paid apprentices, interns, trainees with short-term employment arrangements.

Status in employment: Status in employment refers to the type of work relationship a person has in his/her job, considering the kind of economic risk and degree of authority that the person experiences in their job.

Time-related underemployment: Time-related underemployment refers to the number of employed persons whose hours of work in the reference period are insufficient in relation to a more desirable employment situation in which the person is willing and available to engage.

Unavailable jobseekers: Persons outside the labour force who carried out activities to seek employment, were not currently available but would become available within a short subsequent period.

Persons in underemployment (time-related) are 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.

Unemployed persons according to the Official definition 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.

Unemployment rate is the proportion of the labour force that is unemployed.

Willing non-jobseekers: Persons not in employment who wanted employment but did not seek employment and were not currently available.

Working age population: The working age population consists of all individuals aged 15 years and older who are considered capable of working regardless of their employment status.

Source: *Statistics South Africa, 2025*

Quick hard facts

- The official unemployment rate in South Africa declined from 31.9% in 2025:Q3 to 31.4% in 2025:Q4, reflecting a decrease of 0.5 of a percentage point. This represents the lowest unemployment rate recorded since the third quarter of 2020. The improvement was primarily driven by an increase in employment alongside a reduction in the number of unemployed persons. However, the labour force participation rate edged down by 0.4 of a percentage point to 59.3%, while the absorption rate declined marginally by 0.1 of a percentage point to 40.6%. On a year-on-year basis, the unemployment rate decreased by 1.0 percentage point compared to the same period of the previous year.
- At the national level, employment rose by 44 000 in 2025:Q4 relative to the preceding quarter. Job gains were recorded in two of the three employment sectors. The largest increase was observed in the formal sector, which added 320 000 jobs, while the household sector generated approximately 18 000 jobs. In contrast, the informal sector shed about 293 000 jobs quarter-on-quarter.
- Across the country, employment increased in four provinces between 2025:Q3 and 2025:Q4. The Western Cape recorded the largest employment gains (93 000), followed by Mpumalanga (37 000) and North West (36 000). Conversely, employment declined in Gauteng (54 000), KwaZulu-Natal (41 000), and the Eastern Cape (31 000). The Free State also recorded a net loss of approximately 11 000 jobs over the same period.
- In the Free State, the official unemployment rate increased by 1.0 percentage point, rising from 36.2% in 2025:Q3 to 37.2% in 2025:Q4. Gender-disaggregated data indicate that the unemployment rate among women increased by 0.6 of a percentage point (from 39.5% to 40.1%), while the rate among men rose by 1.3 percentage points (from 33.5% to 34.8%). Furthermore, the combined rate of unemployment and the potential labour force in the province increased by 1.4 percentage points in 2025:Q4 compared to the preceding quarter.
- In 2025:Q4, of the 456 000 unemployed individuals, 203 000 had not attained matric, 197 000 had matric, and 52 000 were graduates. The number of unemployed persons with matric or lower qualifications exceeded those with other tertiary qualifications. On a year-on-year basis, unemployment declined most significantly among individuals without matric (down by 21 000), while it increased among those with matric (up by 20 000) and rose marginally among those with tertiary education (up by 2 000).
- Youth aged 15–24 years remain the most vulnerable demographic group in the provincial labour market, recording a notably high unemployment rate of 58.6% in 2025:Q4.
- Total employment in the province declined during the quarter, with a net loss of approximately 11 000 jobs in four of the ten industries. The largest job losses were recorded in community and social services (18 000), finance (15 000), and transport (7 000). Conversely, employment gains were observed in agriculture (20 000), private households (7 000), and trade (5 000). Employment levels in manufacturing, mining, and utilities remained stable.
- In terms of gender distribution, more men than women were employed in the province, with 445 000 men employed compared to 326 000 women. Between 2025:Q3 and 2025:Q4, female employment declined by 14 000, while male employment increased by 3 000. On a year-on-year basis, the number of employed women rose by 5 000, whereas male employment increased by 16 000.

1.1 Economic Growth Outlook

The global economy has demonstrated greater resilience than anticipated, despite last year's unprecedented escalation in trade tensions and heightened policy uncertainty. This resilience was underpinned by significant front-loading of trade, supply-chain reconfiguration, limited tariff pass-through into prices, easing global financial conditions, and a surge in investment related to artificial intelligence. Looking ahead, global growth is projected to remain steady at 3.3% in 2026, even as several supportive factors begin to fade. Trade growth is expected to moderate as firms reduce inventory accumulation and the effects of tariffs intensify. Growth is then forecast to ease slightly to 3.2% in 2027, supported by stronger domestic demand reflecting earlier monetary policy easing and a gradual improvement in trade conditions as uncertainty declines. Nevertheless, elevated tariffs and lingering policy uncertainty are expected to continue weighing on economic activity (IMF, 2026).

