PLANNING WITH PURPOSE:
THE USE OF LABOUR MARKET INTELLIGENCE FOR
SKILLS PLANNING IN SOUTH AFRICA

July 2017
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The Department of Higher Education and Training and the European Union (EU-SA) Dialogue Facility expresses its deepest appreciation to the authors of this report, namely, Mr Glen Fisher and Professor Mike Campbell for preparing this report. Special thanks goes to Ms Pilar Rodrigues from the EU-SA Dialogue Facility for facilitating the successful implementation of the EU-SA Dialogue Facility Project on Skills Planning, and to Ms Mmaphake Ramasodi from the Department of Higher Education and Training for supporting the administration of the project, particularly the organisation of study tours.
This report is the final product of a 17 month-long Skills Planning Dialogue, funded by the EU-South Africa Dialogue Facility, with the aim of supporting the establishment by the Department of Higher Education and Training of a ‘credible institutional mechanism for national skills planning.’

The intention of government in developing a skills planning mechanism, 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.

The report ‘filters international experience through a South African sieve,’ drawing on extensive international expertise and experience, and in-depth understanding of developments over the past two decades in South Africa, to present a comprehensive set of twenty recommendations which, taken together, provide a framework for the development of a skills planning mechanism and the role of an LMI unit within it.

The approach taken by the report is both practical and strategic. Recognising the need to build trust and relationships, as well as the need for a sound and robust institutional framework and governance arrangements, the report begins by outlining a strategic approach to the development of the skills planning mechanism, taking as its point of departure the impact and policy outcomes which the use of LMI for skills planning is intended to achieve.

The report goes on to draw a clear distinction between the skills planning mechanism and the work that will need to be done by an LMI unit. The construction of a mechanism for skills planning is systematically explored, through the development of a conceptual framework, the identification of the data to be collected and analysed, and an overview of the uses of LMI for skills planning. The institutional and systemic foundations of the mechanism are clearly set out, and a set of high level outcomes – the ‘roof’ of the building, as it were – is identified.

The report concludes by setting out a practical framework for implementation, over an initial three-year period, with Year One focused on ‘Getting Started,’ Year Two a year of ‘Building Momentum’ and Year Three a year of ‘Consolidation and Development.’

White Paper on Post-School Education and Training. The need for the establishment of a ‘mechanism’ for skills planning in order to better align the supply and demand for skills is reflected in a succession of government policy documents, including the Human Resources Development Strategy for South Africa, the National Skills Development Strategy and the Department of Higher Education and Training’s Medium Term Strategic Framework, as well as in the Minister’s Performance Agreement with the President.
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<td>Directorate General</td>
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<td>EC</td>
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<td>EGFSN</td>
<td>Expert Group on Future Skills Needs</td>
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<td>ERASMUS</td>
<td>European Community Action Scheme for the Mobility of University Students</td>
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1 INTRODUCTION

This report is the final product of a 17 month-long Skills Planning Dialogue, funded by the EU-South Africa Dialogue Facility, with the aim of supporting the establishment by the Department of Higher Education and Training of a ‘credible institutional mechanism for national skills planning.’

Building on an extensive process of desktop research, stakeholder engagement and study tours to partner countries and international bodies, the report and its recommendations are grounded both in a practical understanding of South Africa’s needs and priorities and in first-hand, international experience of the production and use of labour market intelligence (LMI) for skills planning.

The report in this sense filters international experience through a South African sieve, in that the recommendations that it puts forward are not only founded in international good practice but are designed to be relevant and appropriate for SA. The report seeks to present a set of skills planning proposals that are policy-driven, focused and at the same time practical and realistic. Underpinning the report is the proposition that the value of labour market intelligence needs to be measured, ultimately, not just by the production of data and documents, important as these are, but by the impact that the use of labour market intelligence has on jobs, employment, productivity, poverty reduction and social inclusion.

It is hoped that the outcomes of the Skills Planning Dialogue, as reflected in the conclusions and recommendations contained in this report, will be of practical value and use to the Department.

2 BACKGROUND

The EU-SA Dialogue Facility is designed to support high-level policy learning and policy sharing between South Africa and the European Union.

The Skills Planning Dialogue, under the auspices of the Dialogue Facility, seeks to support the efforts of the South African Government to meet a key national policy objective, namely the development of ‘a credible institutional mechanism for national skills planning,’ the establishment of which is intended to lead to better coordination of the provision of education and training with the needs of society and the economy.

As is well known, South Africa faces the challenge of high levels of unemployment, on the one hand, and persistent concerns about the quality and availability of skills, on the other. Skills ‘mismatches,’ real and perceived, are widely regarded as constraining economic growth and development, and a barrier to social inclusion and poverty reduction. Improved labour market information and intelligence and, no less important, the effective use of labour market intelligence to inform policy, planning and funding decisions, is seen as critical, and government has committed accordingly to the development of an evidence-based mechanism and methodology for national skills planning.

The approach and methodology that the EU-SA Skills Planning Dialogue has adopted was designed with some important strategic and contextual considerations in mind. In particular, it was felt, there was a need to recognise on the one hand

- the institutional and policy foundations that have already been laid and, on the other, the underlying reality that, as the White Paper on Post-School Education and Training

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2 White Paper on Post-School Education and Training. The need for the establishment of a ‘mechanism’ for skills planning in order to better align the supply and demand for skills is reflected in a succession of government policy documents, including the Human Resources Development Strategy for South Africa, the National Skills Development Strategy and the Department of Higher Education and Training’s Medium Term Strategic Framework, as well as in the Minister’s Performance Agreement with the President.
acknowledges, ‘the original goals ... have not been achieved,’ and the need to draw the appropriate lessons and conclusions from this experience;

- the value, in this regard, of drawing on the experience and practical know-how that is available in other parts of the world, to help inform and guide the conceptualisation and implementation, in the South African context, of a credible labour market intelligence system and skills planning ‘mechanism;’
- the fact that, nonetheless, there has been progress, for example in the development of an integrated management information system in the Department of Higher Education and Training, the establishment of a career development system, and the identification of skills needs through the Strategic Integrated Projects (SIPs);
- the work that has been done by the Labour Market Intelligence Partnership (LMIP) and the steps currently being taken by the Department towards the establishment of a ‘skills planning unit,’ to which this report, it is hoped, will make a useful contribution; and, finally
- the realities of the current planning environment, specifically the differentiated approaches to planning that have developed in, and in many respects are required by, the higher education and TVET college sub-systems, and the training that is provided via the SETAs and by employers.

As the White Paper acknowledges, the story of policy development and implementation with respect to the utilisation of labour market intelligence for skills planning in South Africa is one of at best partial and limited success. In practice the field has been characterised by fragmentation, a lack of coordination, unclear or competing policy goals, deeply ingrained institutional weaknesses, and a shortage of technical and managerial skills grounded not just in theory but in real-world, operational experience – in other words, in both the routine practical production of labour market intelligence and its dissemination and use. Establishing a credible – and successful – institutional mechanism for skills planning will require more than just the establishment of a skills planning ‘unit.’ It will require a deliberate series of confidence-building measures, leadership, communication, stakeholder engagement and – last but not least – the involvement of business.

These ‘softer’ elements, experience has shown, are essential ingredients of successful labour market intelligence systems elsewhere in the world. Against this background the Skills Planning Dialogue, as distilled in this report, has sought to contribute to the conceptualisation and development of a credible institutional mechanism for skills planning in South Africa through

- the presentation of a paper by Professor Campbell on a proposed framework for skills planning, at a workshop with the Department of Higher Education and Training in December 2014;

- a comparative desktop analysis of the South African and international experiences of labour market intelligence and skills planning;

- two study tour missions, to the EU and Australia, enabling first-hand engagement between senior South African officials and experts and experts and practitioners in national and cross-national organisations;

- structured stakeholder engagement, in the form of two broad-based, participatory workshops in March and November; and
• *the expert advisory roles of the Senior Research Adviser and Research Manager.*

This work has resulted, in addition to a Project Inception Report (Appendix A) and this final report, in four sets of products:

i. *The Supply and Demand for Skills: Towards a Framework for Skills Planning in South Africa.* Paper and presentation by Professor Campbell to the Department of Higher Education and Training, on a *conceptual framework* for skills planning in South Africa. Professor Campbell’s paper and presentation together with a note on the workshop proceedings can be found at Appendix B.

ii. *Research Report: International and South African Perspectives for Skills Planning,* by Jorgen Billetoft and Carmel Marock. The Billetoft and Marock report highlights the progress that has been made towards the establishment of a credible mechanism for skills planning in South Africa as well as the challenges that South Africa has experienced. Against this backdrop, the lessons that South Africa might learn from international approaches to, and experiences of skills planning are systematically reviewed. Countries considered include Sweden, Germany, Denmark, The Netherlands, the United Kingdom, Ireland, and the Czech Republic. Consideration is also given to the examples of the United States, Canada, Australia, India, Malaysia and Singapore. The report can be found at Appendix C.

iii. *Reports on the Study Tour Missions to the European Union and Australia.* Led by the Director General in the Department of Higher Education and Training, the high level delegation to the EU was accompanied and advised by the Senior Research Adviser, Professor Mike Campbell and Glen Fisher, the project Research Manager. The EU mission included meetings with the UK Commission for Employment and Skills (UKCES), the National Institute for Adult and Continuing Education (NIACE) and the Migration Advisory Committee (MAC) in the United Kingdom; the Expert Group on Future Skills Needs (EGFSN) and SOLAS in Ireland; the European Commission in Brussels; the OECD in Paris; and the European Training Foundation (ETF) in Turin. The Australia mission, similarly, was led by the Director General, accompanied by a high level DHET delegation, representatives of the LMIP and the project Research Manager, and included meetings with Australian experts Professor John Buchanan and Dr Damian Oliver in Sydney, TAFE Directors Australia, the NSW Institute of TAFE, Ultimo Campus, and an Industry Sector Council, Manufacturing Skills Australia. In Canberra the delegation met with the Commonwealth Department of Education and Training and the Department of Employment, followed by a full day of technical meetings and presentations with the National Centre for Vocational Education Research (NCVER) in Adelaide. Both of these Study Tour Missions, it should be mentioned, were highly successful and very well received by participants. Reports on the Study Tour Missions are at Appendices D and E.

iv. *Reports on the EU-SA workshops.* Held in Pretoria in March and November, the first workshop dealt with the implications for skills planning in South Africa of the Billetoft and Marock report,
while the second focused on the proposals emerging from the project as a whole. Reports on the March and November workshops can be found at Appendices F and G.

In this final project report, the key learnings from the Dialogue and from the reviews of South African and international experience are, in the words of the Introduction, ‘poured through a South African sieve.’

Guided by the knowledge and expertise of the project team and the Project Management Committee, and informed by the inputs and critical feedback of stakeholders, the proposals put forward here can be visualised as the elements of a building (Figure 1). Comprised of three ‘pillars’ – the conceptual or ‘design’ framework, the LMI sources and outputs, and the use of LMI for skills planning. The structure rests on a set of institutional ‘foundations’ and is capped by a ‘roof’ of desired policy impacts and outcomes.

In the sections that follow, each of these elements is populated in turn with more detailed analysis and specific proposals. Building on the work that has recently been undertaken, the final section addresses the challenge of constructing the skills planning mechanism over the first three years of its existence.

Figure 1: A Skills Planning System

A skills planning system

3 Approach

Underlying the analysis and recommendations that follow is a strategic approach, a pathway to success that begins with the impact that the implementation of the skills planning mechanism is designed to achieve, considers the strategies needed to drive the agenda forward, and sets out the policy objectives that inform them. And finally, of course, it’s about implementation and delivery.

3.1 It’s about Impact
The starting point for this paper is impact: what is skills planning in South Africa intended to achieve? How will it do this?

The question of impact is fundamental, in three important respects:

- All successful skills planning approaches, internationally, are focused on impact; understood in this way, LMI is a means to an end, not an end in itself.
- 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 by means the only instrument – for achieving this.
- Stakeholders want to see impact, but there is widespread concern, echoed in the OECD’s recent report, that LMI has not been effectively utilised in South Africa. Demonstrating impact is thus vital to the credibility and legitimacy of the skills planning mechanism.

Demonstrating impact means, in the broadest sense, being able to show progress towards key social and economic policy objectives. Some of these will be quite general: the proportion of the population who have attained a Level 4 qualification, for example.

To make a real difference, however, we need more specific measures of success, on the argument that ‘what gets measured gets done.’

This is not to suggest the introduction of a plethora of overly-detailed and prescriptive ‘targets,’ leading to an unhealthy preoccupation with ‘compliance’ and ‘box ticking,’ but to underscore the need for high-level, realistic and measurable goals.

We need to begin with the end in mind.

3.2 It’s about Strategy

The need to demonstrate impact, and the need to influence and engage those stakeholders whose support is essential to the success of the skills planning mechanism, are closely related. This raises important questions of strategy.

No less important is the need to set clear objectives, and to make appropriate choices about processes and methodology.

3.2.1 It’s participatory

Instead of a top-down linear process – design the skills planning mechanism, implement it, engage with stakeholders around the data and analysis – what we need to create is a virtuous circle, in which stakeholder engagement helps to ensure impact, and impact helps to ‘lock in’ stakeholder participation and buy-in. Success, measured by impact, reinforces the commitment of all of the partners, including government.

