



LABOUR MARKET  
INTELLIGENCE PARTNERSHIP

***Outcome 5.1.1..... ‘a credible  
institutional mechanism for skills  
planning’....***

**LMIP presentation to  
Minister Nzimande, DHET  
31 March 2015  
Vijay Reddy**

# Research completed



- Marcus Powell and Vijay Reddy (2014) **An architecture for Skills Planning: Lessons and Options for Reform in South Africa**
- Marcus Powell, Vijay Reddy & Andrew Paterson (2014) **Approaches and Methods for Understanding what Occupations are in High Demand and Recommendations for Moving Forward in South Africa**
- Marcus Powell and Vijay Reddy (2014) **Roadmap for the Implementation of a Skills Planning Unit**
- Andrew Paterson, Mariette Visser, Fabian Arends, Menzi Mthethwa and Titus Nampala (2014) **High-Level Audit of Administrative Datasets**
- Vijay Reddy, Marcus Powell & Andrew Paterson (2015) **Indicators and data to support skills planning in South Africa**

# Unemployment jumps as more unskilled workers enter market

Lack of work experience leaves graduates unemployed

Unemployment rate returns above 25%

Skills shortage hampers business - survey

Artisans in great demand

Universities produce wrong kind of graduates: analyst

China to help SA with skills shortage

# Why do we need skills planning?



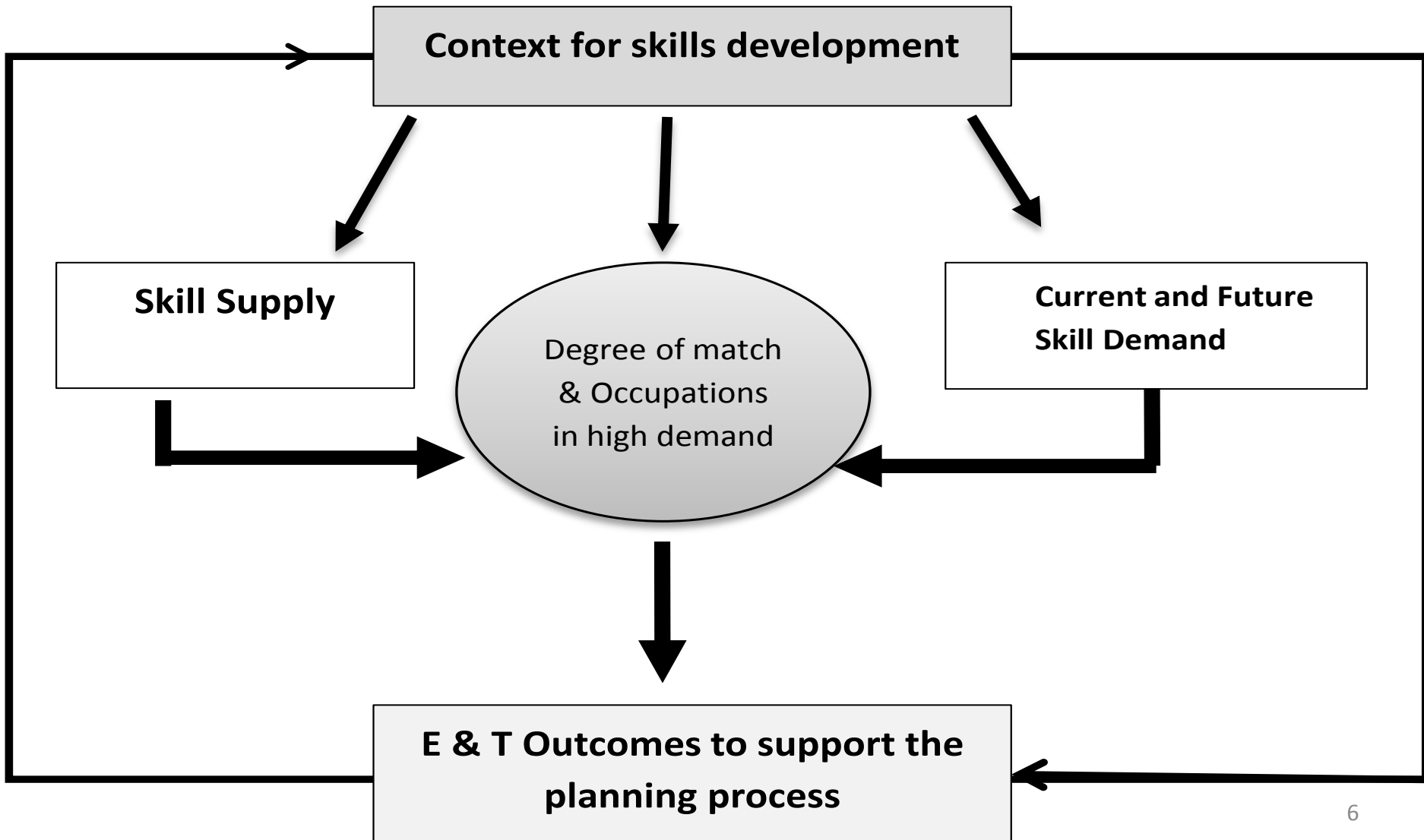
- Anticipating the skills needs of the market – could be through waiting for market failure and responding or proactive planning.
- Since 1994 there have been efforts to plan for skills needs -these were fragmented and the performance of this skills planning mechanism was imperfect.
- Outcome 5.1.1 (2010) to ‘establish a credible institutional mechanism for skills planning’ is an attempt to articulate the approach for skills planning and by stronger co-ordination among different actors in government, labour and business strengthen the planning process.
- Skills shortage signals and occupations in high demand will inform skill supply by the direction of resources to Education & Training institutions and programmes and visa lists for immigration.

