

## **THE EMERGING CONTOURS OF A CREDIBLE INSTITUTIONAL PLANNING MECHANISM FOR SOUTH AFRICA: TOWARDS A COMMON PERSPECTIVE**

### **LMIP POLICY ROUND TABLE 2**

**19 MARCH 2014**

The Labour Market Intelligence Partnership (LMIP) hosted a policy roundtable to open debate on the nature and shape of an appropriate institutional skills planning mechanism for South Africa. The event drew a range of stakeholders from across the SETA, labour market and political economy spectrum. The programme is attached, and the full presentations are available on the website, [www.lmip.org.za](http://www.lmip.org.za).

We report here on the key ideas, proposals, points of discussion and debate, with the intention to facilitate ongoing critical comment and stakeholder contributions. Such a widespread process of engagement is critical to DHET's task of delivering a skills planning mechanism.

### **OPENING THE DISCUSSION**

In his opening address DG Qonde stressed that the LMIP project seeks to contribute to a common theoretical and methodological framework for facilitating future policy. The roundtable provides an opportunity for the active and vigorous intellectual engagement required to interrogate proposals..



**Director-General Mr. Gwebinkundla Qonde, Department of Higher Education and Training**

DHET needs a framework for skills planning in South Africa, and to build future capacity for analysis of skills demand and labour market information that will support government, business and job-seekers. The aim of the roundtable is to inform a framework for skills planning: how we are going to produce the skills and where? Drawing on his own experience as a teenager looking for jobs in the Vaal Triangle, the DG highlighted the painful consequences for those who do not have a trade or a qualification, and the national significance of the delivery of quality educational services to consumers of education and training:

*If you don't realise the pain of not having a trade or qualification, you will not understand the significance of training the nation to become citizens that can contribute in their livelihoods and the economic development of the country.*

*If you want your child to go to a college or university, as a parent you look at which institution will equip my child better, how will they emerge from the experience? The prestige of a university lies in teaching, learning and research, and of a college, in teaching, learning and training – if we are not able to achieve that quality, parents will turn their backs on institutions. Parents will not choose institutions that lack reputation and status. This trend is not spoken of, but in reality, we must not falter in what the citizens of the country demand of us, the services we need to deliver to them*

*Therefore we are pinning our hopes on you because the country needs it. We need a better educated population, in every country this is the challenge. We need to pick up from where we are, take along our citizens on this path. Shortcuts or luck will not lead us to success as a nation, for the entire society. And the best way is to equip and train.*

***The DG thus posed a challenge to the policy makers and researchers present, to consider how our research supports the national process and imperatives.***

**Dr Temba Masilela, the Deputy CEO of the HSRC welcomed all participants.** He acknowledged the trust the DHET has placed in the HSRC and its consortium partners, DPRU and Wits REAL, and used the opportunity to acknowledge the role of all the partners in the research.

Dr Masilela proposed that the character and quality of the type of research being done in the country provides an indication of where we are and how our thinking has matured.

The goal is to inform a credible institutional mechanism for skills planning. It is possible to adopt a technical perspective, and look at the LMIP project in terms of informing a technical support mechanism. However, this does not take into account the need to locate a skills planning mechanism in terms of a state-centred ideological perspective. The central commitment of the National Development Plan is to build a capable developmental state, and the skills planning mechanism is critical to that objective.

Credibility for a skills planning mechanism will result from both the quality and integrity of the research that informs policy development, and from the process of development utilised in reaching particular decisions.

***Therefore, Dr Masilela proposed that such a policy roundtable is significant, to validate the research and its findings with stakeholders, and contribute to the process of building a developmental state.***

## **SESSION 1. PROPOSALS FOR A SKILLS PLANNING MECHANISM FOR SOUTH AFRICA**

The first presentation, by DDG Firoz Patel, set the policy context leading up to and informing the proposals of the White Paper on Post School Education and Training, gazetted in January 2014, noting that the integration of education and training could only be achieved from 2009. Currently, choices and priorities of university or college offerings and skills development programmes is left up to learners' individual preferences or competences, and the internal politics of education and training institutions. Government has a complex task, to play a stronger role in steering skills development, without interfering in institutional autonomy, but at the same time, ensuring public accountability. To assist in this task, the White Paper proposes that DHET should establish a Skills Planning Unit, as a *locus* for engagement with key economic departments; a repository of labour market information; and to promote and build skills for research and analysis. DDG Patel identified what DHET stakeholders hope to achieve from the deliberations of the roundtable:

- Common understanding about the conceptualisation of the Skills Planning Mechanism (SPM)
- Concrete suggestions about what a SPM should do
- Greater understanding of the process of developing a SPM, and greater willingness to support and engage with the process
- A better understanding of the needs, capabilities and constraints of our partners
- And finally, progress towards a common perspective on what needs to be done, and how best to do it

He stressed the direct, operational significance of the LMIP research on a skills planning mechanism:

***Bureaucrats need frameworks, to get cooperation and implement policy – thus, we need frameworks, and will hear today what is proposed.***

**‘Labour Market Intelligence systems and mechanisms for skills planning: Lessons and recommendations for South Africa’: presentation by Dr Marcus Powell and Dr Vijay Reddy.**

Dr Vijay Reddy, the project director, stressed that the LMIP is a unique kind of project, not distanced from its users, and hence, the starting point is an evidence based perspective to inform government decision making. A key assumption is that we need to build on, adapt and consolidate what we already have in place.

The LMIP team has undertaken serious grappling and consultation, to present the work at this point. Researchers and government roles are distinct, and the challenge is to keep a healthy tension and not collapse roles. The process thus far entailed research and empirical work, followed by a consensus building exercise, through multiple engagements with key stakeholder groups, in particular, close work with DDG Patel, to inform and refine ideas and proposals. The policy roundtable is a key part of the process, as are forthcoming meetings with the economic cluster.



Dr. Marcus Powell (Centre for Employment Studies, UK) and Dr. Vijay Reddy (HSRC)

Marcus Powell presented the research conducted by the LMIP. Definitions of a Labour Market Intelligence System and a Mechanism for Skills Planning were outlined, drawing a critical distinction between the two inter-connected concepts to highlight the key dimensions of the model proposed. Research concentrated on mapping the current mechanism for skills planning and structures for LMIS in South Africa, and how they have operated. The evidence suggests that they have performed poorly and do not support the development of the right quantity and quality of skills. The reasons for the poor performance were analysed. A second component of the research was to study the approaches underlying skills planning mechanisms in other countries, and draw out lessons for South

Africa. A third component was to consider the direction proposed in the White Paper, as presented by DDG Patel. Drawing on these three sources of evidence, the LMIP proposes:

- Underlying principles that could inform the approach to skills planning in South Africa
- An architecture and road map for reform of the current structures and processes for Labour Market Intelligence
- An architecture and road map for strengthening a Skills Planning Mechanism

A complex system is proposed, which means implementation is key. Thus, the LMIP team presented the architecture as a first step, in order to gain consensus, and once this is achieved, subsequent research will follow on how all the structures and actors could work together, to create an implementation road map.

### **STAKEHOLDER DISCUSSION:**

In general, the response to the LMIP proposals was positive. DHET officials requested a process for providing feedback on the document and how it will be engaged with. Vijay Reddy stressed that all comments are to be taken on board as part of the feedback process. The team will engage with comments, in order to put an evidence based model forward.

Comments and discussion on the model proposed and its conceptual underpinnings:

- Concern was expressed at the **distinction between an LMI and a SPM** – they can be treated as separate dynamics but they are inter-related and in reality, things don't work like that in the real economy - the inter-relationship is much closer. If we keep an LMIU separate, it means that we have created more levels of planning. BUT the idea was to simplify in order to move on to a new growth path. Several levels of planning will mean more complexity, that the system becomes too planning heavy, and that we will struggle with data. It does not say how we will get the skills we require (dti representative). In response, Vijay Reddy agreed that real life is always messier than models, and in most countries, there is typically not a single model. One option is to simply say – improve the quality of schooling and what comes out of the system. For purposes of illustration and elaboration, the LMIP team had to distinguish the LMIU and the planning mechanism but they are not separate. The proposal is not an aspirational new structure to be created; rather, the LMIP team propose a phased approach, incrementally building on what we have with the skills we have. Marcus Powell added that in reality, in a good system, the two should be the same – if the planning system works well, it draws from the information system. One can't work without each other. The team recognise that, but in order to develop the detail, it was necessary to consider each separately.
- In terms of the four models presented: analysis hints that SA is currently a market led model – so **what exactly is our model**, what are the key problems that have affected it, and the reasons that it has not worked or have we had an ad hoc system and are now trying to make a model ? (NALEDI representative). In response, Marcus Powell explained that the SA model in many ways, is still emerging, and is its own model. The approach outlined in the presentation helps to understand the reality, the situation, what is going on. For example, in relation to the role of a developmental state – how can we operationalise, make it practical? This takes time.