Stakeholder engagement and participation, from this perspective, are not post-hoc or incidental but integral to the design and implementation of a credible mechanism for skills planning. The strategy which drives the skills planning mechanism is both top-down and bottom-up; it is iterative and interactive; and it is designed and managed in such a way as to encourage shared responsibility and accountability.
This needs to be reflected in the design and initial set-up of an LMI unit, and institutionalised in its governance arrangements. The principles of participation and engagement also must shape the consultative processes, formal and informal, which are established to support it. The governance and social partnership elements of the skills planning mechanism are as central to it, and as vital to its success, as the technical work which underpins it.

### 3.2.2 It’s results-driven

Impact, in the final analysis, is about results. As we have noted, to achieve results, the goals that are set for the skills planning mechanism need to be specific and measurable. The goals, moreover, are not only about the collection or analysis of data. The real objective is not to be able to say ‘we have a shortage of so-many thousand engineers’ but to say, ‘we have a shortage of engineers; what should we do about it.’ Dissemination, in this regard, is key: information needs to be readily available and appropriately ‘packaged’ so that stakeholders can act on it.

### 3.2.3 It’s realistic

Having too many goals, or goals that are not achievable, reduces the likelihood that skills planning will have a meaningful impact on important problems, and will undermine trust and credibility. Without trust and credibility, stakeholder support will wither away, and even the best technical LMI work will gain little attention or traction. Likewise, being realistic means that data and analysis need to be simple (not simplistic), clear, and accessible.

Being realistic also means using common sense. It means we must focus and prioritise:

- Get a few key fundamentals in place quickly and deliver on them.
- Identify ‘low-hanging fruit’ that will add value, and secure some quick wins.

Being realistic, finally, is about knowing what is possible with the capacity and resources that are available. These take time to develop and accumulate, and so the element of time is vital. We have to walk before we run; we have to build the road by walking it.

- Put a strategy and plan in place to build the capacity of the skills planning mechanism, and expand the range of functions and services over time.

Instead of presenting an ‘ideal’ – and thus overwhelming – list of goals and deliverables, the proposals in this paper are presented in ‘real’ time – that is, they are constructed in terms of developmental phases over an initial three-year period, – as well as in terms of their strategic value and practical importance. The strategy, in short, that should guide the design and implementation of the skills planning mechanism is participatory; it is results-driven; and it is realistic (Figure 2).
3.3 It’s about Policy

International experience tells us that successful LMI systems are based on clear policy objectives. Policy tells us what is important, what we need to prioritise and focus on, and what impacts and results the use of LMI is expected to lead to.

When the collection and analysis of data is de-linked from policy, and de-coupled from the needs of its users, LMI risks becoming an end in itself, rather than a means to an end – aimless work for analysts and technicians, of academic interest, possibly, but information overload and ‘noise’ for those who need LMI they can use.

In practice, policy objectives will need to be developed at a broad societal and economic level as well as in terms of skills requirements and skills ‘mismatches,’ so that we know where we are headed and can assess our progress towards our objectives.

The overarching economic and social policy objectives relate to broad national goals: inclusive growth, increased employment and productivity, social and economic inclusion, and reducing poverty and inequality.

At a more specific skills policy level, we will need to focus on:

- improving the match between skills supply and demand
- improving the supply of skills
- anticipating future demand
- aligning immigration policy and targets with the skills needs of the economy

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3 In broad terms, policy goals can be derived or inferred from the National Development Plan, the Industrial Policy Action Plans and other government policy documents. These do not, however, provide detailed guidance and are not always in concordance. The LMI unit (see below) will need to distil from these a more specific set of objectives that are measurable and attainable.
• responding to ‘augmented demand’ – demand arising from key policy objectives of government and national initiatives such as SIPs

Over time, pursuit of these objectives could begin to be explored not only at the national but at the sectoral, provincial and regional levels.

3.4 It’s about Implementation and Delivery

Last but not least, the skills planning mechanism is about implementation and delivery. This means building the conceptual and design framework for the collection, analysis and interpretation of labour market intelligence; establishing appropriate institutional and governance mechanisms; developing and disseminating LMI products; and promoting their use for skills planning, budgeting and policy development.

The approach to the implementation of a credible institutional mechanism for national skills planning – the pathway to success – considers the impacts that South Africa wishes to achieve, and the strategies that are needed to achieve them; these are shaped and determined by our policy objectives. Impact, however, depends not on what we intend, but on what we do – in other words, on implementation and delivery (Figure 3).

Figure 3: Impact, strategy, policy, implementation and delivery

4 THE DESIGN FRAMEWORK
4.1 Scope and Purpose

The design of a credible mechanism for skills planning begins with an understanding of its purpose; linked to this there should be clarity as to what is – and what is not – ‘in scope.’ However, it is precisely these issues – the purpose and scope of a skills planning ‘unit’ or ‘mechanism’ – that lie at the heart of much of the confusion in recent discussions about the use of LMI for skills planning in South Africa. In part this confusion can be traced to the White Paper on Post-School Education and Training, which refers to but does not carefully delineate or distinguish between the need for a skills planning ‘mechanism’ and the role of a skills planning ‘unit.’ A clarification of these issues is therefore important.

4.1.1 What do we mean by a skills planning ‘mechanism’?

From the perspective of this paper, the word ‘mechanism’ is a collective or systemic term capturing the totality of the skills planning environment. This includes, on the one hand, policies, strategies, processes, structures, rules, legislation and funding arrangements and, on the other, the institutional actors both within and across government and external to it, which are variously involved in its development, implementation, monitoring and evaluation of human resources development policies, strategies and plans at the national, regional, sectoral, institutional and firm levels.

The ‘mechanism’ in other words is not an ‘entity’ or a ‘thing,’ with a physical address, but a collection or ensemble of institutions and institutional arrangements, linked or loosely coupled, together with the range of policies and practices through which skills ‘planning’ and associated activities are carried out. The ‘mechanism,’ such as it is, consists not of one part, but many, including amongst the more significant institutional actors the higher education and TVET branches in the Department of Higher Education and Training and the Sector Education and Training Authorities. The Department of Home Affairs plays a critical role with respect to skills and immigration; employers are a critical partner and locus for work-based training and workforce development.

‘Skills planning,’ according to the White Paper, is understood to include

- supply-side planning in post-school education and training institutions;
- funding strategies and prioritisation, particularly in relation to the determination of funding norms and the allocation of student funding through instruments such as the National Student Financial Aid Scheme (NSFAS);
- strategies to attract skilled personnel from outside of South Africa in the short to medium term;
- the development of qualifications and programmes that are relevant to the needs of the labour market;
- sector, industry, regional and employer plans
- skills needs for special government projects, and
- information for career development

Responsibility for these and other aspects of skills planning, it need scarcely be said, does not reside and is not centralised in any one place or institution – least of all a ‘skills planning unit’ – but is distributed. The integrity and coherence of the mechanism derives from the conceptual and design framework which underpins it, from the coordinated collection, analysis and interpretation of labour market intelligence by an LMI unit, as discussed below, and from the dissemination and use of LMI for planning purposes by a range of institutional and other actors. Underpinning the mechanism, as Figure 4 illustrates, is a foundation of trust and institutional capability, and the whole is capped by a clear set of policy goals and outcomes.
4.1.2 The production of labour market intelligence and the need for a ‘unit’

The question of a ‘unit,’ as described in the White Paper and as understood here, relates to a locus and coordination point for the production, commissioning, interpretation and dissemination of labour market information and, importantly, of labour market intelligence i.e. the systematic and coherent analysis and interpretation of information, together with its effective presentation, distribution and use by stakeholders.

As discussed below, labour market intelligence (or LMI) can be used by policy makers, planners, institutional decision-makers and others for a variety of purposes. These range from the simple sharing of data and information, to the production of analyses which are capable of being used, by Ministers, line departments and others to advise, inform, incentivise, guide or prescribe on a wide range of issues, ranging from immigration quotas to funding allocations and student advising.

The production and dissemination of relevant labour market information and intelligence, in forms that are relevant and useful to both particular actors as specified within the context of the skills planning ‘mechanism,’ and to a wider, more general and dispersed set of users including, for instance, employers and parents, is one of the key functions of, and rationales for, an LMI ‘unit.’

The need for consistent and reliable national data-sets on which departments and others can base their planning has been strongly emphasised within government and by other actors and role-players.

In addition to the production, analysis and dissemination of consistent and reliable national information and analysis the unit may also, on the basis of the information that is available to it, or in response to an instruction or request, for example from the Minister, inform, advise, recommend or propose. While the unit itself will not plan for, for example, higher education or TVET, it is expected that the information and analysis produced by the unit will be used to inform the planning processes that take place here and elsewhere in the system.

Consultation with stakeholders, to develop insights, test and validate data and analyses, and stakeholder engagement, to build trust, commitment and stakeholder buy-in, are integral functions.

Ultimately the unit, as the White Paper explains,

…will become a repository of labour market information, develop skills demand forecasting models, and promote and build labour market research and analysis skills for the country.

Given the high expectations that are likely to be placed on the unit, and the dangers of ‘mission creep,’ it will be important to ensure that the scope of the unit’s work is restricted to what is realistic, relevant, useful, and within its sphere of competence. Ensuring the credibility of its work, and of the information and products that it produces, is essential.

4.1.3 What is in scope?

What is in scope, for the development of a credible institutional mechanism for skills planning, is the following:

i. the production, commissioning, interpretation and dissemination of labour market information and labour market intelligence, by a dedicated entity or unit, and

ii. the routine and systematic use of this intelligence by those actors within the post-school education and training environment which together constitute the skills planning mechanism.

The precise scope and ‘packaging’ of the information to be collected, analysed, interpreted and disseminated depends upon the design framework – in other words, the conceptual framework and policy goals which drive and inform the LMI system – while the role and impact of the unit is underpinned
by the institutional and governance arrangements, and the relationships of trust and collaboration, on which it and the skills planning mechanism rest.

### 4.1.4 The Design Framework

The collection and analysis of labour market information and intelligence for skills planning needs to be underpinned by a clear and robust conceptual framework, and should be driven by policy. It would be difficult to overstate the importance of these basic propositions. It is the conceptual and policy framework – what is called here the ‘design framework’ – that provides the ‘map,’ or the ‘genetic code,’ that determines what information will need to be collected, and how it should be interpreted and used.

In the absence of a strong design framework, as countries have learned to their cost, information may be collected without a clear sense of focus, intended use, or relevance: ‘insight’ and ‘intelligence’ are overwhelmed by ‘information’ and ‘noise.’ The conceptual framework on which the proposals in this report are based is outlined in the attached paper, *The Supply and Demand for Skills: Towards a Framework for Skills Planning in South Africa* (Appendix B), to which the reader is referred for more detail. Building on international experience, the paper sets out a ‘logic’ and system-wide perspective on the basis of which the key metrics for monitoring skills demand and supply can be determined, and discusses their use for policy and planning.

The key elements of the framework (Figure 4) centre on the supply of skills (driven by individual and employer demand for skills acquisition); skills mismatches (imbalance between the skills that are available and the skills that employers require); and the demand for skills (the jobs that are available and the skills that are needed to do them). The connections and interdependencies between these elements also are crucial.

Taken together, these elements form an interactive ‘system’. How high the levels of supply and demand are and how successfully supply and demand are ‘matched’ are issues which bear directly on the wider economic and social objectives of raising employment and productivity levels and of poverty reduction.

**Figure 4: A Conceptual Framework for Skills Planning**

![A Framework for Skills Planning](image)
The benefits (growth, employment, productivity gains and gains in social and economic equality) that are derived from skills development only fully materialise when the skills developed (skills supply) effectively ‘match’ those required by the labour market (skills demand), and when the economic ‘pull’ is substantial and sustained.\(^4\)

The link between skills and prosperity has to be secured through a strong emphasis on skills demand – this means both meeting the demand for skills, and building it, through action in the labour and product markets and in the skills market, and through recognition of the powerful interconnections and interdependencies between demand and supply conditions.

Matching supply and demand may not be sufficient. Low levels of skills demand can coexist with low levels of skills supply which will generate low levels of skills imbalances. Skills imbalances are a serious issue, but low levels of demand for skills are also of great concern. The crux of the matter, for South Africa especially, is that many more skilled jobs are needed for skilled people to do.

This raises a further, important issue: the question of how South Africa might move beyond the challenge of meeting ‘actually existing demand’ – a focus on the current demand for skills, including skills shortages – to a focus on latent or ‘augmented’ demand.

Existing demand may be an imperfect guide to the skills that could be required under improved economic circumstances. In other words, meeting existing demand may not be enough. Future economic trends, the trajectory of the economy, government’s economic, structural and economic development policies, all may generate increased demand for skills in the future. Indeed, this higher demand will almost certainly be required to tackle serious labour market imbalances of unemployment and underemployment. This has implications for the metrics that are implied by the design framework:

- The need for International Benchmarks: e.g. by comparison to Pan African, BRICS, OECD or EU countries and in the frame of the targets/measures for the 2030 Sustainable Development Goals for Education and Decent Jobs (Goals 4 and 8)
- The need to assess Future Trends: e.g. in order to meet the evolved economic and labour market requirements of South Africa in, say, 2025, based on existing trends.
- The value of assessing future scenarios driven by ‘disruptive’ changes in society, the economy and technology, which alter skills trends.
- The need to examine the skills implications of government policy to transform the South African economy

There is also the issue of the government’s policy objectives with regards to skills, employment, productivity and poverty reduction. These need to be articulated, measured and progress tracked under the skills planning mechanism.