# What approach to skills planning and labour market intelligence systems



Country and approach	Focus of LMIS	Function of LMIS
<b>Market Based Approach</b> (UK,US, Canada)	Extensive data collection takes place on the demand and supply for skills	Understanding the labour market and identifying blockages - response to market failure
<b>Employer or Social Partner Based Approach</b> (Sweden, Netherlands, Finland)	More emphasis is given to understanding vacancies in the labour market and job seekers	Government and social partners use information to determine how resources will be allocated to tackle skill shortages and priorities
<b>State Intervention Approach</b> (Singapore, Taiwan and S. Korea)	Includes the above data and trends on the economy, including trade and investment strategies	Government, with partners ,uses LMI for alignment between industrial strategies and those for skills development
<b>Inclusive socio-economic skills planning approach for South Africa</b>	Supply and demand data Workplace skills needed Analysis of skills for government growth strategies and trade and industrial strategies.	Government, with partners, uses LMI for alignment between government growth initiatives and industrial strategies and an inclusive skills strategy

# An information framework guiding skills planning



# Who will be responsible for skills planning?



- There is a need for a skills planning unit, with adequate budgets and staff with labour market economics and planning skills to drive the skills planning process.
- The skills planning unit must be located somewhere with critical authority and resources to drive the synergies and co-operation among the government departments.
- The SPU could be located in DHET, for now, and work with other government departments and stakeholders, through the soon to be constituted Skills Planning Council to plan the skills needs.