- In line with the input on the Dutch model, the SA model requires **elevation of the category of occupation**. In his introduction Firoz Patel had pointed out how sector planning does not necessarily provide an economy wide perspective whereas occupations cross these boundaries. This dimension is missing in the model at the moment, and it is not a small point. Occupations are held by individuals and give people mobility across sectors. Therefore this influences where you position your planning tool and is a key point of debate (DHET SIP). In response, Marcus Powell pointed to the need to understand what skills employers think are needed, but also, we need to look at national demand. Currently a lot of attention is on scarce skills, but this is a small proportion of the skills produced, and the more important issues are about quality and producing more skills. Given the complexities of global capitalism and how it changes, a lot more debate should be about quality, not simply producing a scarce skill.

Some comments added information or raised questions that need to be taken into account, to refine and think through the detail of the proposed structures and mechanisms:

- The **CHE does not play a role in skills planning** but only quality assurance and advise to the minister - it is a watchdog on the quality of what is out there. Planning is the role of DHET – CHE is supposed to monitor and can't plan supply at the same time (DHET HE branch). This led to some discussion and support for the idea that the CHE *should* be involved in skills planning (SETA representative).
- There is already a cabinet memorandum on the cards to **facilitate cooperation** between professional associations, SETAs and universities (DHET HE branch)
- We need clarification on **sector skills plans in universities and colleges** – will they be done individually by institutions, or sectorally, and how will they be coordinated? (SETA representative). Firoz Patel (DHET) responded that currently it is done in the context of demand signals. At the macro level, university funding is block funding, but decisions on which programmes to offer are largely institutional based, particularly in colleges, strongly informed by supply and demand of individual learners, but this needs to be interpreted in the context of desperation for any form of certification, career development and services. Engela added that universities do enrolment planning themselves, but not in isolation from broader structure. DHET is now encouraging universities to include SETAs, industry and colleges in their planning, and they need to consider how they consolidate. University's concern is "what do we need to supply, we currently supply what we have the competence to do", rather than looking what is out there and "what we need to respond to".
- In terms of an economic sector voice, the **role of the Productive Sectors Forum** that was recently established, and the relationships between the PSF and the proposed institutional landscape needs to be determined (Consultant to Economic Development).
- in terms of data – where is the **data for skills that are being lost** mentioned – for example, skills lost to death, offenders, emigrants – where can this be placed? (DHET).
- The **role of employers in terms of work integrated learning** and making workplaces a learning space has not had enough emphasis in skills planning (SETA). In response to this comment, Firoz Patel quoted the current skills problem – *people without jobs and jobs without people*. The model begins to talk about aligning supply and demand – but how responsive is the supply side, what is the ability of the supply side to meet that demand? He

reported that Dr Kruss is working on this in other LMIP projects, and that DHET is looking at workplace learning and trying to get a clear policy directive to deal with the issues. From an information system point of view, we are in the process of doing a patch up job – to mediate between learners that require workplace exposure/learning and match them with firms that have the space. Emphasis is on working with business to ask them to create a space through the Skills Accord, as social partners committed to workplace learning.

Some comments point to possible blockages:

- Expectations are placed **on SETAs**, and the proposed mechanism still emphasises their role – but have issues of their **capabilities** been addressed, as the process continues to evolve? (Home Affairs representative). Others provided evidence of what is possible in some SETAs. For example, over the last three years CHIETA has built an electronic platform of the details of the workforce from HR managers, at unit record level. This helps CHIETA, according to models presented, to determine how to coordinate and disseminate information, take decisions on what to fund, and which skills to develop. It is based on a SARS / tax collectors model and is reportedly working brilliantly, so that CHIETA proposes that type of information should be centralised. It is all about a citizenry that needs work, and the economy (SETA representative). The WP does not propose that we have to review the existence of SETAs, but rather, to ensure they work in an integrated manner (DHET). A consultant argued that capacities have greatly increased over the last few years in *some* SETAs. The problem lies in that SETAs are told to plan for their sector but at the same time, speak to conflicting multiple national priorities such as rural areas and ABET. Such role confusion becomes a constraint, rather than simply bad data.
- Marcus Powell referred to the role that **enterprises** are expected to play and problematized why they are reluctant to get involved, arguing that their participation is of high importance. This echoed Firoz Patel's introductory question: 'How can the DHET meet the needs of enterprises and small players?' Perhaps their needs are not adequately understood which contributes some level disaffection.

## SESSION II. ENGAGEMENTS WITH THE PROPOSED SKILLS PLANNING MECHANISM

The second session panel presented engagement with and responses to the proposed skills planning mechanism, from the perspective of a range of stakeholders: Performance Monitoring and Evaluation in the Presidency, the National Planning Commission, the Department of Economic Development, the Special Projects Unit in DHET, and a DHET consultant on labour market information systems.





**Panellists: (l-r) Ms Carmel Marock, Dr Thabo Mabogoane, Mr Khulekani Mathe, Ms Adrienne Bird, Prof. Hoosen Rasool and Prof. Haroon Bhorat (chair)**

Carmel Marock of Singizi Consulting presented demand side considerations based on her work with the Department of Economic Development. A key problem is that economic stakeholders do not engage sufficiently with demand side forecasting and planning. There has been little articulation of what skills are required if economic policies are to succeed, and this is a key constraint to understand supply and demand.

She too, stressed the point raised by Marcus Powell, that demand planning in South Africa has tended to focus on skills shortages rather than what is needed for growth, which is too limited. There is a need for quantifiable lists for operational decision making, such as at Home Affairs, but this misses the medium and long term demand. In South Africa, there has been a tendency to fall back into Manpower Planning, rather than considering what kinds of plans are required for long term vs medium term vs short term – are they different and what are the implications for methodology? Other projects in the LMIP are testing different methodologies such as forecasting and sector firm surveys, which can inform proposal going forward. Likewise, there are many available databases that need to be tested further.

Thabo Mabogoane of Performance Monitoring and Evaluation in the Presidency drew on his extensive experience with governments M&E systems. The NDP is the bible guiding where the country is going. At departmental level, how do we ensure that information actually influences where it should? How do we translate data to influence policy, in ways that policy makers can consume research effectively?

We know what the challenges are and now we are trying to determine how the system can overcome these challenges. We need skills for planning to move away from narrow matching of supply and demand, to focus on the soft skills that people should have. Where there is uneven quality of data in a planning cycle, we can't treat data as homogenous, how do we strengthen those systems?

Some areas to strengthen institutions to support an LMIU as in the proposed model:

- Intelligent producers of information, not only intelligent users – how do we help parastatals and government involved in skills planning to generate useful information that goes beyond a narrow focus?



- Inter and intra government data collection and use – silo and territorial mind-sets impact on coordination.
- A key dimension is developing standardised definitions, whether we have centralised or decentralised processes to decide definitions, so that systems can articulate and talk to each other.
- Timeous data – as bureaucrats, we need data now, there is no time for it to be verified and reanalysed, which is a challenge for departments and researchers. As discussed, there should be a healthy tension and we need processes and procedures, or this can kill the model, if it is not managed well.
- Market signalling – such as placement of graduates – how do we find supporting mechanisms for universities and SETAs so that students prepare themselves in occupations in demand, rather than just a qualification that will lead to frustration? Bear in mind the asymmetry of markets, so that we can't predict accurately, but only identify trends and signals for planning. We cannot predict precise numbers in a particular occupation and qualification

Khulekani Mathe of the National Planning Commission began by commending DHET for undertaking this very important and complex work. Weak planning capacity holds development back and he advocated for better planning at various levels, particularly skills planning. However, he cautioned that we must be a bit modest about what planning can achieve – it is not a solution to everything. It can help as a process, but what else makes development and an economy work? What will give this model traction? Why should anybody believe the information that comes from an LMIU and buy in to the SPM? He urged the stakeholders to think more carefully around consensus building, buy-in, to make sure the proposed models work.