The policy objectives of government have been articulated in a range of policy documents including the National Human Resources Development Strategy and the National Skills Development Strategy, as well as in the National Development Plan and government’s industrial strategies. Goals for the post-school education and training system, including higher education, technical and vocational education and training (TVET) and the Sector Education and Training Authorities are set out in White Paper on Post-School Education and Training, and articulated in greater detail in planning for the higher education, TVET college and SETA sub-systems. Each of these areas will have its own, narrower set of goals, and particular objectives for which specific metrics will be needed.

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\(^4\) Skills of course are a ‘necessary’ but not a ‘sufficient’ condition for economic growth and development, a point which needs acknowledging but cannot be discussed in any depth here.
From the standpoint of the skills planning mechanism, however, it will be important that a set of core, over-arching and measurable policy goals is articulated.

Recommendation 1
It is recommended that the conceptual and empirical framework for the skills planning mechanism as outlined above is agreed and established. This framework should be used to inform LMI collection and analysis as well as the uses to which LMI is put.

5 LABOUR MARKET INTELLIGENCE: PRODUCTION AND ANALYSIS

5.1 LMI Indicators and Measures associated with the Framework

The second ‘pillar’ of the skills planning framework is the production and analysis of labour market intelligence.

As outlined in the previous section, the ‘design framework’ allows us to create a simple, clear and systematic set of indicators, composed of a relatively small number of high level metrics, for each of the elements or components of the skills demand and supply model. These have many valuable uses:

- First, they can be identified and tracked over time, to identify key current and emerging issues, monitor change, provide reporting and assess progress;
- second, the framework and associated metrics will help with the assessment, selection and systematisation of the various LMI proposals that have been put forward by the LMIP as well as in the Department’s proposals for the establishment of a ‘skills planning’ unit;
- third, the framework and metrics can assist in the review of existing labour market information utilised by government in, for example, identifying occupations in high demand; identifying scarce skills; or determining priorities in the immigration system for work permits and visas;
- fourth, LMI embedded in a consistent, clear, and logical framework has a further use, which is of interest to government from a policy perspective: the use of labour market intelligence in the development of policy tools to address both the immediate issues that the analysis of LMI has identified and government’s wider objectives with respect to employment, productivity and international competitiveness, social inclusion and reducing poverty.

Figure 5 illustrates the key elements of an LMI system based upon the proposed ‘design framework’.
To these skills metrics, we need to add the appropriate metrics for ‘prosperity’ in terms both of growth (i.e. employment and productivity) and the reduction of poverty and inequality.

**Recommendation 2**

It is recommended that the metrics outlined above comprise the key elements of the LMI required by the skills planning framework, that they are systematically and regularly reported on through a series of key products, and that the sources of data required to populate them are effectively collected and maintained.

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**5.2 Data and Analysis: ‘Top Down’ and ‘Bottom Up’**

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5 Attention needs to be paid to the following:

i. Stocks and Flows: In all cases, as appropriate, both the stock and the flow of each measure/indicator should be identified/reported, i.e. the level and the change (annual/over 5 years), in both absolute numbers and percentages.

ii. Levels: Where appropriate each measure/indicator should be reported at national, sectoral, occupational and provincial levels, benchmarked against the national level.

iii. Sources include: Official statistical data; surveys (especially of employers); management information; Tracer studies and other research; SETAs.
Data quality and availability differs within and between countries, and different countries use different combinations of strategies and methodologies to gather, analyse, test and validate labour market information and labour market intelligence. Common to all, however, is a combination of ‘top-down’ and ‘bottom up’ approaches, using a mix of qualitative and quantitative data. Skills forecasting or ‘anticipation’ is seen as important, but – as a senior EU official pointed out – the one certainty about forecasts ‘is that they will be wrong.’ Countries place considerable emphasis therefore on dialogue and engagement, and on a consultative process of validation, review and continuous adjustment. ‘How’ LMI is collected, analysed and validated, in short, is no less important than ‘what’ is collected, and ‘getting out’ from behind the desk and ‘talking to people’ are seen as essential.

The effective communication and dissemination of information is regarded, likewise, as crucial, and countries make use of a wide range of strategies, media and communications channels to ensure that information is made available and shared in forms which are accessible, timely, and tailored to the needs of a range of users. This has the potential of encouraging a valuable two-way dialogue between stakeholders and government and between stakeholders. The use of LMI by specific actors within the ‘skills mechanism’ is discussed in more detail in the following section.

5.3 The Core LMI Products and Deliverables

Drawing on the conceptual and empirical framework it will be necessary to develop a core set of LMI products and deliverables.

The ‘headline’ metrics associated with the framework should be presented in the form of an annual skills ‘scorecard,’ with a more detailed in-depth review and analysis in the form of a national ‘skills review’ taking place every two to three years.

A biennial or three-yearly audit could include the results from sector surveys, scenario analyses, and long-range ‘skills anticipation’ exercises, as well as other research.

In both cases, interpretation of results could be facilitated through the use of a three-level ‘traffic light’ system – green, amber, and red, for each of the measures. Establishment of a skills portal would facilitate access to LMI data and analysis for users and other interested parties.

Taken together, the skills scorecard and skills audit would enable both government and stakeholders to ascertain the extent to which issues identified in the data and analysis are system wide or specific to certain sectors, occupations or qualification levels, and to track change over time.

**Recommendation 4**

It is recommended that an in-depth, analytical ‘skills review’ is produced every two years on skills supply, demand, and mismatches.

**Recommendation 5**

It is recommended that a ‘skills scorecard’ is produced each alternate year updating the key skills metrics.

**Recommendation 6**

It is recommended that the annual ‘skills priority’ list identified by the Department as a key LMI product should be produced; this should focus on skills shortages/occupations in high demand to inform stakeholders of government priorities or, ideally, of priorities agreed between government and key stakeholders, in particular employers and education and training providers.
In order to secure the necessary labour market information, the following would need to be undertaken:

- A set of sectoral, occupational and qualification forecasts
- A two yearly employer/enterprise survey on skills needs, capable of sectoral, occupational, skill and geographical disaggregation
- Regular tracer studies of TVET and higher education graduates to track employment, earnings and further education outcomes
- Graduate and employer satisfaction surveys

Over the longer term, it would be desirable to explore a range of possible national and sector ‘scenarios’ and producing alternative, scenario-base projections.

It will also be necessary to establish a longer-term research programme to meet future LMI needs and to fill key intelligence gaps.

LMI data will be derived from enterprise surveys, economic, labour market and skills forecasts, futures analyses and scenarios; StatsSA data and trends analysis; graduate tracer studies; the Higher Education and Training Management Information System (HETMIS), and other sources, using both quantitative and qualitative methodologies.

### 5.4 Who does the work?

The issue of commissioning some or all of the data collection and analysis and, conversely, the role of the LMI unit itself in undertaking the necessary surveys and research, has been discussed but not settled in the various proposals that have been made regarding the establishment of a skills planning mechanism and LMI unit.

There is in fact no ‘in-principle’ or ‘correct’ answer to these questions; rather, the issue of ‘who does what’ is in part a question of the policy preferences of government, as well as a question of institutional capacity, cost and efficiency. Trust and credibility are also factors to be considered, as are the institutional location and status of the LMI unit.

From a practical point of view, and keeping in mind the capacity and resource constraints both within government and in the wider research and policy communities, a ‘division of labour’ along the following lines might make sense:

- Collation and analysis of existing data (e.g. from StatsSA, the SETAs) could be undertaken by the unit
- Large scale, routine surveys could be put out to tender, and outsourced
- Strategic research and analysis – for example sector surveys or scenarios – could be commissioned, using acknowledged experts, overseen by a reference group or advisory panel
- Production of the annual Skills Scorecard, the biennial Skills Audit and the scarce skills list should vest in the unit, with additional expertise and resources brought in as necessary
- Testing and validation of findings should be undertaken by the unit; as is the case in other countries, there should be established, systematic processes for doing this.

Some elements of the required LMI have already been piloted or developed, and should be incorporated into the framework. However, a caution is needed: the temptation to say, ‘we’re already doing that’ is understandable, but applied uncritically it could lead to lost opportunities.

Instead of ‘ticking the boxes,’ taking it for granted that existing studies and methodologies are ‘fit for

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6 Since this is data produced by other entities, external to the Department, the issue of trust and credibility regarding the integrity of the data need not arise here. Care will need to be taken to ensure that analysis and interpretation are robust and not suspected of bias.
purpose,' it is advised that a systematic review is undertaken of each of the proposed LMI methodologies and products, by appropriately qualified and experienced practitioners, before the production of LMI ‘goes live’ and to scale.

**Recommendation 7**
It is recommended that existing, ‘pilot’ and proposed methodologies for the collection, analysis and interpretation of LMI are submitted for systematic review by an appropriately qualified and experienced international panel of ‘critical friends,’ prior to large-scale implementation.

Review of the proposed LMI methodologies and products by an international panel would be highly desirable and beneficial, and could be a valuable further contribution by the European Union. The final section of this report sets out a proposed implementation strategy, in which these issues are addressed in more detail.

# 6 Using LMI

The final ‘pillar’ of the skills planning mechanism centres on the use of LMI for policy and planning. The starting point for this report, it will be recalled, is not the production of LMI per se but the impact that LMI can have on society, the economy and the lives of individuals. What links LMI and impact is the extent to which – and how effectively and strategically – it is used, not only by higher education, TVET and skills development planners but a wide variety of actors, within and across government departments, the private sector, and education and training providers and institutions.

The individual choices made by learners and parents are also important, and may be influenced by information, for example, on the demand for skills as well as the labour market outcomes of particular institutions and programmes.

LMI can be used to influence behaviour, to inform and empower agents of change, to reduce information asymmetries and promote transparency, and to make planning decisions and decisions about the allocation of resources. This is how LMI can be converted to ‘action.’ If the purposes for which LMI is used vary widely, so too will the LMI needs and expectations of different LMI users.

Amongst the key users of LMI will be the following:

- The Department of Higher Education and Training, including the branches responsible for Higher Education, the TVET and community college sectors, and the SETAs
- The Human Resources Development Council
- The National Skills Authority
- Sector Education and Training Authorities
- The Department of Home Affairs, responsible for immigration
- Education and training providers, including higher education institutions and colleges
- Employers and employer bodies
- Unions
- Careers advisers at all levels, including the school system
- Learners and parents
Depending on the audience and the needs of the users, the packaging and dissemination of LMI could take a variety of forms, not only reports and publications but internet portals, television and radio, social media, the news and entertainment media, interviews and presentations, with the aim of ‘building the use of LMI into the system,’ in the sense of encouraging the routine use of LMI to inform stakeholder’s ideas, sense of the options that are available to them, and choices. Indeed, the delegations that visited the EU and Australia were struck by the variety and quality of the products and materials used in other countries, and the effort expended on making presentations to stakeholders.

Recommendation 8
It is recommended that a targeted LMI dissemination strategy is designed and implemented, using a range of media and approaches, and focused on different audiences and user segments including, inter alia, education and training providers, employers, learners, careers advisers, public agencies, and immigration authorities.

LMI can be further utilised to help devise and focus actions to inform and influence the key stakeholders that engage with the education and training system. Figure 6 shows how an ‘intervention grid’ might be constructed. The key ‘agents’ within the LMI and skills planning environment are identified in the vertical column at left; these include (but are not limited to) education and training providers, learners, workers and employers.7

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**Figure 6: LMI intervention grid.**

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Information</th>
<th>Transparency</th>
<th>Signals</th>
<th>Guidance</th>
<th>Targets</th>
<th>Incentives</th>
<th>Funding</th>
<th>Regulation</th>
<th>Direction</th>
<th>Behaviour</th>
</tr>
</thead>
<tbody>
<tr>
<td>Providers</td>
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</tbody>
</table>
The row at the top indicates some of the possible uses of LMI, ranging from the provision of information, on the one hand, to ensuring transparency, for learners, parents, and providers; providing ‘signals;’ offering ‘guidance;’ setting targets; providing funding and incentives; regulation; issuing directives; or otherwise influencing behaviour. These tools can be articulated and the relevant LMI utilised to help ‘steer’ the skills system by influencing the behaviour of the key actors in it.

These interventions are not mutually exclusive, and the LMI produced by the LMI unit could serve a range of purposes. The case of higher education can be used as an example:

- The Minister might use LMI as a basis for providing guidance, either to the education and training sector as a whole, to particular sub-sectors (for instance, universities of technology), or individual institutions.
- The Department of Higher Education and Training would use LMI to inform funding priorities and the allocation of resources; LMI would also be used to inform the Programmes and Qualifications Mix (PQM) for institutions, and it could be used, should this become a policy choice of the Ministry, to increase transparency and promote competition.
- Universities and colleges would use LMI to inform institutional planning, budgeting and student recruitment.
- Learners and parents would use LMI to make choices about institutions and programs.
- Employers could use LMI to target their recruitment, scholarship funding and corporate social investment in higher education.

LMI data, in other words, in relation to higher education, or in relation to other ‘agents,’ as Figure 7 terms them, could serve many of the purposes that are suggested in the intervention grid – information, guidance, target-setting and so on.