After registering growth of 1.7% in 2025, advanced economies are projected to expand by 1.8% in 2026 before edging down to 1.7% in 2027. These outcomes reflect the counterbalancing effects of trade policy headwinds and the diminishing boost from earlier monetary policy easing, additional fiscal support, and technology-related investment. In the United States, economic growth is forecast at 2.4% in 2026, supported by accommodative fiscal policy and lower interest rates, alongside a gradual moderation in the impact of higher trade barriers (IMF, 2026).

Growth in Emerging Market and Developing Economies (EMDEs) exceeded expectations in 2025, reaching an estimated 4.4%. China's performance was stronger than anticipated, largely driven by fiscal stimulus and increased exports to non-U.S. markets. EMDE growth is projected to remain just above 4.0% in the medium term, at 4.2% in 2026 and 4.1% in 2027 (IMF, 2026).

In Sub-Saharan Africa, growth is forecast to strengthen from 4.4% in 2025 to 4.6% in 2026, supported by ongoing reforms in several large economies, robust domestic investment, and continued easing of inflationary pressures. However, fiscal consolidation efforts are intensifying across the region, reflecting constrained fiscal space arising from reduced official development assistance, elevated public debt, and higher debt-servicing costs. Growth is expected to remain stable at 4.6% in 2027 (IMF, 2026).

According to the IMF, South Africa's economic growth strengthened to 1.3% in 2025, supported by improved electricity supply reliability, a strong agricultural harvest, and a recovery in business confidence toward the end of the year. Fiscal consolidation efforts and the adoption of a lower inflation target further strengthened investor sentiment. Economic growth is projected to increase modestly to 1.4% in 2026 and 1.5% in 2027.

Quarter-on-quarter data from Statistics South Africa indicate that real gross domestic product (GDP), measured by the production approach, increased by 0.5% in the third quarter of 2025, following a 0.9% increase in the second quarter of 2025. Nine industries recorded growth between the second and third quarters of 2025. The mining industry expanded by 2.3%, contributing 0.1 of a percentage point to overall GDP growth, followed by the trade industry, which grew by 1.0% and contributed 0.1 of a percentage point. The finance industry increased by 0.3%, contributing a further 0.1 of a percentage point. In contrast, the electricity industry was the main negative contributor, contracting by 2.5% and subtracting 0.1 of a percentage point from GDP growth. This was largely due to decreases in electricity production and consumption.

1.2 South Africa Labour Market Overview

Statistics South Africa (Stats SA) implemented a revised Quarterly Labour Force Survey (QLFS) questionnaire in 2025:Q3 to align with the latest international labour statistics standards. These revisions reflect recent resolutions of the International Conference of Labour Statisticians (ICLS), specifically the 19th ICLS on work, employment and labour underutilisation; the 20th ICLS on work

relationships; and the 21st ICLS on the informal economy. The updates introduced new questions and refined existing ones to enhance the accuracy, quality, and relevance of labour market data.

The changes form part of Stats SA's broader commitment to ensuring that South Africa's labour statistics remain robust, relevant, and internationally comparable. Importantly, while the revisions strengthen the measurement of various labour market dimensions, they do not alter the core definitions of employment or unemployment. Consequently, headline unemployment figures remain consistent and comparable with those published in previous quarters and years.

Beyond unemployment statistics, the report provides a more comprehensive assessment of labour underutilisation by including the LU1, LU2, LU3, and LU4 indicators. This expanded analytical framework recognises that unemployment alone does not fully reflect the extent of underutilised labour in the economy. In addition, the category previously referred to as "Not Economically Active" has been renamed "Outside the Labour Force," alongside the introduction of new concepts relating to the "Potential Labour Force."

Significant revisions were also made to the definitions of the formal and informal sectors, as well as to formal and informal employment. Owing to these definitional adjustments, estimates of informality for 2025:Q4 are comparable only with those of 2025:Q3 and are not directly comparable with data from earlier periods (Statistics South Africa, 2025).