Dr Thabo Mabogoane (Department of Performance Monitoring and Evaluation) and Mr. Khulekani Mathe (National Planning Commission)

The recent history of skills planning has not been successful, and we have to explain why things did not happen as intended, to resolve problems and constraints:

- We need to understand the economy for which we are planning. There are mixed messages about what kind of economy we are – some believe we are a classic planned economy, but we are a market economy. We did not have an industrial policy for a long time, so it is inevitable that the skills planning side would struggle. The situation is improving with the iterations of IPAP. Without that, skills planners would not know what to do
- The relationships between key actors in the economy is important - what is the credibility of the information that comes out of government agencies? We have to build a level of trust if we want cooperation, and for industry to provide useful information. A consensus building approach is critical. The process cannot simply be driven by government without regard for what other actors – particularly industry – think, or we will have reluctant participants which weakens uptake and compliance. Also the issue is not just about participation of the private sector but also what it is prepared to bring to the table.
- The architecture of system – we can see where it comes from but must caution DHET to tread carefully and build on existing institutions, improve, rather than taking a big bang approach. Politicians may want to launch a big idea, therefore one must urge for caution in crafting the discussion document, to avoid the temptation of a quick fix.

- Currently, we require too much planning at different levels, which requires a high degree of information often from same source. How do we simplify so that it is not overwhelming for users?

Adrienne Bird of the Special Projects Unit in DHET urged that the unit needs to be part of discussion and planning of the SPM, and the Strategic Infrastructure Programmes (SIP) work needs to be integrated into a future LMIU. She presented lessons from the SIPS methodology that might be useful, given that it was developed under intense delivery pressure in a real world environment.

The central language used was that of planning around *occupations*, which may cut across multiple sectors. The methodology was designed in the form of a data value chain:

1. All SIP projects were analysed for their sectoral character to develop prototypes, to develop a list of occupations required for the whole cycle.
2. A list of occupations in demand (and quantity required) was generated from the prototypes, by scaling up to real projects. Professional judgement was also used to identify scarce skills.
3. DHET institutions were informed about the list, to use when they do bottom-up planning. On this basis, a first generation plan was developed.
4. Occupational Teams were established, drawing on the best experience we have, namely advisory committees for technikons. As national structures, OTs are akin to those in function and structure. Success depends on the quality of individuals involved in an OT – those involved in theory, training centre, workplace and assessor convenors. The OT needs to pull in intermediaries from different sectors, working across occupations. This is intended to give workers mobility across sectors. The OT serves to build a network and communities of practice, as a share point and for reporting per occupation.
5. Engagement with SETAs meant getting commitment to the SIP scarce skills, to allocate funding against the skills demand plans
6. Engagement with institutions then fed into their planning cycles
7. Finally, reports and M&E assess the progress.

The SIP team urged that this should become a model for skills planning across the system.

The final panel presentation was by Hoosen Rasool, a consultant to DHET, and focused on the labour market intelligence system. His presentation showed how important it is to have a shared set of definitions and terminology. He argued that a labour market information system already exists and resides largely in Stats SA, in the Quarterly Labour Force Survey. He identified two approaches to skills planning: the linear / manpower planning and the systemic, and urged that we need to draw on the best of both for SA. His focus was on delineating precisely what must a SPM measure, and he presented data source models to illustrate:

- Demand side – latent and manifest skills needs
- Supply - stock and recruitment
- Deployment – how employable are people?

## STAKEHOLDER DISCUSSION

The level of discussion, presentations and questions was high, and all were seen as useful to enrich the process.

Stakeholders confirmed and reiterated the significance of issues raised by panellists:

- The issue of **how do we engage with industry** is critical – where do we engage with industry in this process? (SETA representative). Khulekani Mathe responded that the risk is getting the numbers right – and even if we get them absolutely right, that does not mean the skills will be produced. How we interact with industry is critical – we can't simply call them to a room and give them instructions and then things will happen. Therefore industry engagement and buy-in to the general direction is critical for progress –or it won't work.
- The issue of **terminology** – evident in inconsistency in the use of key terms – is important in communication of the model and process (SETA representative).
- The issue of **timing**. We are entering a new financial year and planning, so access to information is crucial. Indicative signals and influences on planning may be what are possible now, but time is of the essence if we want to influence how SETAs arbitrarily allocate numbers (SETA). Firoz responded that the LMIP is not about urgent and current needs. However, the LMIP team is looking to turn project outputs into usable forms, for example, an emerging scarce list of priority occupations. Drafts will use a number of methodologies and be put out to public comment. Stakeholders will be given the opportunity to "better it, or we use it".