Recommendation 9

It is recommended that an intervention grid is developed, identifying the relevant tools for use with key stakeholders, in order to maximise the influence and impact of LMI for the purposes of planning, budgeting, policy development and measurement.

As experience has shown, however, in South Africa and elsewhere, the mere production and dissemination of labour market intelligence does not necessarily entail that it will be used, or used effectively or well. For this to occur, some important conditions must be met:

1. **Awareness** must be created of the availability of LMI and the uses to which it can be put. An initial information and advocacy campaign will need to engage directly with targeted users and
stakeholders, as well as the general public, and ongoing advocacy and engagement will be required, both to sustain interest and awareness and to encourage and support the utilisation of LMI products.

ii. Awareness, however, is not enough. If stakeholders are to act on the LMI that is provided, there will need to be trust, not only in the quality and relevance of the data and analysis but in the independence, objectivity, expertise and judgment of those who are charged with its production and dissemination. Any suspicions about data integrity, or about political ‘massaging’ of results, could be fatal to the utilisation of the LMI products and the success of the skills planning mechanism.

iii. For stakeholders to be aware of, and to trust and be willing to use the LMI produced by an LMI unit, there needs to be engagement. Engagement, in fact, is fundamental to the success of the skills planning mechanism, as examples of the production and use of LMI elsewhere in the world have demonstrated. ‘Engagement’ encompasses many things, including consultation, collaboration, contribution (of expertise, resources, or of actions or commitments that support the policy goals of the partners) and social partnership.

iv. Engagement, participation, contribution and partnership are secured, as international experience has shown, through collaborative and participatory governance arrangements. These can be seen as an institutional expression of the spirit of trust and social partnership that is needed to drive the utilisation of LMI, by a range of actors which include not only government and education and training providers but employers, trades unions, immigration authorities and others.

v. Finally – an aspect that is easily neglected – the capacity of users to make effective use of LMI may need to be built, and users and stakeholders may need to be supported, at least initially, in their efforts to access, interpret and utilise LMI for their own purposes.

In short, careful attention must be paid to the foundations on which the LMI unit and skills planning mechanism are built and to the implementation strategy. Foundations are discussed below, in section six, and implementation is discussed in the final section of this report.

7 FOUNDATIONS OF THE SKILLS PLANNING MECHANISM

7.1 Cornerstones

If the new skills planning mechanism is a ‘building’, which must be carefully designed and constructed, the foundations on which it rests will need to be sound.

The cornerstones of the building are trust, engagement, relationships and collaboration.
Trust is the key ingredient of a strong foundation: trust in the integrity of the data, as well as trust in the competence, professionalism and independence of those who produce it; and trust between the social partners and actors whose cooperation and support is essential to the production, validation, and use of LMI and the policy and planning directions to which it gives rise. The building of trust begins with stakeholder engagement. Those – within and across government departments, in the business environment, amongst the education and training provider community – whose ‘buy-in’ and co-operation is needed both for the production and validation of LMI and the effective working of the skills planning mechanism need be part of the conversation; they have to be consulted and engaged. Without engagement, the LMI products produced by the unit risk being seeing as a ‘DHET concern,’ of little wider interest or utility.

Engagement, in the sense of dialogue and consultation, is only a first step. More important, in the long run, is the building of relationships. Relationships build trust, and it is through relationships that commitment is created and collaboration becomes possible.

Collaboration is essential, in that it is the willingness and ability of the main actors and social partners to work together, not only to collect and validate data but to provide insights and intelligence and – most importantly – to work together in practical and concrete ways to achieve agreed policy objectives, that leads to impact.

Strategies to build trust, engagement, relationships and commitment amongst the key stakeholders – government departments and business, particularly – are discussed further in the final section of this paper.

Recommendation 12
It is recommended that specific confidence-building measures, and strategies to build trust and to create and strengthen key relationships and areas of collaboration, are identified and implemented, within a wider framework of stakeholder engagement.

7.2 A Solid Foundation

A credible and robust LMI and skills planning system depends, in particular, on

- A clear remit and focus
- Appropriate governance and institutional arrangements

7.2.1 A Clear Remit and Focus

The skills planning ‘mechanism,’ as discussed earlier, is a distributed system, centred, on the one hand, on the LMI unit, and on the other, those who can be expected to use LMI for planning, budgeting and policy development.

Those who are likely to make the most direct use of LMI for planning and budgeting purposes include:

- The Department of Higher Education and Training, specifically the higher education, TVET and SETA branches
- The Department of Home Affairs, for immigration purposes
- Universities and Colleges

Trust, needless to say, is not an event; it cannot be established by decree; it takes time to build and is easily destroyed. How to build trust in the labour market intelligence produced by the unit, and trust in the workings of the skills planning mechanism, is a consideration which needs to be placed at the centre of their design and construction. The process of building the new skills planning mechanism is addressed in more detail in Section 8, below.
SETAs

Other users will include the economic and planning Ministries, and government departments more broadly; provincial and local authorities; employers and employer bodies; unions; careers advisers; learners and parents.

The LMI unit plays an important role in relation to these, firstly in providing timely, reliable, and relevant labour market information and secondly, through the analysis and interpretation of data and the production of labour market intelligence. The unit may also play a more proactive role, in its reports and analyses, by ‘flagging’ areas that require intervention.

In fulfilling this role, the unit will need to be mindful however of the scope and limits of its remit, and the virtues of pragmatism and realism. In particular, it will need to avoid any appearance of impinging on the ‘territory’ of its principal users, or of operating outside its areas of competence.

The design framework discussed earlier outlines the data that is needed; a clear and relentless focus on this, and the ability to stand firm against scope enlargement or mission creep, and to avoid distractions – including the temptation to ‘plan for’ or ‘direct’ other actors within the skills planning mechanism — will not only enable the unit to fulfil its mandate and meet the needs of its users, but will be important in building trust in its work and bona fides.

### 7.2.2 Appropriate Governance and Institutional Arrangements

Within the wider context and framework of the skills planning mechanism, the institutional form, location and governance of the LMI unit is of particular importance.

The principle to be followed is that form follows function: how the unit should be constituted, where it should be located, and how it should be governed, depend on what we want it to do.

The tasks of the unit, as described in this report, are essentially technical, managerial and relational in nature.

The technical tasks of the unit include, inter alia:

- Consolidation and analysis of LMI from existing sources
- Drafting of specifications and tender documentation for outsourced and commissioned projects
- Quality assuring the work of contractors
- Production of the Skills Scorecard, Skills Audit, Scarce Skills List and other key documents
- Packaging of LMI into a range of user-friendly products and media, as identified in the intervention grid

The unit’s managerial tasks include:

- Management of a complex portfolio of in-house and outsourced projects
- Management of a complex set of stakeholder relationships
- Dissemination of a range of LMI products and services

The relational aspects of the unit’s tasks include:

- Advocacy and communication
- Engagement with stakeholders
- Relationship-building
- Building of collaborative partnerships and networks

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9. Science and Technology, Health, Public Works are amongst the many Departments which will find LMI useful for planning and budgeting.
The institutional form and location of the LMI unit, therefore, must be such as to enable it to recruit and retain the leadership, managerial and technical staff needed to successfully carry out the functions and tasks outlined above. The question of governance arrangements is likewise to be answered by asking what it is that we want governance to do. The primary tasks of governance, as generally understood, are to provide oversight, direction and accountability. In the context of the LMI unit and the skills planning mechanism, however, governance is equally about credibility, relationships, and social partnership. Relationships are cemented by strong institutional and governance arrangements, which confirm the roles and responsibilities of the role-players and partners, govern the relationships between them, foster collaboration, and ensure mutual accountability. Also important is to ensure that the governance of the LMI unit reflects a strong understanding of, and commitment to, addressing the underlying challenges on which the role of the skills planning mechanism is predicated, namely the need to reduce skills mismatches and imbalances. Looked at from this perspective, the role of business, and business leadership, are absolutely central, as international experience demonstrates. A final consideration is the need to ensure the impartiality, independence and integrity of the unit and the information, intelligence and products that it produces. In short, the institutional form and location, along with the governance of the LMI unit, are fundamental to ensuring that the skills planning mechanism rests on strong foundations. The Department of Higher Education and Training, in its Concept Note on the establishment of a ‘skills planning unit’ discusses a number of options regarding its form and institutional location; this could take the form of, for instance,

- A unit within the Department of Higher Education and Training
- A unit external to DHET, attached for example to the Presidency or the Human Resources Development Council
- A Joint Programme of Government, as provided for by the 2005 DPSA Framework for Managing Joint Programmes of Government Departments
- An entity established in terms of the Public Service Amendment Act, No. 30 of 2007. This could take one of two forms:
  - A government ‘component,’ with its own advisory board
  - A ‘specialised unit’ within DHET, also with its own advisory board
- A public entity, established in terms of the Treasury/DPSA Interim Guide for Creating Public Entities at the National Sphere of Government (March 2002).

The Concept Paper proposes, as an ‘interim’ measure, that the LMI unit is established initially as a unit within DHET, a position which the Minister has endorsed.
This arrangement may not be ideal, from a longer term perspective, but it provides a starting point for the development of a skills planning mechanism. Accordingly, this report makes the following recommendations regarding governance and institutional arrangements:

**Recommendation 13**
It is recommended that the unit is established initially on the same, or similar terms as would apply if it were formally constituted as a ‘specialised unit’ within the Department, i.e. with an independent, stakeholder-based, employer-led Advisory Board.

**Recommendation 14**
It is recommended that future options for the unit are investigated and assessed, using the following criteria:

a. The extent to which a governance model based on robust social partnership can be accommodated; within this, an accommodation of the central role of business and business leadership.

b. The ability of the unit to hire and retain the right calibre of professional leadership, management, and technical expertise

c. The ability of the unit to engage with stakeholders, build relationships, and establish partnerships and collaboration

d. The independence and integrity, real and perceived, of the unit and its work

*In order that the direction in which the unit is expected to evolve should be clear to the staff of the unit and to its key stakeholders, it is further recommended that a determination as to its ultimate form and location should be made as early as possible, preferably in the first year of the unit’s existence.*

**7.2.3 Other Foundational Elements**

Other ‘foundational elements’ of a credible skills planning mechanism include the leadership and managerial, professional and technical competence of the LMI unit; funding that is both sufficient and secure for the medium- to long-term; the leadership, commitment and support of government, business and other stakeholders; the development of networks and partnerships and – in order to monitor progress and improve on the delivery of products and services – robust monitoring and evaluation. Capacity building, both of the unit and amongst users, will be essential.

**Recommendation 15**
It is recommended that an expert international reference group is established, to help ensure that the LMI unit is kept abreast of global developments and good practice, and to act as a critical friend.

**Recommendation 16**
It is recommended that Memoranda of Understanding are entered into with the OECD and European Training Foundation, and working relationships established with other national and international bodies including the UK Commission for Employment and Skills (UKCES), SOLAS in Ireland, and the National Centre for Vocational Education Research (NCVER) in Australia.
The final component of the LMI and skills planning 'building' is its apex or 'roof.' The key question about LMI, from the perspective of this report, is 'what is it for?' The apex or 'roof' of the skills planning mechanism, therefore, focuses on outcomes and impact.

Two sets of high level outcomes can be identified:

- Skills outcomes
- Economic and equity outcomes

In relation to these, the following recommendations are made:

**Recommendation 19**
It is recommended that a key set of measures of skills progress, in terms of desired outcomes, is established; these should include:

i. Supply, for example the percentage of the workforce to be qualified at each level by 2025, versus the current (2015) levels
ii. Mismatches, for example the level of skill shortages
iii. Demand, for example the percentage of high skill jobs in the

**Recommendation 20**
It is recommended that a specific set of cross-government measures of economic and social progress should be developed, to which skills planning and skills development is expected to contribute; these should be located within the wider framework of the goals and objectives outlined, *inter alia*, by the National Development Plan and the Human Resources Development Strategy, the development of. The measures should include specific targets or goals related to:

iv. Employment
v. Productivity
vi. Poverty reduction

The objective here is to be focused and realistic: setting goals for 'everything' will be unproductive. Far more useful will be a limited set of clearly defined, strategic objectives towards which policy and planning can be directed, with the prospect that, properly pursued, they can be achieved.
Benchmarking South Africa’s performance over time, against an agreed set of international comparators, is also important: it is important to understand, not only what progress we are making internally, against our own baselines, but how our position is changing over time relative to the rest of the world. Are we ‘standing still,’ making progress, or falling behind?

9 BUILDING THE SKILLS PLANNING MECHANISM

Previous sections of this report have outlined the elements or ‘building blocks’ of a credible institutional mechanism for skills planning. Comprised of three ‘pillars’ – ‘design,’ LMI, and ‘use’ – the structure rests on the foundations of a clear mandate, appropriate institutional and governance arrangements, and social partnership. The ‘roof’ of the structure comprises outcomes and impacts.

Building the system, needless to say, especially in the context of South Africa’s capacity and resource constraints, is not an ‘event’ but a process. The key constraints, or contextual realities, as understood currently, flow from the absence of committed, secure funding, and the Department’s decision to locate the LMI unit, at least in its initial phases, within the Department.