Table 1: South Africa's Labour Market at a glance

	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	41 561	41 948	42 068	120	508	0,3	1,2
Labour Force	25 069	25 062	24 935	-128	-134	-0,5	-0,5
Employment	17 078	17 055	17 099	44	21	0,3	0,1
Formal sector*		11 983	12 303	320		2,7	
Informal sector*		3 961	3 667	-293		-7,4	
Household sector	1 146	1 111	1 129	18	-17	1,6	-1,5
Unemployment	7 991	8 007	7 836	-172	-155	-2,1	-1,9
Outside the Labour Force	16 492	16 886	17 134	248	642	1,5	3,9
Potential Labour Force	4 324	4 529	4 611	82	287	1,8	6,6
Available Potential job-seekers	4 300	4 446	4 569	123	269	2,8	6,3
Discouraged job-seekers	3 466	3 481	3 714	233	249	6,7	7,2
Other (available potential job-seekers)	835	965	855	-110	20	-11,4	2,4
Unavailable job-seekers	24	83	42	-41	19	-49,1	78,0
Other (Outside the labour force)	12 168	12 357	12 522	165	355	1,3	2,9
Key rates: Working-age Population (%)							
Labour force participation rate	60,3	59,7	59,3	-0,4	-1,0		
Employed / population ratio (Absorption)	41,1	40,7	40,6	-0,1	-0,5		
Inactivity rate	39,7	40,3	40,7	0,4	1,0		
Labour underutilisation (LU) indicators (%)							
LU1-Unemployment rate	31,9	31,9	31,4	-0,5	-0,5		
LU2-Combined rate of unemployment & time related	35,0	34,9	34,3	-0,6	-0,7		
LU3-Combined rate of unemployment & potential labour force	41,9	42,4	42,1	-0,3	0,2		
LU4-Composite measure of labour underutilisation	44,6	44,9	44,5	-0,4	-0,1		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

* Definition of sector based on the latest standard, i.e. 21st ICLS resolution concerning statistics on informal economy-therefore estimates of Q3:2025 are not comparable with the previously produced estimates based on the old standards

According to the Quarterly Labour Force Survey (QLFS) results for 2025:Q4, economic expansion led to firms hiring more workers, whereby employment increased by 44,000, bringing the total number of employed persons in South Africa to 17.1 million. Over the same period, the number of unemployed persons declined by 172 000 to 7.8 million. As a result, the overall labour force contracted by 128 000 (-0.5%) between 2025:Q3 and 2025:Q4.

Within the population classified as outside the labour force, the potential labour force increased by 82 000 (1.8%), while the remainder of this group rose by 123 000 (2.8%). Collectively, these shifts led to an increase of 248 000 individuals outside the labour force, bringing the total to approximately 25 million in 2025:Q4. These dynamics contributed to a 0.5 percentage-point decline in the official unemployment rate, from 31.9% in 2025:Q3 to 31.4% in 2025:Q4, the lowest level recorded in five years. The combined unemployment rate and the potential labour force also declined by 0.3 percentage points to 42.1%. Meanwhile, the labour force participation rate decreased by 0.4 percentage points and the absorption rate edged down by 0.1 percentage point.

1.3 Cross-Provincial Labour Market Performance

South Africa has now recorded three consecutive quarters of net employment growth for both women and men. However, employment levels remain higher among men (9.6 million) than women (7.5 million). Quarter-on-quarter, female employment increased by 41 000, while male employment rose by 3 000. On a year-on-year basis, the number of employed women declined by 165 000, whereas male employment increased by 186 000. The unemployment rate among women stood at 34.6%, compared to 28.8% among men, a gender gap of 5.8 percentage points, reflecting persistent disparities in labour market participation and sectoral distribution.

1.3.1. Employment Levels

Nationally, employment increased by 0.3% in 2025:Q4 compared to the previous quarter. Four provinces contributed to the net gain of 44 000 jobs. The Western Cape recorded the largest increase (93 000), followed by Mpumalanga (37 000) and North-West (36 000). Employment declined in Gauteng (54 000), KwaZulu-Natal (41 000), and the Eastern Cape (31 000). The Free State shed approximately 11 000 jobs (-1.4%).

Table 2: Employment by Province

Province	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
South Africa	17 078	17 055	17 099	44	21	0,3	0,1
Western Cape	2 812	2 814	2 907	93	95	3,3	3,4
Eastern Cape	1 455	1 408	1 377	-31	-78	-2,2	-5,4
Northern Cape	355	319	337	18	-18	5,6	-5,1
Free State	750	782	771	-11	21	-1,4	2,8
KwaZulu-Natal	2 892	2 757	2 716	-41	-176	-1,5	-6,1
North-West	935	937	973	36	38	3,8	4,1
Gauteng	5 081	5 237	5 183	-54	102	-1,0	2,0
Mpumalanga	1 255	1 246	1 283	37	28	3,0	2,2
Limpopo	1 543	1 555	1 552	-3	9	-0,2	0,6

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

Compared to the same quarter in 2024, total employment was approximately 21 000 higher. Year-on-year employment gains were recorded in six provinces, led by Gauteng (102 000), followed by the

Western Cape (95 000) and North-West (38 000). The Free State recorded a net increase of approximately 21 000 jobs over the same period. In contrast, KwaZulu-Natal experienced the largest annual decline (176 000), followed by the Eastern Cape (79 000) and the Northern Cape (18 000).