There was extensive debate on **what skills planning can and cannot do**:

- Panellists stated we can't give **numbers** – we need a more nuanced approach than that. Maybe we can provide numbers for certain occupations such as doctors? We do need to clarify a common understanding of what are we measuring – shortages or need, and what is demand? Panellists warned against getting bogged down in numbers, with the fear that it can go totally wrong. However we are living in a target driven regime – NPC/ NDP has set targets until 2030, for example, **targets** for artisans – how did we arrive at that figure? Internationally target setting is the game although it has its problems, but that is the regime, so we can't say we can't have numbers. We must know how we want to use the numbers and engage in discussion about how USE the numbers (DHET).
- Thabo Mabogoane responded that when doing predictions, we cannot be precise, there will always be variation, given the market will intervene, agency of individuals. This does not mean you don't set targets. Their purpose is signalling where we are going, to direct resources and ensure skills for the future. However, guard against forecasting such as, in 20 years' time, we need 70 watchmakers. Technology might overtake the need. So we need to create incentives in the system to move in particular direction
- Firoz pointed to a fundamental issue – there is billions in DHET budget for education and training, and the only system that is based on needs and planning is the SETA system. We are not talking about how to distribute university or college or NSF money, but how to direct it. If we have some information on artisans, it is better than zero knowledge. It is better to be 50% correct than 100% incorrect. It is partly about our context – we have a legacy that

denied access to careers and occupations, and also education institutions have their own priorities over how funds are used. The point is not so much about numbers but a warning not to get too task oriented, give people training that they are chained to for life. We need a **general education and training** to give flexibility and mobility

There was discussion on the **wider application of the SIPs approach**, across the system where you do not have the high degree of certainty that characterised the SIPs process:

- SIPS and OT approach is valuable in getting building blocks in place – how can this experience be made applicable and brought into broader skills environment beyond SIPS in shorter and medium term? We have to get OFO right and description of occupations so that have a common language across the system (SETA)
- Firoz proposed that Occupational Teams are only one mechanism. Does it end with supply and demand? Do we have the productive factors to produce the demand and are our productive processes efficient and effective?
- The question was posed to the SIPS team - If you were sitting in front of the LMIP team and asked to pilot SIPs as the first project in a LMIU – what would remain constant and what would need to be refined, to extend SIPS to be more generic for an LMIU?
- The response emphasised prototypes, the skill descriptions of what is needed for a particular project as tool that could be used in other government departments for planning. For example, social development has to develop grants. It can create a prototype, scale up and then have a prediction of the skills profile and resources needed for delivery, and then can determine skills gaps. This is a very usable model when we have certainty. She suggests it could be used for future planning too – if we have a goal to move into an area such as tool makers, we can develop a profile of skills required and start building them. There is greater uncertainty where there is not a set budget. Second, the OT is a work horse unit for an interface between E&T institutions and employers in an occupation. It has to be networks and virtual to be inclusive. We now have SETAs and internet thus have the makings of dynamic OTs. Third in relation to targets, we need to keep capacity to respond in mind when setting them. OTs enable an interface between those that need and supply – when funding is allocated, there will be buy-in and compliance.
- The practical example of the OTs elicited thoughts on the capacity of the SPM to respond to multiple contact points and demands.

### **SESSION THREE. CONSOLIDATING THE ARCHITECTURE OF A CREDIBLE INSTITUTIONAL PLANNING MECHANISM**

The session was chaired and directed by Jocelyn Vass, using the set of goals for the roundtable outlined by DHET, to structure the discussion:

- Common understanding about conceptualisation of SPM
- Concrete suggestions about what a SPM should do
- Greater understanding of process of developing SPM and willingness to support and engage with process
- Better understanding of the needs, capabilities and constraints of our partners
- Progress towards a common perspective on what needs to be done and how best to do it

The discussion was wide ranging, and is presented here to reflect its richness, and the emergence of different positions, so that all can be taken into consideration as we proceed.