In the remaining sections of this report, an implementation strategy is outlined, in broad brush-strokes, for the first three years.¹⁰

- **Year One** is focused on ‘Getting Started’
- **Year Two** is concerned with ‘Building Momentum’
- **Year 3** is a year of ‘Consolidation and Development’

9.1 Getting Started

The primary tasks for Year One are the following:

- Establish the LMI unit
- Establish a support mechanism
- Develop a strategy and work plan
- Introduce the new unit to stakeholders
- Produce and disseminate at least one key product as the initial ‘offer’ to demonstrate value, credibility

9.1.1 Establish the LMI unit¹¹

The first step is to ensure that the LMI unit is established with the Terms of Reference, governing structure, leadership and staffing needed to fulfil its role as a key component of the skills planning mechanism.

i. **Terms of Reference**: The Terms of Reference should, *inter alia,*
   a. Specify the role of the unit in relation to the skills planning mechanism
   b. Specify its main tasks and responsibilities
   c. Specify its structure
   d. Specify its governance and reporting relationships, with due consideration of the need for independence and integrity as well as accountability

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10 Note that this is not a project or business plan, which are beyond the scope of this document.

11 The LMI unit, it is understood, is to be established within the Department of Higher Education and Training. Funding through the Budget is not currently available, and external funding will have to be secured. This will impact on the timelines for establishing the unit, and on staffing. The steps outlined here assume that funding and at least a nucleus of key staff are in place.
ii. **Governance**: An independent Advisory Board should be established. The Board should include strong business leadership, as well as representation from key users within the framework of the skills planning mechanism. The Board should be given a clear mandate,
   a. To provide direction
   b. To ensure the independence and integrity of the unit’s work
   c. To monitor and evaluate the unit’s performance, and the progress of its work, and to advise the Minister on this

iii. **Leadership and staffing**: A nucleus of key staff should be appointed, under an appropriately qualified senior professional – not simply a technocrat or functionary, but a leader who is capable of driving the process. Appointments should be made with a view to ensuring that the technical, managerial and relational aspects of the unit’s work are all covered.

### 9.1.2 Establish a Support Mechanism

The EU-funded Skills Planning Dialogue has played a valuable role both in identifying potential partners and sources of expertise, and in establishing relationships that could provide valuable insights, advice and support to the work of the LMI unit and, more broadly, the development of the skills planning mechanism. The possibilities for cooperation, technical assistance and partnerships with EU and other international organisations and institutions should be followed up with some urgency. Support could include:

   i. The establishment of an international reference or advisory group, to keep the unit abreast of global good practice and to act as a critical friend
   ii. The establishment of Memoranda of Understanding with the OECD and European Training Foundation
   iii. The establishment of ‘twinning,’ partnership or other forms of working relationship with other national organisations, for example SOLAS in Ireland, the UK Commission for Employment and Skills (UKCES) and the NCVER in Australia
   iv. Appointment of a donor-funded international adviser
   v. Appointment of a donor-funded in-house adviser to the Department

### 9.1.3 Develop a Work Plan

The key elements of a work plan for the LMI unit would include:

   i. Specification of data sources and requirements, as indicated in the design framework
   ii. Agreeing, with the Advisory Board, a set of key measures of skills progress, and social and economic progress
   iii. The development, in consultation with the key users within the skills planning mechanism, of an intervention grid
   iv. Establishment of a cross-government, DHET led task force to coordinate the collation of available information on skills needs
   v. Development of a framework for the outsourcing or commissioning of data collection, research and analysis, together with a register of potential providers
   vi. Commissioning of priority surveys and research
   vii. Development of templates for the production of an annual Skills Scorecard, a biennial Skills Audit, and the Scarce Skills List
   viii. Develop a dissemination strategy
   ix. Develop a communications and stakeholder engagement strategy
   x. Establish a Monitoring and Evaluation Framework
   xi. Identify and produce an initial set of LMI products or ‘low-hanging fruit,’ e.g. the Scarce Skills List
   xii. Initiate a formal process to determine the long term form, institutional location and governance of the LMI unit
9.1.4 Introduce the new unit to stakeholders

The unit will be focused on a good deal of ‘internal’ business in its first year; it would also not wish to engage too extensively with stakeholders until it has a ‘story’ to tell. Nonetheless, there are two groups of stakeholders that will need to be engaged with fairly early in the process. These are the primary users, within the framework of the skills planning mechanism, of the LMI that the unit intends producing, and business.

i. The primary LMI users: The primary users within the framework of the skills planning mechanism are DHET (the higher education, TVET and SETA branches), SETAs, and the Department of Home Affairs. A strategy of early and systematic engagement with these stakeholders should include discussion of, amongst other things:
   a. The scope and design of the skills planning mechanism, the role of the LMI unit within this, and relationships with users
   b. The LMI needs of users
   c. Information packaging and dissemination strategies
   d. Mutual expectations and the development, where appropriate, of Memoranda of Understanding

ii. Business and employer groups: Winning the trust and support of business leaders, of companies, and of business organisations is important; each of these will require different approaches and strategies. To illustrate,
   a. CEOs and senior business leaders may need to be approached individually, or through invitation-only events, such as business breakfasts or dinners. If the event is for CEOs, only CEOs should be invited, and it would be helpful if the invitation comes from – and the event is hosted by – a CEO
   b. Major employers can be invited to meetings and presentations, individually or on a sectoral or regional basis
   c. The major employer organisations – Business Unity South Africa, or Business Leadership South Africa, for example – have different compositions, roles and mandates, and will need to be approached differently.

A targeted strategy of engagement, in the first year especially, should give priority to the users and business constituencies identified above. The engagement strategy should also ensure, however, that other, important actors are informed about the establishment of the unit and invited to engage.

Foremost amongst these are the following:
   i. The Economic and Planning Ministries – DTI, Economic Development, DPME, the National Planning Commission
   ii. Provincial and regional government
   iii. The higher education sector
   iv. The TVET colleges sector

9.2 Building Momentum

The second year of the unit should focus on building momentum, creating awareness and support, and demonstrating the value and importance of the unit’s work.

i. Publish and distribute an initial set of LMI products:
   a. A Skills Scorecard
   b. A report on skills supply, demand and mismatches
   c. A Skills Priority List
   d. A ‘one stop’ Skills Portal

ii. Institute a process of review and revision, based on consultation with and feedback from users
a. Conduct a systematic process of engagement with users to assess the quality, relevance and use of LMI data and outputs
b. Review and revise data, analysis, reporting and distribution formats and methodologies as necessary

iii. Build user capacity
a. Undertake an assessment of users’ capacity to interpret and use LMI for policy and planning
b. Develop a suite of tools and methodologies to build user capacity
c. Develop an advice and support programme for users

iv. Begin development of an expanded data analysis and research programme and associated products:
a. An enterprise survey
b. TVET and HE graduate destination, graduate satisfaction and employer satisfaction surveys
c. Sector surveys
d. Benchmarking against international comparators
e. Draft long term research programme

v. Secure approval for the future form, institutional location and governance of the LMI unit

9.3 Consolidation and development

The third year should be one of consolidation and development:

i. Initiate broader sector and scenario analyses, and other strategic research initiatives

ii. Undertake a formative mid-term review of the LMI unit and development of the skills planning mechanism
a. Benchmark LMI production and use against international best practice
b. Consult with users and stakeholders re the quality, relevance and use of LMI data and products
c. Assess the effectiveness and impact of the user capacity building and support programme
d. Undertake a formative mid-term review of the LMI unit
e. Review the unit’s structure, funding, staffing, governance, communications processes as necessary

iii. (Re-)establish the unit on a long-term, sustainable footing: as a specialised unit within the Department or an entity outside it.

A high-level overview of the proposed three-year implementation plan is presented in Figure 7, below.
10 CONCLUSION

The twenty recommendations that constitute the core proposals emanating from the EU-SA Skills Planning Dialogue build, as has been noted, on an extensive process of research, international study tours, and stakeholder engagement. A draft version of the recommendations received strong support from the second and final stakeholder workshop held in Pretoria in November, not only on grounds of their relevance to the development of the skills planning mechanism but out of a recognition that in most cases the necessary frameworks, mechanisms and methodologies were not yet in place and that action was required to establish them.

The analysis and recommendations presented in this report draw, as well, on the extensive international and local experience and expertise of the Senior Research Adviser, Professor Mike Campbell, the Research Manager, Glen Fisher, and the senior Departmental officials and representatives of the European Delegation in Pretoria who constituted the Project Management Committee.

Taken together, the recommendations outlined here constitute the pillars, foundations and roof of the skills planning mechanism (Figure 8). They are intended to be both specific and practical, as well as complementary to the work of the Labour Market Information Partnership and the Department’s internal processes. It is hoped that the analysis and recommendations will be of value to the Department as it begins the important but challenging task of developing a credible institutional mechanism for national skills planning.
A summary of the recommendations is outlined for convenience at the end of this section.

In conclusion, the authors of this report would like to take this opportunity to express their appreciation to all who contributed to and supported this process, not least their colleagues in the Department of Higher Education and Training and the EU Delegation.

*Figure 8: The Skills Planning Mechanism: Framework and Recommendations*

**Recommendation 1**
It is recommended that the conceptual and empirical framework for the skills planning mechanism as outlined above is agreed and established. This framework should be used to inform LMI collection and analysis as well as the uses to which LMI is put.

**Recommendation 2**
It is recommended that the metrics outlined above comprise the key elements of the LMI required by the skills planning framework, that they are systematically and regularly reported on through a series of key products, and that the sources of data required to populate them are effectively collected and maintained.

**Recommendation 3**
It is recommended that an online skills portal is established to provide one-stop availability of LMI to users.
Recommendation 4
It is recommended that a report is produced every two years on skills supply, demand, and mismatches.

Recommendation 5
It is recommended that a ‘skills scorecard’ is produced each alternate year updating the key skills metrics.

Recommendation 6
It is recommended that an annual ‘skills priority’ list is produced, focusing on skills shortages/occupations in high demand to inform stakeholders of government priorities or, ideally, of priorities agreed between government and key stakeholders, in particular employers and education and training providers.

Recommendation 7
It is recommended that existing, ‘pilot’ and proposed methodologies for the collection, analysis and interpretation of LMI are submitted for systematic review by an appropriately qualified and experienced international panel of ‘critical friends,’ prior to large-scale implementation.

Recommendation 8
It is recommended that a targeted LMI dissemination strategy is designed and implemented, using a range of media and approaches, and focused on different audiences and user segments including, *inter alia*, education and training providers, employers, learners, careers advisers, public agencies, and immigration authorities.

Recommendation 9
It is recommended that an intervention grid is developed, identifying the relevant tools for use with key stakeholders, in order to maximise the influence and impact of LMI for the purposes of planning, budgeting, policy development and measurement.

Recommendation 10
It is recommended that a careful and systematic strategy for stakeholder engagement is developed and implemented, with regular feedback, monitoring and evaluation to assess the credibility and impacts of the process.

Recommendation 11
It is recommended that a robust programme is developed and implemented to build stakeholder capacity to use and interpret LMI; this should include the dissemination of LMI user guides as well as workshops with users and a user helpline.

Recommendation 12
It is recommended that specific confidence-building measures, and strategies to build trust and to create and strengthen key relationships and areas of collaboration, are identified and implemented, within a wider framework of stakeholder engagement.

Recommendation 13
It is recommended that the unit is established initially on the same, or similar terms as would apply if it were formally constituted as a ‘specialised unit’ within the Department, i.e. with an independent, stakeholder-based, employer-led Advisory Board.
Recommendation 14
It is recommended that future options for the unit are investigated and assessed, using the following criteria:

i. The extent to which a governance model based on robust social partnership can be accommodated; within this, an accommodation of the central role of business and business leadership

ii. The ability of the unit to hire and retain the right calibre of professional leadership, management, and technical expertise

iii. The ability of the unit to engage with stakeholders, build relationships, and establish partnerships and collaboration

iv. The independence and integrity, real and perceived, of the unit and its work.

In order that the direction in which the unit is expected to evolve should be clear to the staff of the unit and to its key stakeholders, it is further recommended that a determination as to its ultimate form and location should be made as early as possible, preferably in the first year of the unit’s existence.

Recommendation 15
It is recommended that an expert international reference group is established, to help ensure that the LMI unit is kept abreast of global developments and good practice, and to act as a critical friend.

Recommendation 16
It is recommended that Memoranda of Understanding are entered into with the OECD and European Training Foundation, and working relationships established with other national and international bodies including the UK Commission for Employment and Skills (UKCES), SOLAS in Ireland, and the National Centre for Vocational Education Research (NCVER) in Australia.

Recommendation 17
It is recommended that a planned programme of capacity building and leadership development be instituted, to enhance the technical, managerial and stakeholder management skills of the unit’s staff and leadership; this could include Master Classes by international experts, seminars and webinars etcetera.

Recommendation 18
It is recommended that appropriate monitoring and evaluation arrangements are established to keep the work of the unit and its relationship and contribution to the skills planning mechanism under review.

Recommendation 19
It is recommended that a key set of measures of skills progress, in terms of desired outcomes, is established; these should include:

i. Supply, for example the percentage of the workforce to be qualified at each level by 2025, versus the current (2015) levels

ii. Mismatches, for example the level of skills shortages

iii. Demand, for example the percentage of high skill jobs in the economy.