1.3.2. Unemployment Rate

Over the past decade, the number of unemployed persons increased from 5.1 million in 2015:Q4 to 7.8 million in 2025:Q4, an overall rise of 2.6 million. Long-term unemployment has intensified significantly, with the share of individuals unemployed for one year or longer rising from 66.9% to 79.7% over the same period. This indicates that nearly four out of five unemployed individuals in 2025:Q4 had been without work for at least 12 months, while only 25.1% were classified as short-term unemployed.

Quarter-on-quarter, six provinces recorded declines in their official unemployment rates. The most pronounced decrease was observed in the Northern Cape (down 4.1 percentage points), followed by North-West (down 3.0 percentage points) and Mpumalanga (down 1.7 percentage points). In contrast, the Eastern Cape, Free State and KwaZulu-Natal recorded increases of 1.3 percentage points, 1.0 percentage points and 0.6 of a percentage point, respectively.

On a year-on-year basis, the national unemployment rate declined by 0.5 percentage points, with seven provinces recording improvements. The largest reductions occurred in North-West (down 6.2 percentage points), Limpopo (down 3.7 percentage points) and Mpumalanga (down 2.4 percentage points). However, the Eastern Cape (up 5.9 percentage points) and KwaZulu-Natal (up 3.7 percentage points) experienced notable increases.

Table 3: Unemployment Rate by Province

Province	Official unemployment rate					Combined rate of unemployment and potential labour force				
	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change
	Percent			Percentage points		Percent			Percentage points	
South Africa	31,9	31,9	31,4	-0,5	-0,5	41,9	42,4	42,1	-0,3	0,2
Western Cape	19,6	19,7	18,1	-1,6	-1,5	24,9	25,8	23,7	-2,1	-1,2
Eastern Cape	36,6	41,2	42,5	1,3	5,9	47,6	50,2	51,4	1,2	3,8
Northern Cape	27,4	31,2	27,1	-4,1	-0,3	39,8	46,5	42,9	-3,6	3,1
Free State	37,9	36,2	37,2	1,0	-0,7	44,3	42,7	44,1	1,4	-0,2
KwaZulu-Natal	28,6	31,7	32,3	0,6	3,7	44,7	46,6	47,1	0,5	2,4
North-West	41,3	38,1	35,1	-3,0	-6,2	52,8	52,5	50,9	-1,6	-1,9
Gauteng	34,4	33,1	33,0	-0,1	-1,4	39,9	39,6	39,4	-0,2	-0,5
Mpumalanga	34,7	34,0	32,3	-1,7	-2,4	47,2	47,5	46,3	-1,2	-0,9
Limpopo	31,9	29,8	28,2	-1,6	-3,7	46,5	45,1	46,1	1,0	-0,4

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

During 2025:Q4, the Western Cape, Limpopo and the Northern Cape recorded unemployment rates below the national average. All other provinces exceeded this benchmark. The Eastern Cape posted the highest unemployment rate nationally (42.5%), followed by the Free State (37.2%) and North-West (35.1%).

Nationally, the combined rate of unemployment and the potential labour force declined by 0.3 percentage points, from 42.4% in 2025:Q3 to 42.1% in 2025:Q4. Five provinces recorded improvements, with the largest declines observed in the Northern Cape (down 3.6 percentage points),

Western Cape (down 2.1 percentage points) and North-West (down 1.6 percentage points). Conversely, the Free State, Eastern Cape and Limpopo reported increases of 1.4 percentage points, 1.2 percentage points and 1.0 percentage point, respectively.

Year-on-year, the national combined rate increased marginally by 0.2 percentage points, with three provinces reflecting upward trends. The Eastern Cape recorded the largest increase (3.8 percentage points), followed by the Northern Cape (3.1 percentage points) and KwaZulu-Natal (2.4 percentage points). In contrast, North-West, Western Cape and Mpumalanga registered declines of 1.9 percentage points, 1.2 percentage points and 0.9 of a percentage point, respectively.

1.4 Decomposition of the Free State Labour Market

In the Free State, the labour force increased marginally from 1 226 000 to 1 227 000 between 2025:Q3 and 2025:Q4, reflecting a net gain of approximately 1 000 individuals, while the working-age population remained stable.

