

MINISTER'S SPEAKING NOTES FOR OPENING REMARKS

LESSONS FOR SKILLS PLANNING: A DIALOGUE

Event Date: 14 November 2017

1. KEY PERSONS IN THE MEETING

- Director-General, Department of Higher Education and Training, Mr Qonde;
- Chief Executive Officer of the Human Sciences Research Council (HSRC), Dr Crain Soudien,
- DHET DDG: Dr Sishi, Chairperson of the session,
- LMIP Research Team
- Dr Marieke Vandeweyer from the OECD,
- CEO's and Representatives of Business organisations; representatives of Professional Bodies; SETAs;
- Esteemed ladies and gentlemen.

2. IMPORTANCE OF SKILLS PLANNING

- As is well known, South Africa faces the challenge of one of the world's highest levels of unemployment on the one hand, and persistent concerns about the quality and availability of skills, on the other. The economy and labour market show a demand for high-skilled workers, such as those in the financial and public sectors, but there is a surplus of low-skilled workers. This structural mismatch between labour supply and demand is widely regarded as constraining economic growth and development, and a barrier to social inclusion and poverty reduction.
- For far too long, the tools we have used to prioritise skills in this country have been based on a limited understanding and analysis of the character, structure, and shifts in the economy and the labour market. However, the DHET and its entities are faced by

immediate questions to determine where there are skills mismatches, shortages and gaps, to inform planning and funding decisions across the post-school education and training system. And we need to understand what qualifications and skills training are required to ensure that the complex and changing needs of society and the economy are met.

- While we acknowledge the importance of the need to expand access to Higher Education, our approach to skills planning needs to take into account the challenges of economic growth and inclusive development in South Africa. Skills planning should not only focus on a small number of skilled people in the workplace, but also on the unemployed, the youth, the low-skilled, the marginalised, and those in vulnerable forms of employment, including the self-employed.
- The dilemma facing policy makers is how to respond to these diverse sets of development and decide how resources should be targeted for inclusive skills development. These imperatives may seem paradoxical, but each is essential to achieve a more inclusive growth and development trajectory.
- The economy must also respond to the twin challenges of participating in a globally competitive environment which requires a high skills base, and a local context that creates low-wage jobs (with supported training) to absorb the large numbers who are unemployed or in vulnerable jobs.
- There is a *real* need, in South Africa, to achieve a better match between the supply and demand for skills, to improve productivity, and to improve social and economic outcomes for individuals and communities. The use of LMI, linked to planning, is an important instrument – though not the *only* instrument – for achieving this.

- The intention of government in developing a skills planning mechanism, is underpinned by the effective analysis and interpretation of labour market intelligence (LMI) is to address the continuing skills mismatches and imbalances which are widely seen as a constraint on economic growth and development and on the achievement of government's broader goals of social inclusion and poverty reduction.
- It is essential that we know what we need to measure and how these measures relate to each other in order to provide a basis for public policies and tools to ensure that:
 - we have the skilled people we need to meet the demands of a changing economy;
 - skills developments are demand led;
 - TVET Colleges and Universities are responsive to demand;
 - skills supply and demand are effectively aligned;
 - the employment outcomes of education and training are positive.
- The White Paper observes that 'although South Africa has put in place a range of ambitious measures to improve skills planning, the system has neither produced good information about skills needs, nor increased the quality of provision in areas needed by the economy'.
- It concludes that the limited credibility and impact of the current sector skills planning system is due to inadequate research capacity; a lack of economics, labour market and industry expertise; poor data management; and a lack of planning expertise.
- LMI is a means to an end, not an end in itself.
- 'Who' acquires skills is important, especially in a society and economy which is deeply unequal and where reducing poverty and inequality are key strategic policy goals. Consequently, increasing skills acquisition amongst the least well off in particular, is a vital dimension of increasing skills supply.

- The role of an institutional mechanism for skills planning is to provide the information, analysis and measures so as to enable the identification and measurement of the extent, and ways in which, skills supply is 'deficient', and to identify possible high-level interventions to address these.

3. CONCLUSION

- In closing, then, I am looking forward to learning about the findings, recommendations and the lessons that have been learnt through the LMIP project, as well as the OECD study on skills in South Africa.
- I trust that you are as excited as I am about learning about the Labour Market, and enjoy the presentations.