Recommendation 20
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i. Employment
ii. Productivity
iii. Poverty reduction
REPORT OF THE SECOND WORKSHOP OF THE EU-SA SKILLS PLANNING DIALOGUE

July 2017

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REPORT OF THE SECOND WORKSHOP OF THE EU-SA SKILLS PLANNING DIALOGUE

July 2017
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1 BACKGROUND AND OVERVIEW

This Note summarises the proceedings of the Second South Africa Workshop held under the auspices of the EU-SA Skills Planning Dialogue at Cricklewood Manor, Pretoria, on 10 November 2015. The workshop was attended by a total of 34 participants, including the Director General of the Department of Higher Education and Training and the Chief Director in the Director-General’s office. Participants included members of the official delegations which had taken part in two study tour missions, under the auspices of the Dialogue, to the EU and Australia in July and October respectively. A list of workshop participants is attached at Appendix A.

Mr Firoz Patel of the Department directed the programme and the workshop was facilitated by the senior research adviser to the project, Professor Mike Campbell.

2 WELCOME AND INTRODUCTIONS

Mr Patel opened the workshop and welcomed participants, who were asked to introduce themselves. Setting the EU-SA Skills Planning Dialogue in the contexts both of the Department’s key outcomes and the partnership between the EU and South Africa, he drew attention to the two study tour missions that had taken place in the period since the first workshop, to the EU and Australia, and to the valuable insights and perspectives that these had afforded.

3 WORKSHOP BACKGROUND, PROCESS AND OBJECTIVES

Mr Fisher briefly reviewed the origins and objectives of the Skills Planning Dialogue, noting that a key objective – namely to provide a platform for first-hand engagement between South African officials and LMI experts and counterparts in the EU and elsewhere – had been amply fulfilled by the two study tour missions.

He highlighted five lessons that he believed were central to what the study tour missions had learned about the use of labour market intelligence for skills planning:

- Keep it simple – not simplistic or unsophisticated, but realistic, practical, comprehensible
- Keep it grounded, bearing in mind both the uses and limitations of data and the need to validate LMI against the real-world experience and perspectives of employers and others
- Use a mix of methods – both ‘top down’ (quantitative) and ‘bottom up’ (qualitative)
- Put demand at the centre, recognizing in this regard the central importance of business
- Communication, dialogue, stakeholder engagement and the building of ‘communities of trust’ are absolutely critical

He noted that reports on the two study tour missions would be made available to participants as soon as possible.
4 PRESENTATION AND DISCUSSION – PROFESSOR MIKE CAMPBELL

Professor Campbell made an in-depth presentation on the lessons and proposals emerging from the EU-SA Skills Planning Dialogue, in which he outlined the following:

- The key elements of the EU-SA Skills Planning Dialogue, including the commissioning of desktop research on LMI and its use in SA and other countries; two EU-SA workshops, held in Pretoria; study tour missions to the EU and Australia; and discussions in the Project Management Committee as well as the utilisation of the expertise of the UK research adviser and South African research manager.

- Key elements of the construction of an LMI system, focusing on the design of the LMI framework, the identification of LMI information and intelligence, and proposals for the systematic dissemination of LMI to inform, influence and guide key actors and role-players. The ‘foundations’ of the system, as well as proposed high-level policy outcomes, were also identified.

- Related to this framework, a total of 19 recommendations and proposals was outlined, each of which was assessed by breakaway groups (see below) on the basis of their current status, and importance to the system going forward.

The full presentation, with breakaway group ratings, is available as Appendix B.

Discussion of the presentation centred on a desire for further information and detail, coupled with strong support for the overall analysis and direction of the recommendations. There was general agreement that using LMI for skills planning was both a science and an art, and recognition that South Africa should seek to build on the research and analysis that had been undertaken already. The need for an overarching ‘skills narrative’ which would capture the big issues and key challenges was highlighted, while the need to break out of a low skills equilibrium struck a particular chord.

Discussion of a possible institutional location for the skills planning mechanism highlighted the principle that ‘form follows function;’ much would hinge on whether the mechanism was intended as a stakeholder or expert group or advisory body, for instance. The need for a sufficient degree of independence from government was emphasised, if the data and analysis that it produced were to be seen as trustworthy and legitimate.

5 BREAKAWAY GROUPS AND PLENARY REPORT-BACK

After lunch participants broke into three groups, to examine the 19 recommendations that had been outlined in the presentation in greater detail. Participants were asked:

- To assess the current state of affairs using a ‘traffic light’ set of indicators (red, amber, green)
- To rank the importance of each proposal as ‘essential,’ ‘desirable’ and ‘not required’
- To add any issues that they felt had not been addressed

The summary response of the groups can be found in the last two slides of the presentation, at Appendix B. As can be seen, a significant number of items were assessed as either red or amber, while most of the recommendations were regarded as essential – confirming, as Professor Campbell pointed out in his summation, that the workshop believed that the analysis and proposals were on the right track.
6 NEXT STEPS AND CLOSURE

In closing, Mr Patel thanked Professor Campbell and Mr Fisher for the work they had done, observing that the workshop had been a ‘wonderful’ exercise. The ‘intervention grid’ outlined by Professor Campbell was especially useful, as it helped to identify the range of levers and mechanisms available to inform, influence, incentivise and direct the various actors in the skills environment. The approach to the communication and dissemination of LMI would also assist the actors in their own planning. He emphasised in this regard the importance of ensuring curriculum responsiveness and relevance, and measuring this through systematic employer feedback.

Mr Patel then took the opportunity to announce that the Minister had approved the establishment of a skills planning unit to be located, initially at least, within the Department. Noting that the final report of the Skills Planning Dialogue would be submitted in the next few weeks, he thanked the EU for its support and sponsorship, noting that a colloquium would be held in the coming year to engage with this and other contributions. He was hopeful that Professor Campbell along with other international experts would be able to participate.

In conclusion Mr Patel thanked the Director General for honouring the workshop with his presence, and for leading the two study tour missions. He expressed his appreciation to Professor Campbell and Mr Fisher, to the study tour delegations, and workshop participants, observing that ‘people we can see we had a very good event today.’
## Appendix A: List of Participants

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<tr>
<th>N.</th>
<th>Title</th>
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South Africa – European Union Dialogue on Skills Policy

Towards a credible mechanism for skills planning:
Lessons and Proposals

Workshop
Tuesday, 10 November
Pretoria

Our Focus

• A credible **mechanism**
• Information and analysis on **supply and demand** for skills
• Better **balanced** supply and demand for skills
The dialogue at a glance

Proposals

Researchers’ knowledge and experience

Review: lessons from SA and international

Workshop 2

Workshop 1

Project Management Committee

Study visit 1

Study visit 2

Ongoing support

Project Management Committee

Workshop 2

Workshop 1

Study visit 1

Study visit 2

Ongoing support

Proposals

Researchers’ knowledge and experience

Review: lessons from SA and international
Key Characteristics

- Secure impact
- A system approach
- Policy driven
- Transparency
- Dissemination
- Simplicity
- Participatory: Top down and bottom up
- Quantitative and qualitative
- Results driven
- Using LMI: the keys to success
- Governance
- Realism
A skills planning system

Design Proposals

The Issues:
• Scope and purpose
• The skills system
• Connections and interdependencies

Proposals:
1. Agree a conceptual and empirical **framework** for LMI/Skills Planning.
LMI Proposals

**The issues:**

- The value of LMI
- Scope: From ‘infinity’ to **common sense** and being **policy-driven**
- Purpose/s
- **Information to intelligence:** Analysis, interpretation and research
- **Credibility** is key
LMI Proposals

Proposals

2. Agree the **systematic framework** of data, sources and LMI products.

3. Establish, under the auspices of the ‘Unit’, a **portal/skills panorama** to provide ‘one-stop’ availability of LMI to users.

4. Produce a **biannual report** on the supply of demand for skills and the mis-matches between them based on the agreed framework.

5. Produce an annual brief ‘**skills scorecard**’ on the key skills metrics.

6. Produce an annual skills shortage/occupations in high demand **priority list**.

7. Undertake, and incorporate into the above bi-annual report from them, the key results:
   - A set of sectoral, occupational and qualification **forecasts** (REAL)
   - An annual national **employer/enterprise survey** on skill needs
   - A tracer study of further/higher education graduates to track outcomes.

8. Establish a **research programme** in order to fill future LMI gaps and analysis.
### Key Metrics Scorecard

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<th>Demand</th>
<th>Augmented Demand</th>
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<td>Workforce qualifications by level (NQF)</td>
<td>Skill shortages</td>
<td>Jobs: Employment levels by occupation</td>
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<td>Provider leavers by level (school, college, university)</td>
<td>Skill gaps</td>
<td>Vacancies</td>
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<td>- Trends as above</td>
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<td>- Economic/Labour market forecasts</td>
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<td>- Projections of above</td>
<td>Returns/premia to quals</td>
<td>- Drivers of change</td>
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<td>e.g. graduates; VET leavers</td>
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In all cases include: (1) Stocks (levels) and Flows (change/trends); (2) Bench-marking.

### Applying the Framework with sectors, occupations or provinces: an example

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<th>LOW DEMAND</th>
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Using LMI for Skills Planning

The issues:
• Resource allocation
• Transparency
• Dissemination
• Influence
• LMI-based tools and mechanisms
• Agents of change

9. Targeted dissemination of products focused on audiences and user segments: education/training providers; employers; learners; careers advisors; public agencies; immigration authorities.

10. Develop an ‘intervention grid’ to identify the relevant tools for use with key stakeholders, in order to secure maximum influence and impact.

11. Consider the establishment (or redevelopment) of appropriate sectoral and provincial partnerships to secure the national agenda at these levels.
### A skills intelligence based ‘intervention grid’

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### The Foundations

**The issues:**

- From influence to **stakeholder engagement**
- Building **trust, accountability and relationships**
- **Institutional arrangements**, governance and accountability
- **Capacity building**
The Foundations

Proposals:
12. Set up a cross-government, DHET-led, task force to co-ordinate information available on skill needs.
13. Establish the core institutional mechanism with the appropriate ToR, institutional base, locus and structure, to pursue, develop and implement the skills planning mechanism agenda.

The Foundations

• Establishing the institutional mechanism – key considerations:
  – Building of trust and relationships
  – Political and stakeholder support and engagement
  – Managerial, professional and technical leadership and competence
  – Agility and independence
  – Partnerships and networks
Institutional form and location

• **Options** to be evaluated against above considerations/criteria:
  
  – A unit within the Department of Higher Education and Training
  
  – A unit linked to, for example, the Human Resources Development Council or National Planning Commission
  
  – A public entity (current example: the Council on Higher Education)
  
  – A Joint Programme of government (example: the Expanded Public Works Programme)
  
  – A government ‘component’ linked but external to DHET, with an advisory board, established in terms of the Public Service Amendment Act (No. 30 of 2007)
  
  – A ‘specialised unit’ with an advisory board, within DHET, established in terms of the Public Service Amendment Act
The Foundations

14. Set up stakeholder-based, employer-led, **advisory board** to direct the work of the ‘Unit.’

15. Appoint **international expert/reference group** to keep the ‘Unit’ abreast of global good practice and act as a critical friend.

16. Establish ‘**memoranda of understanding**’ with OECD, ETF and working relationships with other national/international bodies including: UKCES in UK, SOLAS in Ireland, and NCVER in Australia.

17. Put in place appropriate **monitoring and evaluation** arrangements to keep the system under review.

---

The Outcomes

**Issues:**

- Skills planning: What will be the **impact**?
- How will we know if we are succeeding?
- Lessons from Phakisa
- Skills **outcomes**
- Economic and equity outcomes
The Outcomes

Proposals:

18. Establish, parallel to the Skills Planning mechanism, an agreed cross-government set of measures of economic and social progress to which skills planning and development contributes, to include:
   - Employment
   - Productivity
   - Poverty reduction

19. Establish a key set of measures of skills progress in terms of desired outcomes, to include:
   - Supply e.g. % qualified at each level in 2025 cf. 2015
   - Mismatch e.g. level of skills shortages
   - Demand e.g. % high skill jobs.

A skills planning system
Next Steps

- **Your input** today
- **Reflect** on workshop
- **Ministerial** meeting
- **Final report**
- ?

Skills Planning Mechanism Workshop

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Proposals - LMI

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### Skills Planning Mechanism Workshop

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REPORT OF THE FIRST WORKSHOP ON INTERNATIONAL PERSPECTIVES ON SKILLS PLANNING AND THE SOUTH AFRICAN CASE STUDY

July 2017
This report is the product of a partnership between the Department of Higher Education and Training (DHET) and the European Union (EU) in terms of the EU-SA Dialogue Facility. The ideas, opinions, conclusions and policy recommendations expressed in this report are strictly those of the authors and do not necessarily represent, and should not be reported as those of the DHET or the European Union. The DHET and the European Union will not be liable for any content or syntax errors, or for the accuracy of the information contained in this report.

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July 2017
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1 BACKGROUND AND OVERVIEW

This Note captures the discussions that took place at the First South Africa Workshop on Skills Planning, held in Pretoria on 25th March, 2015 under the auspices of the EU-South Africa Skills Planning Dialogue.

The workshop comprised of three elements, the first of which was a presentation on the findings of a commissioned report on approaches to skills planning in the EU and other countries and in South Africa.

This was followed by a panel discussion, which opened debate to a wider consideration of the need for, and challenges of, skills planning in South Africa. There then followed an opportunity for participant dialogue which concluded with an exercise in which participants were invited to identify what they saw as the key insights and learnings from the event, and to put forward priorities for the development and successful implementation of skills planning in South Africa.