Table 4: Free State Labour Force Characteristics

	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Population 15-64 yrs	1 941	1 944	1 944	0	3	0,0	0,2
Labour Force	1 207	1 226	1 227	1	20	0,1	1,7
Employed	750	782	771	-11	21	-1,4	2,8
Formal sector		553	541	-12		-2,2	
Informal sector		164	159	-5		-3,0	
Household sector		65	72	7		10,8	
Unemployed	457	444	456	12	-1	2,7	-0,2
Outside of labour force	735	718	717	-1	-18	-0,1	-2,4
Potential Labour Force	139	138	151	13	12	9,4	8,6
Available jobseekers	138	137	151	14	13	10,2	9,4
Discouraged jobseekers	109	90	116	26	7	28,9	6,4
Other (Available jobseekers)	29	47	35	-12	6	-25,5	20,7
Unavailable jobseekers	2	1	0	-1	-2	-100,0	-100,0
Other (Outside the Labour Force)	595	579	566	-13	-29	-2,2	-4,9
Key rates: Working-age Population							
Labour force participation rate	62,2	63,1	63,1	0,0	0,9		
Employed / population ratio (Absorption)	38,6	40,2	39,7	-0,5	1,1		
Inactivity rate	37,8	36,9	36,9	0,0	-0,9		
Labour underutilisation (LU) indicators (%)							
LU1-Unemployment rate	37,9	36,2	37,2	1,0	-0,7		
LU2-Combined rate of unemployment and time-related underemployment	41,8	39,7	40,9	1,2	-0,9		
LU3-Combined rate of unemployment & potential labour force	44,3	42,7	44,1	1,4	-0,2		
LU4-Composite measure of labour underutilisation	47,8	45,8	47,3	1,5	-0,5		

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

Over the same period, employment declined by 11 000 (from 782 000 to 771 000), whereas the number of unemployed persons increased by 12 000. These movements resulted in an official unemployment rate of 37.2%, an employment (absorption) rate of 39.7%, and a labour force participation rate of 63.1% in 2025:Q4.

The number of individuals classified as outside the labour force decreased marginally by 0.1% (fewer than 1 000 persons) during the quarter. On a year-on-year basis, the provincial labour force expanded by approximately 20 000 individuals, while employment increased by 2.8% (21 000 more workers). Unemployment decreased by 0.2% (1 000 less individuals).

1.4.1. Employment in the Free State Province

Sectoral analysis indicates that of the 771 000 employed persons in 2025:Q4, 70.1% (541 000) were engaged in the formal sector, 20.6% (159 000) in the informal sector, and 9.3% (72 000) in household sector. These estimates are based on the 21st resolution of the International Conference of Labour Statisticians (ICLS), which recommends classifying employment into three sectors: formal (including agriculture), informal (including agriculture), and households.

Community and social services remained the largest employing sector in the province (205 000 jobs), followed by trade (157 000) and agriculture (92 000). Utilities (water, gas and electricity) continued to be the smallest sector, employing approximately 2 000 individuals, while mining and transport accounted for 26 000 and 36 000 jobs, respectively.

Quarter-on-quarter, the most significant job losses were recorded in community and social services (-18 000), finance (-15 000), and transport (-7 000). Conversely, employment increased in agriculture (20 000), private households (7 000), and trade (5 000). On a year-on-year basis, total employment in the province grew by 2.8%, with agriculture recording the strongest growth (38.4%), followed by mining (29.3%) and trade (9.2%). Notable annual declines were observed in utilities (-62.0%), finance (-15.2%), and transport (-7.2%).

Table 5: Free State Employment by Industry/Sector

	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Industry	750	782	771	-11	21	-1,4	2,8
Agriculture	66	71	92	20	25	28,6	38,4
Mining	20	26	26	0	6	0,2	29,3
Manufacturing	46	47	47	0	2	0,1	3,4
Utilities	5	2	2	0	-3	-2,3	-62,0
Construction	54	60	55	-5	1	-8,9	1,1
Trade	144	152	157	5	13	3,5	9,2
Transport	38	42	36	-7	-3	-16,4	-7,2
Finance	94	94	80	-15	-14	-15,5	-15,2
Community and social services	216	222	205	-18	-12	-8,0	-5,4
Private households	67	65	72	7	5	10,9	7,5