**What Labour Market Information  
do we need for skills planning?**

**Economic  
Context**

**Supply: stock  
and flow of  
skills**

**Current  
Demand**

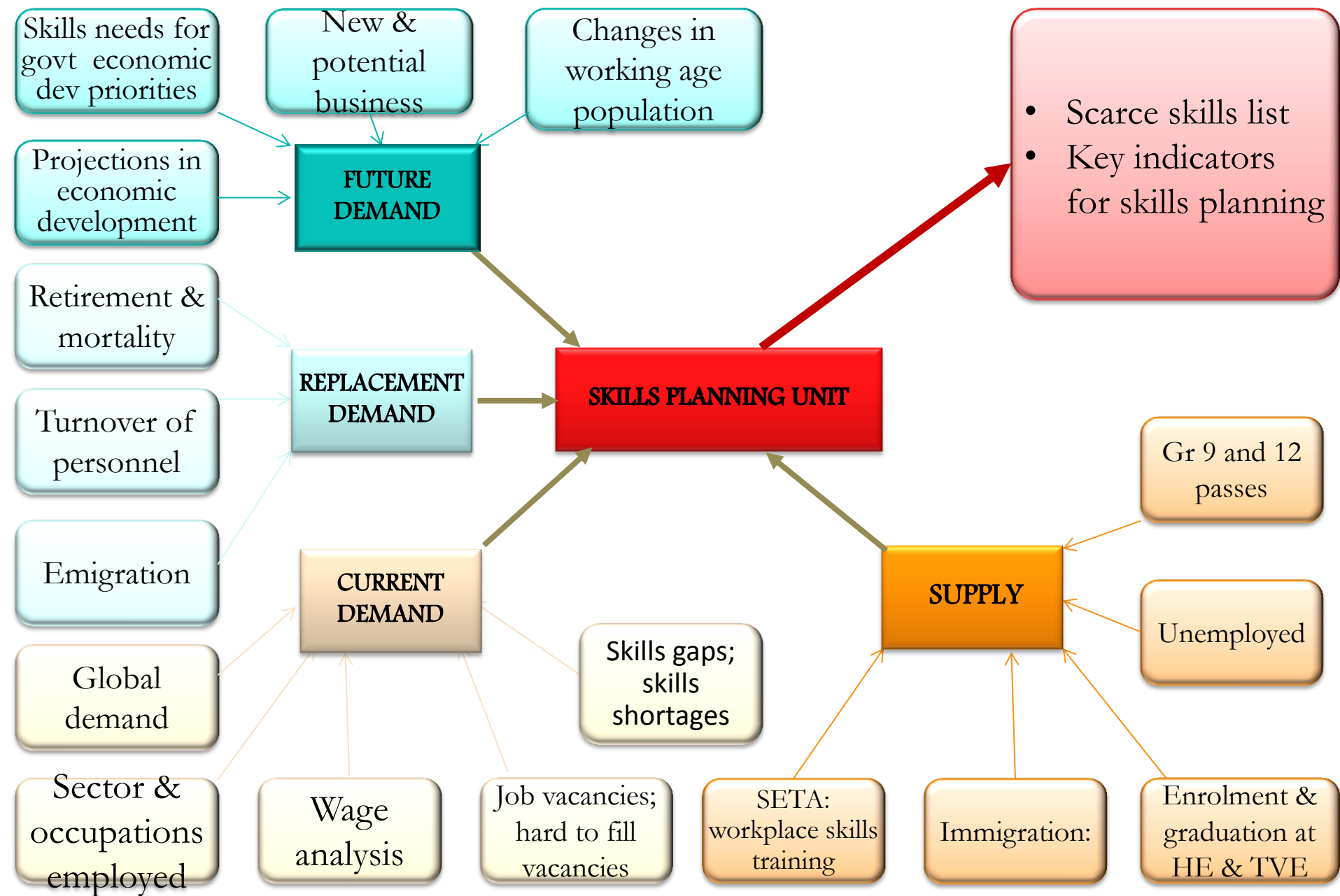
**Replacement  
Demand**

**Future  
Demand**

**E & T  
Outcomes**



# Data and information for the LMIS



# Where will the data and information come from?

Key Areas of Information	Data	Data Sources
Context	Economic Drivers (GDP, Exports, etc) Demographic changes	StatsSA
Supply: stocks and flows of skills	Grade 9 and grade 12 passes, enrolment and pass rates at all providers, immigration rates, workplace training	DBE, HEMIS WSPs/ ATRs, DHA-immigration HETIS, SETA Labour Market Survey
Current Demand	Sector and occupations employed, job vacancies, hard to fill vacancies, skill gaps, earnings, global demand	StatsSA, Global Surveys/ visa lists of other countries WSPs/ATRs, JoI/ DoL Seta Labour Market Survey
Replacement Demand	Personnel Turnover, mortality, retirement, emigration	StatsSA DHA Population Register SETA Labour Market Survey
Future Demand	Changes in population, projections in economic growth, skills for government priorities, new and potential business	StatSA, MTBPS Treasury Forecasting, DTI skills forecast MEMSA-Wits forecast, SIPS forecasts
E&T Outcomes	Pipe-line schooling, NEET, access and outcomes of providers, artisans, communities, workplace, instructors	HEMIS, WSPs/ ATRs HETIS, New Panel Data Sets