A summary of these workshop ‘takeaways’ is attached as Appendix 1.

The workshop was attended by a total of 44 participants, representing a cross-section of representatives from the Department of Higher Education and Training (DHET) and other government departments, SETA representatives, representatives from the unions, private sector organisations, professional bodies and sector institutions including the Council on Higher Education. A list of participants is attached as Appendix 2.

The programme for the day was managed by Mr Firoz Patel, DDG in the Department of Higher Education and Training, and discussion was facilitated by the Senior Research Adviser to the Skills Planning Dialogue, Professor Mike Campbell of the UK.

Feedback on the comparative international review, insights from the panel discussion, and the comments and contributions made by workshop participants will help to inform the drafting of the commissioned report to be submitted by the researchers at the end of April.

2 WELCOME AND INTRODUCTIONS

The workshop was opened by the DDG with an invitation to participants to introduce themselves. Setting the workshop in the context of the Dialogue agreement between South Africa and the EU, the DDG thanked the representative of the EU for the EU’s support for the event.

Noting that the Human Sciences Research Council had been commissioned by the Department to undertake important developmental work in the area of labour market intelligence and planning, alongside other, related initiatives, the DDG made the point that what had been missing from the process thus far was an opportunity to learn about best practice internationally. The EU Dialogue Facility provided the opportunity to address this, not only in relation to good practice in the countries of the North but also in relation to Asia and the South.
As part of the Dialogue, the Director-General and senior departmental officials would be undertaking a mission later in the year to examine international best practice. The first item on the workshop agenda, the international comparative review of approaches to skills planning, would help to prepare the ground for this.

The DDG noted that the review was a draft document only, and that a final report would be completed by the end of April. The final report would not reflect on other projects, such as the LMIP; this would be the department's responsibility, once all of the various project contributions had been submitted. In this regard, an error on page 10 of the report was noted: the LMIP was in partnership with the HSRC and Wits University, not REAL and the DPRU. The appendix, likewise, had been included in error and should be disregarded.

3 OVERVIEW OF THE EU-SA SKILLS PLANNING DIALOGUE

A brief overview of the EU – South Africa Skills Planning Dialogue was presented by Glen Fisher, the project research manager, a copy of which is attached as Appendix 3.

4 COMPARATIVE INTERNATIONAL REVIEW ON SKILLS PLANNING

A presentation on the comparative international review of skills planning was made by the two researchers, Dr Jorgen Billetoft and Ms Carmel Marock.

In her introduction to the review, Ms Marock made the point that South Africa was already doing a great deal in the area of skills planning, through a wide range of skills planning processes and initiatives. At the same time, she highlighted the challenges facing the system, in particular the lack of medium to long-term forecasts; an over reliance on quantitative as opposed to qualitative information; and an insufficient focus on regional data. Of some concern was the fact that institutions found it difficult to utilise labour market information effectively, and that there were no effective measures of success according to which the value and impact of skills planning could be judged. There were also unrealistic expectations as to what skills planning could achieve.

Dr Billetoft in his presentation focused on the international experience of skills planning, emphasising amongst other things the pressure that was increasingly being placed on institutions to respond to demand, including changes in the economy and labour market, if skills needs were to be effectively met. Of interest in this regard was the question of how institutional flexibility could be encouraged, and employers incentivised, to participate in skills development and skills planning processes, so that needs could be identified and responsiveness enhanced.

A copy of the presentation is attached as Appendix 4, and a final report will be available at the end of April.

5 PANEL DISCUSSION

A panel discussion followed, facilitated by Professor Mike Campbell. Members of the panel included Mr Ian Mancun, of the Department of Labour (replacing Ms Makano Morojele, who sent her apologies), Dr Vijay Reddy, of the HSRC and Labour Market Intelligence Partnership, Mr John Kruger
of the Department of Planning, Monitoring and Evaluation in the Presidency, and the DDG (DHET), Mr Firoz Patel.

The headline questions put by Professor Campbell to the panel were as follows:

- What would success look like? How would you know when you were on the road to success and when you got there?
- What stands in our way to securing success?
- What would you most like to find out from international experience?
- How do we get from where we are to where we want to be? What would it take to make that intellectual or policy leap or secure the required structural change?

Responses to the first question focused on the achievement of a better match between the supply and demand for skills, recognizing however that a perfect match was not feasible, and that the quality as well as the quantity of skills were important. Skills, it was noted, were a necessary but not a sufficient condition for growing the economy.

With respect to learning from international experience, panellists were concerned primarily with the question of how labour market intelligence was translated into practical use: what were the routines and methods used to achieve this, what technical skills were required, what was needed in terms of inter-governmental relations and linkages between different departments and institutions, what structural arrangements were there, and what systems were needed to ensure that labour market information was timely and credible. Some concern was expressed that the notion of skills planning outlined in the White Paper was too broad and ambitious – “a recipe for failure,” as one panellist put it. It would be useful to understand, accordingly, what a more realistic set of roles and goals would look like, and to get some ideas as to how government could partner with external agencies to achieve results, something we were not very good at in South Africa.

Getting from where we are to where we want to be, it was suggested, would entail a big leap towards more joined-up government and better coordination between social partners in order to achieve greater alignment between demand and supply, between skill needs and skills availability. Strengthening our data collection and analysis capacities would be key (e.g. in terms of the degree of disaggregation possible), as would be the creation of incentives and support to encourage more effective use of data. “It’s not about databases, but giving people the management tools to use data.” Leadership was also crucial, in order to get people on side; this should be based on the establishment of clear and shared expectations of what can and should be done. Past experience had shown that people’s expectations of skills planning were not shared and often were wildly divergent and unrealistic.

Professor Campbell noted that while there was no “silver bullet” there were various tools that could be used for skills planning. These, however, were embedded in a social and political context: if we got these aspects wrong, the most sophisticated labour market information would still fail to deliver. What, he asked then, was the one big barrier that South Africa would have to overcome in order to move forward? What was stopping us from taking the next major step?

Panellists highlighted in response the lack of demand-side information, in particular data at the firm level, in a context where the labour market and the economy was dynamic and fast-changing. Along with this was the lack of financial and “people” resources, in particular analytical and interpretive skills. Too much emphasis was being placed, it was suggested, on the collection of detailed data and on
centralised planning: South Africa, one panellist argued, was “obsessed with planning, which becomes ossified and bureaucratic and focussed on compliance. There is a switch in our heads which we have to change.” Rather than ‘planning,’ it was suggested, we needed to think in terms of ‘signals’ to guide and inform the behaviours of the various actors – including, for instance, firms, government departments and agencies, and other partners and stakeholders.

Wrapping up the panel discussion, Professor Campbell noted that while South Africa needed more skilled people, “it needed more skilled jobs for the skilled people to do” too. The big issue, in other words, was driving up demand in the first place. South Africa did not have enough skilled jobs or enough innovative companies: this was at least as important a concern as skills planning to meet existing skill needs.

6 PARTICIPANT DIALOGUE

The session after lunch focused on participant engagement, with Dr Billetoft, Ms Marock, Mr Kruger and Mr Patel responding to questions and comments from the audience. Discussion was facilitated by Professor Campbell.

The first question focused on an example that had been provided by one of the analysts in the panel discussion, of supposedly “successful” planning in the area of teacher supply. It was noted in this regard that the overall figures on teacher supply masked considerable variation at the levels of subject area, level of education etc. in reality, there was both an over-supply of some, and under-supply of other, teachers, a problem exacerbated by the fact that DHET did not have reliable data on the school system. How, it was asked, could capability be built, at the systems level, to respond rapidly to changes in demand, and what lessons were there from international experience?

In response, Dr Billetoft observed that higher education institutions in Europe had considerable latitude to introduce or close programs, and to expand or reduce provision as they judged appropriate. In the case of the UK, for instance, HEFCE identified areas of skills shortage and directed funding towards these. It should be kept in mind, however, that especially in the case of higher education, there were “objective constraints” on institutional flexibility, given the duration of certain programs which could not easily be changed. Other participants noted that the flows of information between researchers, planners and policymakers were an area of concern, and that the nexus between policy and research in South Africa was often problematic. The complexity of the issues that had been raised was also noted, in that it was not only the production of qualifications that was at issue, but the quality of the training received and teachers’ levels of experience.

A second question related to the issue of graduate unemployment. While research seemed to indicate that less than 5.5% of graduates were unemployed, there was little evidence as to how long it was taking graduates to find employment, or whether they were employed in fields related to their qualifications. How, moreover, should South Africa seek to address this: was the approach being advocated a market-based, or state intervention, or hybrid model? What did international experience have to tell us about which approach might be preferable?
The record of states in driving skills planning, it was noted in response, was not particularly good, although circumstances in South Africa might require some kind of hybrid approach. Even so, it would be critically important to ensure that the private sector was on board: nowhere had countries succeeded without private sector involvement.

Responding to this, a BUSA representative argued that it would be wrong to assume that business in South Africa was not interested in skills planning; the problem for business, however, was that the skills planning mechanisms and processes in South Africa were complex and difficult for business to understand and navigate. At the same time, it was acknowledged, business needed to do a better job of getting its own house in order, in relation to skills development and skills planning issues. The key question that the Dialogue could help answer, from a business perspective, was ‘where are the models that will help us? What can we learn about keeping things simple?’

The questions and responses to these and other comments by participants led at this point into an important discussion on the need to consider moving away from ‘top-down’ approaches to planning and to a much stronger emphasis on creating a shared sense of ownership and participation amongst stakeholders and role-players. As a senior member of DHET put it, she was “not sure we have yet created an ‘us’ – even amongst people in this room. We need to create a sense of ‘us’, plus a simple frame within which we can all engage, that holds the parties together, and enables everyone to appreciate and value everyone’s role. This should start with the very simple framework that Mike Campbell had proposed at his workshop in December. Getting very complicated ‘stuff’ going around complex data is not where we need to start.”

The significance of the “social conditions for success,” including trust and confidence, as highlighted earlier in the overview of the EU-SA Skills Planning Dialogue, was strongly emphasised by a Treasury representative, who reminded the workshop that, over and above the percentage of payroll that they contributed to the skills levy, employers were spending up to 4% of payroll to do their own training, on account of their dissatisfaction with the education and training system.

In concluding remarks by the speakers, the importance of good data, along with the need to help and support people in the application and use of data, were again highlighted. The need for improved coordination and alignment, both internally, between the ‘education’ and ‘training’ components of DHET, as well as across the economic ministries and between bodies such as NEDLAC, the NSA and HRDC were also noted.

Social partnership, it was reiterated, was very important – but this would mean both taking the time to really talk and listen to each other, and a willingness to share control over resources. Involving the social partners, moreover, was not about having lots of meetings – it was about having fewer, more focused and more productive meetings. Too many resources were being spent, it was suggested (to applause from participants) on policy processes and policy papers, instead of on “making things move.”

Focus on some achievable objectives, get employers genuinely involved, don’t spread resources too thinly, and keep it simple, seemed to be the final message – a message reinforced by the closing session, in which participants were invited to record their top learnings and insights from the day, and their top priorities for action.
These have been collated and analysed, as set out below, in Annexure 1, and the themes and issues that emerge from these contributions – the need for coordination, the use of data, social dialogue and engagement, keeping it simple and practical – will inform the final report and recommendations of the EU-SA Skills Planning Dialogue.
Skills Planning Workshop: The Key ‘Takeaways’

Participants were invited to write down their one key learning and their one key priority. These are first listed, unedited, as set out below and referred to as the ‘write downs’.

Participants were also invited to summarise their above learning points and priorities on post-its which were displayed on flip charts. These have been collated and grouped together under a series of relevant topic headings, which provides something of a frame in which to see the range of contributions as well as an indication of the ‘weight’ of each topic. These are also set out as below, in section 2, and referred to as the ‘post its’.

The post-its are also then displayed as a number of ‘word clouds’, one for learnings, one for priorities and one ‘combined’, in order to provide a visual representation of the key words/issues participants used and raised. These word clouds also give an indication of range and relative weight of issues that individual participants took away from the workshop. These are set out in section 3 below, and are referred to as the ‘word clouds’.