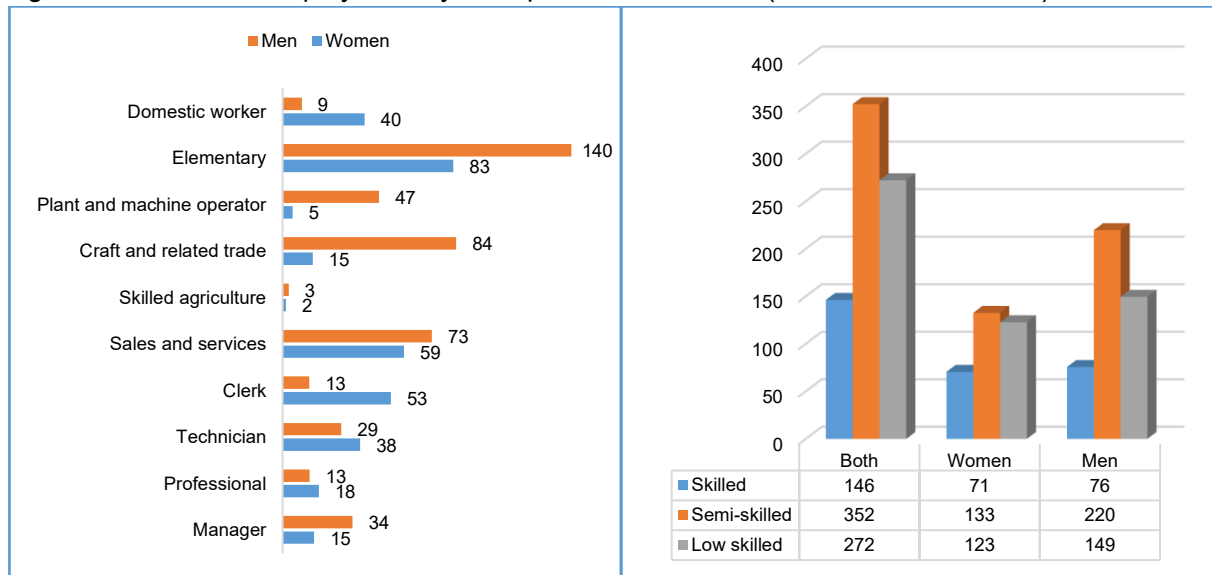
Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

Gender-disaggregated data show that women were predominantly employed in professional, technical, clerical, and domestic occupations, while men dominated managerial, sales and services, skilled agricultural, craft and related trades, plant and machine operation, and elementary occupations. Overall, women accounted for 42.3% of total employment compared to 57.7% for men. The provincial workforce is largely semi-skilled (45.7%), followed by low-skilled (35.3%) and skilled workers (19.0%).

Among employed women, 71 000 (21.6%) were in skilled occupations, 133 000 (40.7%) in semi-skilled roles, and 123 000 (37.7%) in low-skilled positions during 2025:Q4. Quarter-on-quarter, female employment declined by 14 000, while male employment increased by 3 000. Currently, 326 000

women are employed in the province compared to 445 000 men. The unemployment rate for women increased by 0.6 percentage points, while that for men rose 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, 2025:Q4)

The provincial labour force participation rate for women stood at 55.6% (unchanged from 2025:Q3), compared to 70.8% for men (slightly lower than the 71.1% recorded in the previous quarter). This persistent gap underscores the structural barriers limiting women's participation in the labour market. Across South Africa, women continue to experience disproportionately higher unemployment and underemployment rates, partly due to unequal household and caregiving responsibilities that constrain labour market access and advancement opportunities.

1.4.2. Unemployment in the Free State Province

Unemployment in the province increased by 12 000 (2.7%) quarter-on-quarter, largely driven by new entrants and individuals classified under "other" reasons. However, on a year-on-year basis, unemployment declined marginally by 0.1%, mainly due to a reduction in job losers and job leavers.

Table 6: Free State Characteristics of the Unemployed

	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Unemployed	457	444	456	12	-1	2,7	-0,1
Job losers	164	156	145	-11	-19	-7,2	-11,8
Job leavers	16	16	14	-2	-2	-14,9	-11,4
New entrants	173	165	186	21	13	12,9	7,7
Re-entrants	3	3	3	0	0	-7,7	3,5
Other	101	103	108	5	7	4,6	7,2

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

Of the 456 000 unemployed individuals in 2025:Q4, 58.5% (267 000) were under the age of 35. Youth aged 15–24 years recorded the highest unemployment rate at 58.6%, followed by those aged 25–34 years at 49.5%. Compared to the previous quarter, the overall unemployment rate increased by 1.0

percentage point, reflecting notable shifts across age cohorts. Year-on-year, the unemployment rate fell by 0.7 percentage points, driven primarily by decreases among individuals aged 15–24 years (9.6 percentage points) and 45–54 years (7.9 percentage points).

Table 7: Free State official Unemployment Rate by Age Group

Age categories	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change
	Per cent			Percentage change	
15-64 years	37,9	36,2	37,2	1,0	-0,7
15-24 years	68,2	65,1	58,6	-6,5	-9,6
25-34 years	46,9	41,4	49,5	8,1	2,6
35-44 years	30,4	35,2	34,1	-1,1	3,7
45-54 years	28,4	23,7	20,5	-3,2	-7,9
55-64 years	16,4	16,1	16,9	0,8	0,5

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

In terms of educational attainment, 44.5% of unemployed individuals had not completed secondary education, while 55.5% had secondary or higher qualifications, including 26.7% with tertiary education. This distribution reflects a structural shift toward higher educational attainment among the unemployed, highlighting challenges related to labour market absorption and skills-demand alignment.

