

## National Scarce Skills List: Top 100 Occupations in Demand

### Comments from the LMIP Team

June 2014

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In general, we found this document to be coherent, succinct and well-argued. In one sense the derivation of the scarce skills list, for the first time has been attempted through the use of a careful methodology.

The notion of examining the different sources of scarce skills list produced by government's disparate set of policy programmes and document – and using this as a basis for a scarce skills index – is innovative. It also provides a good example of how it is possible to create a scarce skills list with data sources each of which may be less than perfect and which could not claim credibility if standing on its own. By all accounts, South Africa has a well-developed national statistical system, but it is by no means unusual internationally, as in this case, where researchers are obliged to use available data resources at their disposal in ingenious ways to produce a viable management tool such as this list.

Moreover, in their choice of data resources the authors have used materials that allow for a temporally nuanced reflection of shortages identified in the recent past (e.g. JIPSA information) as well as anticipated future demand (e.g. the SIPs and NDP information). Thus, the inclusion of information from JIPSA reflects usefully on the persistence of demand across occupations. Furthermore, the set of data resources that are applied in this methodology usefully juxtapose several sources together with SETA lists of occupations in demand which may reflect not only scarcity but also “change in, for instance, the number of firms submitting WSPs, or the methodologies of sectoral studies used to estimate the numbers”<sup>1</sup>. The points allocations applied across all lists will therefore have a moderating effect on any ‘outlier’ values within a particular list.

Ultimately then, we find the approach acceptable and potentially even a basis for what we term the ‘shadow pricing’ of DHET subsidies to the higher education system.

Our detailed comments on the Gazette are as follows:

Pg.	Pt.	Comment/Note
4	1.6	“...National Scarce Skills List”: How is this different from the DHA list? Are they

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<sup>1</sup> Goga, S. & van der Westhuizen, C. (2012) Scarce Skills Information Dissemination: A Study of the SETAs in South Africa. Impact Assessment of National Skills Development Strategy II Commissioned by the Department of Labour, Development Policy Research Unit.p.37

		competing with each other?
	2.1	"...List of the top 100": Is this weighted? Or possibly stratified in some way to account for both 'scarcity' and 'actual numbers required'?
5	3.1	"...Every 2 years": This is too often in the life-cycle of skills demand (and production of skills).
6	4.2	I think at least some reference to the ILO-based ISOC would be useful here, noting that the OFO and ISOC systems do overlap.
7	5...	I would explicitly mention SoEs. Should it also not inform firms regarding their growth (and therefore labour demand) plans?
8	7.10	Edit: DPRU, UCT.
	7.11	Edit: DPRU, UCT.
12	9.7	I find this overview of all the 'scarce skills products' very useful and most illuminating.
	9.10	"The Career Junction...instances": This is a crucial point, and very useful. Do you provide some numbers for this? Is there possibly a paper which could be referenced?
13		Points Allocation: I think this is a very useful way in which to coalesce the different individual scarcity indices into one 'mega index'. The authors do need to defend though, the alternative weighting assigned for each list.
	3&4	Why would JIPSA get 10 and NDP get 5? In general, what is the reasoning behind this points allocation by programme?
	3-9	It may also be possible to undertake principal components or factor analysis, to arrive at a more endogenously determined weighting structure.
	7	"...20 points": Why is this so large? Is this a much more accurate assessment of shortages than the other lists?
-	-	<p>"National Scarce Skills List (2014)":</p> <p>1. Noting my caveats above, which I think can improve the <u>methodology</u>, this list is a very important starting point for now allocating resources appropriately for the production of these skills.</p> <p>2. It is entirely possible then, that embedded in these lists is a 'shadow price' of producing these scare skills. In a sense DHET may find herein, an allocation role for subsidies across the HE Universe.</p>