Jocelyn began by referring to the attempt to build a research policy nexus through the LMIP, with research being very inclusive, reflective, and honest on the past. The lesson we have all learned is to make a great effort to overcome the disjuncture between economic and skills planning, informed by the LMIP process. It is very ambitious – so even baby steps towards a SPM are valid and stakeholders should not be disheartened

A SPM has to be developed and the question is how, what processes involved and how it can evolve over time. We have learnt that to make changes to some parts of the system and not others is a problem – we need to be flexible. Also, reflexivity is an important attribute, in adopting an evidence based approach. The objective of the session is to reflect on the major issues and themes that arose through our discussion, and to consider unanswered questions and how address those, so that we have an initial plan for moving forward.

Haroon Borat presented his reflections on an LMIU, and how we can think about framing inputs:

1. Comparability – to what extent is a LMIU relevant to SA in comparison with Singapore or Hong Kong and Botswana – is there a better comparability case with a more common experience, to make more sense? Are we a developmental state LMIU or something else?
2. Resources - we have not spoken about enough. For an LMIU, where do resources come from? Do we have the resources in terms of information, knowledge, human capacities, and not simply funding? For example, the information required to magnify SIPs processes across the economy is enormous.
3. Coordination – for an effective LMIU, there is not only a need to galvanise resources but also, coordination across fields and ministries. This raises the danger of a silver bullet solution – are we overburdening the system, and can a LMIU do that?

Haroon proposed to take the LMIP proposed model and work out how we can move from that to something that looks like an implementation or business plan. Part of the answer sits with what the SIPs did, and this process shows what is possible. But the challenge is that it may only be possible when we have a defined budget and focus – how can we move to something more dynamic, across conditions of uncertainty?

***In short, how do we move from a theory of an LMIU to a possible implementation of an LMIU?***

To address this challenge, the participants raised a critical set of considerations. Further questions emerged, the answers for which were not immediately apparent, but would receive due consideration in the remaining process of consultation and engagement. The discussion may be grouped loosely into a set of themes.

***The nature of the South African developmental state:*** A fundamental issue is that the proposed mechanism has an underlying philosophical approach, promoting a developmental state type driven model. What are the implications of an interventionist state, and do we have foundations for that?

Marcus Powell noted that there are two approaches to a developmental state – top-down, all directed from Industrial Policy – or the Scandinavian approach, based on consensus and social

partnerships. SA is somewhere between the two, and we need to work out the practicalities of what it means. What is critical is the interface between how we produce information and how it is utilised. We tried to move away from the Anglo-Saxon way where there is lots of information, surveys, data, and the assumption that institutions, employers, individuals will use the information, but that does not happen, as has happened in SA. So what the LMIP model attempts to do is not only to create mechanisms and structures but to work out interfaces to ensure that information is used in the policy process – so that they are not disparate processes. How do we link the information and the planning and how can we be sure they talk to each other, and link the different levels of planning process and information.

***The shift to demand side responsiveness:*** DHET proposed that in terms of the underlying approach, we are talking about moving away from a supply driven system based on what we have, towards a more demand driven system responding to economic signals. There is an artificial differentiation between information and skills planning – information may be functionally different but conceptually is an inherent part of a skills planning mechanism. What do we need to translate information to skills planning, at different levels of the system – we need to apply our minds more to that.

***A focus on occupations?*** The SIP team reiterated the view that *occupation* should be the fundamental organising term. In the proposed model, below national level, occupation is missing. We should consider giving more emphasis to occupation and see sector, task and discipline knowledge at a subordinate level. This will link SETA, university and college and get a flow.

Others disagreed, and questioned whether, in a developmental state model, worker mobility is the only desired outcome. Occupation driven mobility assumes mobility is the main and only goal, but how do we make sure skills planning is an enabler of economic growth? If we elevate one element above other structural elements, we may land in problems. Driving economic development, occupations are only enablers. We have little control in SA, as occupations are globally determined so it leaves us vulnerable if we foreground occupation. There is too much uncertainty as a small country in global economy – so need to look at other areas.

DHET proposed that occupations are covered in the structural arrangements, and the issue is one of definitions, and the way we collect information, process demand and organise. The NQF provides the framework to link qualifications and occupations, and the OFO is a process DHET has under legislation. So what remains is how we package demand signals and package supply.