Table 8: The Highest Level of Education of the Unemployed

Highest level of education	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
The unemployed	457	444	456	12	0	2,7	-0,1
No schooling	5	3	3	0	-2	-9,4	-40,9
Less than primary completed	17	16	20	4	3	23,1	16,8
Primary completed	18	13	12	-1	-6	-7,7	-35,3
Secondary not completed	190	185	169	-16	-21	-8,6	-11,3
Secondary completed	176	186	197	10	20	5,5	11,6
Tertiary	50	39	52	13	2	33,2	4,1
Other	0	2	4	2	4	0,0	0,0

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

The educational composition of unemployment in the Free State reflects a structural shift toward higher levels of educational attainment among the unemployed. While progress is evident in reducing unemployment among those with very low levels of education, the growing share of matriculants and graduates among the unemployed underscores a critical challenge in labour market absorption. Policy interventions must therefore move beyond access to education and focus on improving economic dynamism, entrepreneurship development, and skills-demand alignment to strengthen employment outcomes.

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

A portion of young people remain disengaged from both the labour market and the education system; they are not in employment, education, or training (NEET). The NEET rate is therefore a key supplementary indicator for assessing youth labour market challenges.

The proportion of youth not in employment, education, or training (NEET) remains a critical concern. In 2025:Q4, approximately 163 000 individuals aged 15–24 years were classified as NEET, representing 8.4% of the working-age population. Of this group, 54.0% were females and 92.1% were African. Compared to 2024:Q4, the number of NEET youth declined by 3.3%.

Table 9: Profile of Youth not in Employment Education or Training (NEET) in Free State

	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Both sexes	169	163	163	0	-6	0,0	-3,3
Women	105	90	88	-2	-17	-2,0	-16,2
Men	64	73	75	2	11	2,4	18,0
Population groups	169	163	163	0	-6	0,0	-3,3
Black/African	163	153	150	-3	-12	-1,7	-7,6
Coloured	4	2	6	4	2	173,0	35,0
Indian/Asian	0	0	0	0	0	0,0	0,0
White	1	8	6	-2	5	-21,9	1,0

Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

1.4.4. Outside the Labour Force in the Free State Province

The term “outside the labour force” refers to individuals who are not actively seeking employment, even though they may wish to work. This group is distinct from the unemployed, who are actively seeking employment and available to commence work. Being classified as outside the labour force, therefore, reflects a status of non-participation in the paid labour market, rather than active unemployment.

Table 10: Free State characteristics of those Outside the Labour Force

	Oct-Dec 2024	Jul-Sep 2025	Oct-Dec 2025	Qrt to Qrt change	Year on year change	Qrt to Qrt change	Year on year change
	Thousand				Percent		
Outside the Labour Force	735	718	717	-1	-18	-0,1	-2,5
Student	314	309	300	-9	-14	-3,0	-4,4
Home-maker	77	94	88	-6	11	-6,6	14,3
Illness/disability	93	99	97	-3	4	-2,8	4,2
Too old/young to work	74	65	68	3	-6	5,1	-8,0
Discouraged work seekers	109	90	116	26	7	28,5	6,5
Other	68	60	48	-12	-20	-19,7	-29,5

Source: Statistics South Africa (Quarterly Labour Force Survey, 2025:Q4)

Approximately 36.9% of the working-age population in the province were outside the labour force in 2025:Q4. The primary reasons for non-participation were studying (41.9%), discouragement (16.2%), and illness or disability (13.5%).

The number of individuals outside the labour force declined by 1 000 (-0.1%) quarter-on-quarter and by 18 000 (-2.5%) compared to the same period in 2024.

1.5 Concluding Remarks and Policy Recommendations

South Africa's official unemployment rate declined from 31.9% in 2025:Q3 to 31.4% in 2025:Q4. During this period, employment increased by approximately 44 000 individuals, while the number of unemployed persons decreased by 172 000. Concurrently, the number of individuals outside the labour force rose by 248 000.

At the provincial level, the Western Cape recorded the lowest unemployment rate at 18.1%, followed by the Northern Cape (27.1%) and Limpopo (28.2%). In contrast, the Eastern Cape registered the highest unemployment rate at 42.5%, followed by the Free State (37.2%) and the North-West (35.1%).

In the Free State, the number of unemployed individuals increased by 12 000, rising from 444 000 to 456 000, while employment declined by 11 000, from 782 000 to 771 000. As a result, the provincial labour force expanded marginally by 1 000 individuals, alongside a decrease of 1 000 in the number of people outside the labour force.

The combination of the decline in employment and an increase in unemployment led to a 1.0 percentage point increase in the Free State's unemployment rate, reaching 37.2% in 2025:Q4. Over the same period, the labour force participation rate remained unchanged at 63.1%, while the absorption rate declined by 0.5 of a percentage point to 39.7%.