# What institutional arrangements for the data?

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# How will skills planning mechanism work

**National  
development**

Department of Planning, Monitoring  
and Evaluation

Cabinet

NDP

Economic dept  
DTI, EDD, DST,  
Treasury

Business &  
labour

DHA, DBE,  
HRDC,  
StatsSA

Macro level  
economic plans

**Skills demand  
at the national  
level**

**SKILLS PLANNING UNIT**

**DHET**

Post School  
Education and  
Training Plan

**Skills demand  
at sectoral &  
occupational  
level in firms  
and ET  
providers**

SETAs

Firms

E & T  
Providers

Universities

Colleges

Sector skills plans

Enrollment &  
training plans

# Occupations in high demand/ Scarce skills list



- The success of skills planning is the match between supply and demand. The analysis of skills shortages guides the production of the Occupations in high demand/Scarce Skill List – this informs skills areas in which resources must be invested.
- Once a list has been identified, LMIP recommends responses be implemented over the short (visa list), medium and long term (E & T programmes)
- The Scarce skills list for education and training must prioritise intermediate skills development.

# Why would skills planning succeed this time?



- The responsibility for Education and Training is located in a single ministry
- The skills planning approach is an analyses of demand to inform both workplace and institutional E& T Programmes plus the short term list for allocation of visa.
- We recognise skills planning is both a process and a structure and the SPU will be unit to champion this process
- There is an agreed upon list of indicators (and data) to inform skills planning and produce the Annual Report on Skills Supply and Demand
- Building the capacity and resources to undertake skills planning
- The planning process is recognised as co-ordinated effort of government, business, organised labour and other social partners
- An attempt to share information & intelligence across the system

## Caveats



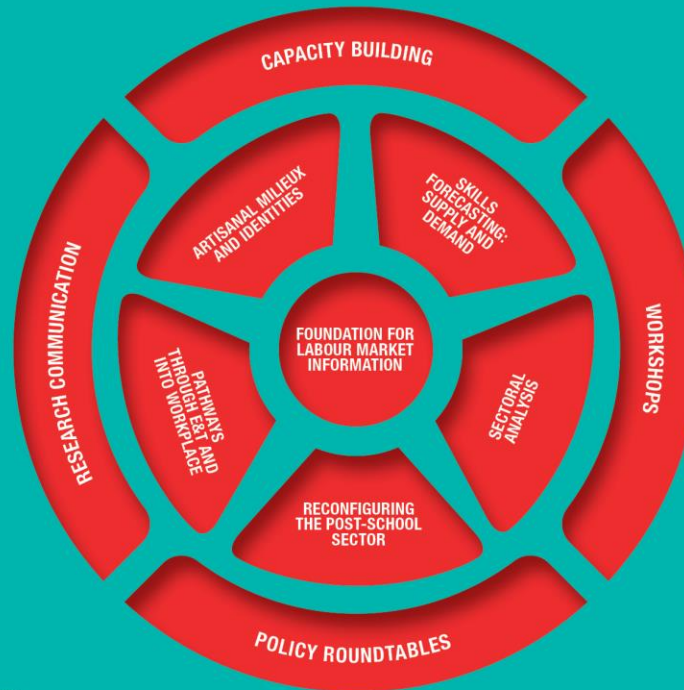
- The estimates from the skills planning process provide signals and there are no guarantees, especially for the future demand.
- Education and skills is a necessary but not sufficient condition for economic growth....there must be job creation efforts.
- Skills planning must be approached as a strategic exercise rather than a bureaucratic target setting exercise.



# ~~In conclus.....~~ We're just getting started



- For skills planning we have a defined approach, an information framework, an agreed up set of indicators and information on some of the indicators.
- We have proposed a the skills planning mechanism with DHET as the lead agency and have identified other government departments and social partners.
- DHET needs to allocate resources for the skills planning structure and its activities
- DHET is ready to *start off* skills planning with the existing data.
- In parallel, datasets need to be strengthened, modified and new datasets established
- The next step would be to look at an IT solution to operationalise skills planning.



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