Mr Firoz Patel (Department of Higher Education and Training)

**Ensuring credibility through the LMI:** The philosophical assumptions will drive the way the model works. We are basically sitting at a kind of interregnum, with an evolving developmental state and aspirations, but constraints to develop capacity of state, business and labour to achieve this. The key element is responsiveness to enable planning, buy-in and commitment – historically, there is a culture of lack of trust, buy-in and commitment. This is a fundamental failure, not just a coordination failure, but a binding constraint on what possible. The LMI system is a tool to build credibility and trust. We can't assume a SPM will be credible; we have to use the LMI process to build credibility. The proposal is very complicated – to build responsiveness and buy in, we have to take baby steps, and build trust.

**Locating the LMIU:** DHET stressed that the White Paper indicated where an LMIU should be located, although this may be contested as it goes through the policy process. The fact that 99% of public resources are controlled by the Minister of HET makes sense to locate the LMIU in the same sphere. Every structure on the SPM diagram already exists, except a LMIU. However, expert information to advise does not happen, and is the missing piece. And consultation with data and the economic departments does not yet happen in a coordinated way, although processes are underway. Business, labour, HDRC consultation happens, but they are not on same page. SETAs have to sign a service level agreement with minister, so there are these levels of decision making, but they are not coordinated.

We need to think about a national advisory board and its relationship to a LMSIU. Would it be better as an advisory body for planning with a secretariat, and how does it relate to an LMIU producing and analysing information?

The following concerns from SETAs emerged in the discussion: Will LMIU take over the job of SETAs? Will SETAs still produce sector plans with the LMIU providing technical support and assistance? Will we determine demand in clusters of sectors? Will SETA planning work migrate into a LMIU? To what extent will it cover the entire economy, priority sectors or simply data collection and synthesis operations?

Vijay Reddy (LMIP) responded that the proposed model may seem complex, but it proposes that planning at firm level must be informed by and inform national plans, sectoral plans, a top-down/bottom-up approach. It sounds like creating a whole new system, but is in a sense a synergy with the NDP. The bi-directional arrows in the proposed architecture of the system indicate the interaction between plans at different levels and the synergy between them. The LMIU would sit at the heart of a skills planning mechanism that operates across government. The assumption is joined up government. If the LMIU prepares a scarce skills list, it feeds into national advisory board where economic departments are sitting, and taking decisions, political decisions. The LMIU will have a significant coordination function and there will have to be substantial behind the scenes work and coordination. It was proposed that the LMIU model could be used on a staged basis to test reforms and how they work.

**Measurement:** Hoosen Rasool stressed that a core question is - what do we want to measure? The starting point is the SETA SSP process. It has been criticised, but not used properly. If we can get it working properly, we can have immediate gains and wins. The SETA process will not collapse; rather, the assumption is that we will have multi-level processes.

**A shared Language:** DHET emphasised the need to develop a shared terminology for a LSMIU. There was general consensus that if we want the system to work, it has to be simple and this requires a common language. How do we make the system interactive, at what level do we want to be interactive, who is going to deliver, do they have the capabilities for that. An interactive space is needed to inform the department and its processes.

## CONCLUSIONS

Clearly, the proposal still needs more work and stakeholder consultation to refine it. Most of the elements are there but the configuration needs thought. We also need to consider continuity. If we want to create buy-in and commitment, we have to value what stakeholders have been contributing over last 14 years. Will people have strength for a new approach? It should be a more evolutionary process, that takes people along, incubates policy reforms, not wholesale reforms all at once. There is agreement on the need for a LMIU, so we should start there. The functions need to be explored so that SETAs do not feel something is being taken away from them.

In closing, DHET assessed that the day was worthwhile and that we have reached an important milestone. The consultation process shows substantive consensus, with the detail to be informed by the rich discussion. The LMIP team have learned from the discussion, and will take the issues raised into account.

Three structural arrangements were proposed from different angles – the organisational structure for a SPM, the data/intelligence/signals to be provided by a LMIU and the processes and procedures for demand side data. The proposals do not represent a major shift or building something totally

new. The issue is now the alignment of the mandate and building relationships, particularly to bring business and industry into the discussion, so that plans are owned by everybody.

***We have the framework; we just have to tighten the nuts and the bolts!***