While national labour market indicators show marginal improvement, the Free State's employment contraction and rising unemployment rate signal structural weaknesses in labour absorption. Policy responses must therefore focus on targeted sector support, skills alignment, enterprise development, and investment facilitation to reverse the current trajectory and strengthen inclusive growth.

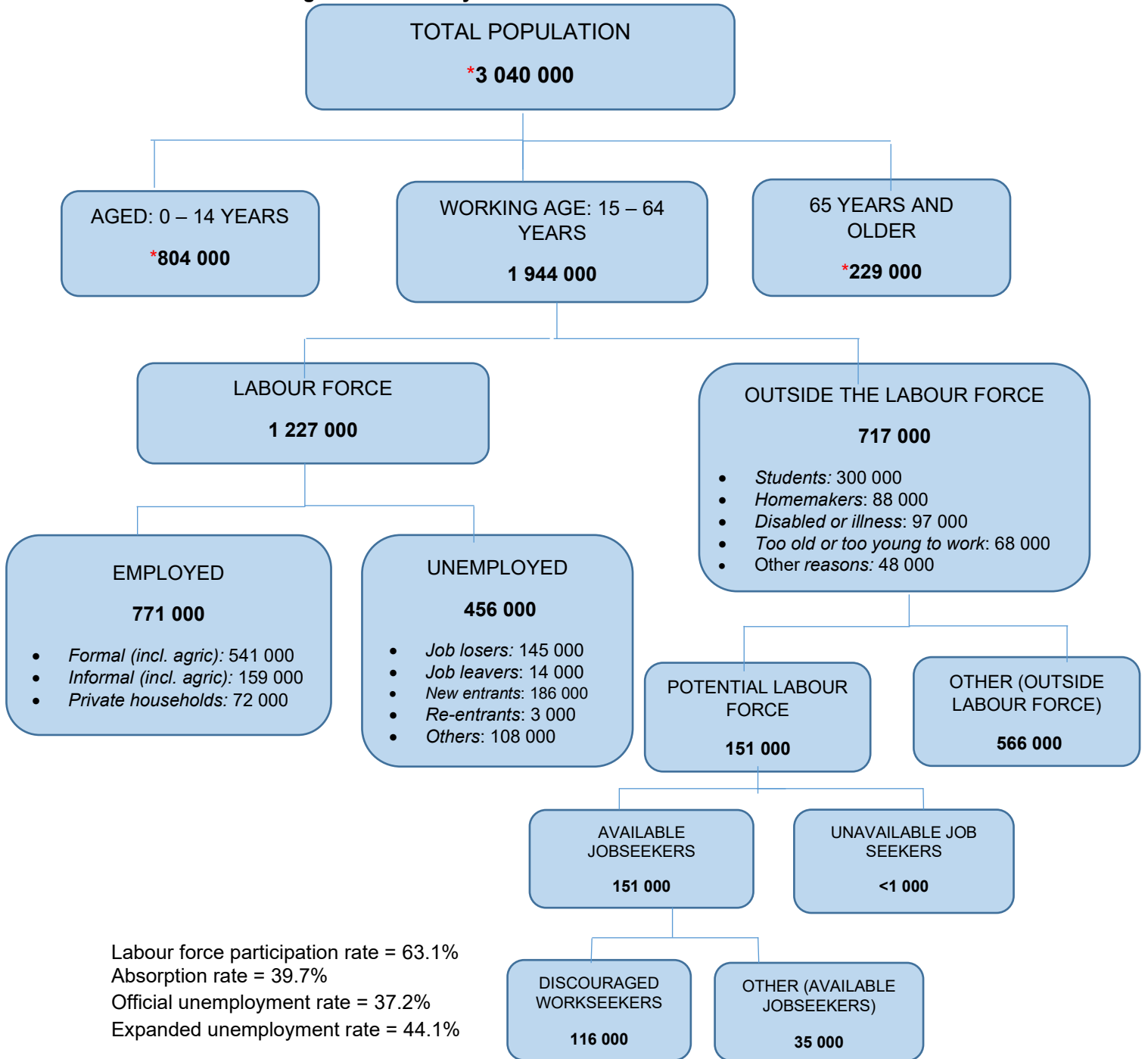
Government should assist in unlocking employment potential through enterprise development and inclusive procurement. SMME and informal sector support is needed as the small enterprises are key drivers of job creation. This can be done by improving access to finance for start-ups and township enterprises, reducing administrative burdens for small businesses, introducing procurement set-asides for local SMMEs, and by strengthening business incubation and mentorship programmes.

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APPENDIX

Diagram 1: Summary of the Free State's labour market - 2025: Q4



Source: Statistics South Africa, Quarterly Labour Force Survey, 2025:Q4

Note: (*) Mid-year population estimates, July 2025 (Note: Mid-year population estimates figures do not correspond to QLFS figures (Working age population)