1. The Write Downs

LEARNINGS

- Lessons can be learnt from EU and combined with those from developing countries
- SA has done a lot on processes and systems that one can find in the international experience
- Nothing to learn from EU, why not try BRICs: they have an informal sector
- South Africans are more ‘talkers’ than ‘planners’. Our international guests are straight to point and practical
- Insight into international practices and what needs doing in SA
- Need much more targeted and focused approach
- Reduce expectations
- How to motivate the private sector/employers?
- Role of Government in listening/engaging
- Reduce fragmentation
- Need to involve more demand side social partners: the room was full of supply side representatives. Skills planning requires both
- SA is overcomplicating their theoretical approach to skills planning, resulting in a combination of disparate efforts, confusion and inertia
- Current multiplicity of fora which is fragmented. Unintended consequence is lack of stakeholder/social partnership engagement
- Involve the economic departments in skills planning
- Market driven approach won’t work for SA, government still plays a role
- I learnt about SA-EU relations on skills planning. A very fruitful presentation and paper. The examples of EU countries skills planning
- Good, simple questions
- Skills planning, though necessary, is not the solution to economic growth or job creation in SA
- Simplification of process debunks myths
- Fragmented efforts in developing the skills planning framework
Measures of success of skills planning

- Ability to disaggregate data is key to skills planning
- Expectations are high and perhaps unrealistic. We need signalling rather than directing
- Skills Planning System
- The challenge and need for flows of knowledge, co-ordination and communication across government, social partners and other stakeholder organisations, so that we can move to action, initiate change and stop reinventing the wheel
- We can make things so complex that we don’t know how to move forward
- The high degree of consensus that real social dialogue is essential and that we have not got this right

**PRIORITIES**

- Single workplace based data MIS linked to SARS process
- What kind of structure and where should it be located-Government, private or mixed
- Structured discussion of funding mechanisms for skills planning
- Bring bigger picture of what we are aiming for into the different work professions in skills system
- Integration of skills development and education required
- Institutional mechanism for skills planning needed
- Credible demand signals and accurate/fresh data needed from employers
- Co-ordination and leadership needed to move from policy to action
- Human resources and capacity of people to use data/information
- Consider how SAQA NLRD database(supply side information) can inform skills planning from the demand side
- Political will to include in a StatsSA survey, or a new national regular research survey to provide information on employer demand
- Government to play role of transformation/change agent to ensure organised business sees value of working collaboratively on skills planning agenda
- Need to co-ordinate to avoid fragmentation
- How will various components come together to steer supply? Will there be a formula to enable entry of all details and derive conclusion to help inform supply decisions?
- Credible, reliable, relevant data: what is the key data/information required to do this?
- Much simpler skills planning methodologies
- Build simple shared framework to steer at different levels(national, provincial, sector and occupation)
- A (credible and updated) database of skills needs/opportunities in SA
- TVET sector planning linkage to business needs
- Better co-ordination of stakeholders
- Better co-ordination of stakeholders needed
- Greater diversity of techniques needed in skills planning-beyond national and quantitative to qualitative measures in: local and regional labour markets; clusters of firms; renewal of towns etc
- Develop a conceptual framework which can be used to develop a common understanding among the different role players
- Need to encourage/support skills planning in organisations: assumptions are made about organisations’ ability to articulate skills needs
• Patient improvement in building blocks: data and modelling
• Approach to skills planning
• Action and leadership which requires advocacy and capacity building within and across systems
• Beef up provision, especially in the TVET sector
• Simplify and focus

2. The Post-Its

PRIORITIES
• Data
  Accurate and fresh employer data
  Credible demand signals
  Tackle data constraints
  National Employer Survey of Skills Needs and Demand
  Credible data
  Quality data
  Workforce data collection
  Database of skill needs
  Accurate demand-side data
  Increase focus on qualitative techniques
  Simpler methodologies

• Simplification
  Simplify
  Simplify/Focus
  Simplicity
  Simplification
  Don’t over-engineer

• Framework
  Development of conceptual framework to aid common understanding
  Framework for skills planning
  Framework for skills planning
  Shared framework
  Development of framework for implementation
  Agreement on overall framework

• Coordination
  Coordination of efforts across the system
  Coordination
  Coordination
  Coordination
  Alignment
- **Structures/Tools**
  Structure and form to manage skills planning
  Institutional structure
  Build institutions
  Reflect more on tools/mechanisms
  We need a steering mechanism

- **Employers**
  Skills planning by employers
  Employer engagement

- **Partners**
  Active social partnership
  Social dialogue

- **Other**
  How research outputs can be translated into policy
  One step at a time
  Political will to drive process
  Political leadership
  Action
  Human resourcing
  Better TVET provision
  Develop TVET lecturers
  Listen
  Learn from where things have worked
LEARNINGS (importance/value)

- **Learning from international experience**
  RSA not alone in facing skills planning issues
  Strengthen research-policy link
  Use BRICs not EU
  A lot to learn from EU but careful on uniqueness of SA system
  A lot to learn from EU but careful on uniqueness of SA system
  Best practices from EU
  Best practices from EU
  Still a long way to go
  Skills practices at international level
  Country context matters

- **Simplicity?**
  Reduce complexity, simplify
  ‘Just do it’
  ‘Just do it’
  Simple/cohesive framework
  Simplify
  Skills planning is complex

- **Co-ordination**
  Co-ordination
  Integration
  De-fragment the system

- **Tools**
  Imbalances between skills demand and skills supply
  Develop levers
  Skills planning techniques

- **Employers**
  Employer buy-in
  Demand-led planning
  Employer engagement

- **Data**
  Success measures
  Clear, accurate data
  Disaggregated data

- **Dialogue**
  Social dialogue
  Local planning with all stakeholders
Local planning with all stakeholders
What kind of artisans needed, so what kind of teachers?

- Other
Skills planning does not create jobs
Build capacity
Leadership
Reduce expectations
Reduce expectations
Inertia to act

3. The Word Clouds

Learnings
Priorities

Combined Word Cloud: Learnings & Priorities
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Project Overview
EU-SA Skills Planning Dialogue
First South Africa Workshop
Pretoria, 25 March 2015

EU-SA Skills Planning Dialogue

• The EU-SA Skills Planning Dialogue takes place under the auspices of the Dialogue Facility, which promotes high-level policy dialogue between SA and its European partners on trade and other issues

• The Skills Planning Dialogue provides a platform for engagement, policy dialogue and mutual learning between those charged with skills planning in the SA context and counterparts in EU countries and organisations, and internationally

• Active engagement with South African stakeholders, role-players and experts is similarly supported, through two skills planning workshops, of which today’s is the first
Aim of the Dialogue

• The aim of the EU-SA Dialogue on Skills Planning is to promote policy learning and the exchange of insights, lessons and ideas between South African and international, especially EU, counterparts with respect to, inter alia:
  • How skills planning is understood and practiced in different country and institutional contexts
  • The range of tools, methodologies, strategies and techniques available to policy makers and planners
  • How labour market information and intelligence is used, in different country contexts and circumstances, to inform, steer, and plan the provision of education and training

Use and context

• The Dialogue seeks to understand, amongst other things
  • The social conditions (trust, confidence) needed to underpin effective relations between actors and stakeholders
  • The uses of labour market information and intelligence in relation to, inter alia, education and training providers, employers, employed and unemployed individuals, the immigration authorities and others
  • The ways in which labour market information and intelligence can be leveraged to influence and shape the behaviour of providers, firms and individuals through, for example, the provision of information, advice or guidance, target setting, funding and incentives etc
Key elements of the Dialogue

• There are three key elements to the EU-SA skills planning dialogue:
  • A comparative review of South African and international approaches to and experiences of skills planning, with particular emphasis on EU countries and organisations – a presentation on the draft review is the next item on today’s agenda
  • Study tour missions to selected EU and other countries and organisations, providing a platform for engagement between South African officials and their international peers and counterparts. Selection of countries and organisations will be informed by the comparative review
  • South Africa workshops, in March and September: the first is centred on the comparative review and its wider implications for SA, while the second will reflect on the outcomes of the study tour mission and a final project report

Timelines

• November 2014 – April 2015: comparative international review on skills planning
• March 2015: First South Africa workshop
• May – September: international study tour missions
• September – October: Second South Africa workshop
• October – November: final project report
Project structure and management

• Oversight of the Skills Planning Dialogue is through a Project Management Committee, chaired by DHET, and including representatives of the EU Delegation

• The Dialogue is advised by a small but broad-based Project Reference Group

• Strategic advice and support is provided by the Senior Research Adviser, Professor Mike Campbell

• Day-to-day management and support is provided by the Research Manager, Glen Fisher

Programme for Today

• Programme for today is as follows:
  • Presentation on the comparative review: Carmel Marock & Jorgen Billetoft
  • Panel discussion, chaired by Professor Mike Campbell. Panellists are
    • Mr Firoz Patel, DHET
    • Dr Vijay Reddy, Labour Market Information Partnership
    • Mr John Kruger, DPME
    • Ms Makano Morojele, National Business Initiative
  • Lunch will be followed by an opportunity for dialogue and questions, and the final session will be aimed at capturing key conclusions from the discussions

Please fill in the workshop evaluation form before you leave!
Objective of the Assignment

- **To review the South African approach to, and experience of, skills planning**
- **To review international experiences of skills planning, in particular in those countries which exhibit ‘good practices’ in the field**
- **To benchmark South Africa’s approach against international experiences**
South Africa
Skills Planning Initiatives and Challenges

Framing national HRD and skills priorities

- *White Paper on Post schooling education and training provides a framework for determining priorities*
- *HRD Strategy for South Africa 2010-2030 frames the HRD requirements of the country*
- *National Skills Development Strategy focuses on the skills priorities*
- *Provincial HRD and Skills Plans which articulate the anticipated demand in the Province and the implications for skills requirements. These take into account the Provincial Growth and Development Strategies of the Province*
Identification of skills priorities


• **A plan has been developed with the purpose of ensuring that the skills demands of the eighteen Strategic Integrated Projects (SIPs) has been developed. The SIPs consists of a large number of projects drawn from a wide range of economic sectors and stretching across all nine provinces of the country**

• **Each SETA has a Sector Skills Plan (drawing on national data as well as WSPs)**

• **Higher education enrolment is against the Minister’s PME targets: engineering sciences; human and animal health; natural and physical sciences; and initial teacher education**

Identification of skills priorities

• **There are also a number of regional initiatives which have developed (or are developing) an analysis of supply and demand in the area and implications for skills required**

• **Also a number of initiatives within SAQA and DoL to determine demand**

• **Also insights emerging from the ‘Labour Market Intelligence Project’ (LMIP) as well as other research being conducted by the EPCs (supported by CEPD)**
Mechanisms to manage skills planning

- **Skills Planning Unit within DHET**: focused on improving quality of enterprise data (working with relevant divisions in DHET, SETAs and other role players to revise WSP/ATR as well as determining what LMI it should be gathering and so on)
- Further based on agreement at HRDC, the Department of Economic Development has, together with the DHET and Training, launched an initiative to understand the skills implications of key economic policies. This initiative is still in an embryonic phase although DHET is committed to working with these departments and taking the process forward
- The SETAs have responsibility for managing skills planning at a sector level
- Plus other initiatives such as SIPS (as mentioned) plus regional and local initiatives

Initiatives to address quality and availability of LMI

- The creation of an information database for supply-side information managed by the DHET. Building on HETMIS and a slightly more embryonic FETMIS. It also integrates data provided by the SETAs
- Engaging StatsSA re additional questions required in national surveys that they administer
- As indicated process to review WSP/ATR template intended to improve quality and credibility of enterprise data (possibly taking into account learning from DPRU survey)
- Also initiatives to work with other data sets as relevant – for example PERSAL
Implications of the prioritisation process

• Providing information to public education and training institutions (both higher education and training and further education and training) – and linked to funding decisions
• Career advice information system
• Bursaries (from government and private sector)
• Department of Home Affairs

Challenges relating to skills planning in SA

• Quality and credibility of data from WSP/ATR and challenges with other LMI (gaps & challenges of different classifications and availability of certain data sets)
• Focus on historical data and current trends – no basis for understanding future demand
• Over reliance on quantitative data (limited focus on qualitative data through interviews and/or engagement)
• Absence of a methodology to support medium to long term forecasting
Challenges (continued)

• Planning is focused at sectoral level (despite data concerns) and only recent and limited shift to national level through an occupations lens (and still confusion re relationship between occupations, qualifications, skills). Insufficient focus on regional and local levels (and limited data to support this)

Challenges (Continued)

• These factors all make it difficult to provide credible information to education and training providers or to individuals and employers (and TVET institutions in particular struggle to respond to employer demand at a local level)

• No clear success measures (how does one know that we have got the balance between supply and demand right? How does one know if levers working?)

• Concern re expectation of skills planning to enable growth and employment yet not sufficient recognition that this requires that government changes employer demand for skills by creating demand in the economy
European Experiences

EU/Key LMI features

• *Data collection methods tend to be quite similar, but the quality of data varies*
• *High accuracy of data allows more disaggregated analyses, e.g. at provincial and district level*
• *LMI data typically include: LFS, vacancy registrations, education statistics, demographic statistics, enterprise registrations, employment/unemployment statistics, sector statistics (production, export etc.), etc.*
• *All member states are trying to align to Cedefop guidelines*
**EU/Translating LMI into forecasts**

- All EU member states have forecasting routines based on LMI data and other sources, including stakeholder consultations.
- Most have both national and regional focus.
- The prognoses give an indication of medium- to long-term trends, e.g. future shortage or surplus of teachers, health personnel, skilled workers, engineers etc.
- For identification of especially short-term skills trends LMI data are complemented by more direct, stakeholder-involving measures such as Sector Skills Council or Advisory Board consultations.
- Extensive research on link between education/training and economic development.

**EU/Skills Planning – TVET**

- Most EU member states combine school-based post-secondary VET with some kind of apprenticeship scheme.
- Several countries subscribe to public-private partnerships in TVET, e.g. the German dual system.
- Fora for consultations with private sector (social partners) exist at national, regional, sector and even TVET institution level.
- Public TVET institutions usually enjoy considerable autonomy to respond to changes.
- TVET is heavily dependent on government funding.
- Funding is used as a planning tool (e.g. funds).
EU/Skills Planning – Higher Education

• *Higher education institutions, whether colleges, polytechnics, or universities typically enjoy considerable autonomy. Most are overseen by stakeholder board*

• *Role of government is usually confined to set framework conditions and provide funding*

• *Funding modalities vary: Block grants based on pre-set numbers (Sweden, the Netherlands, Germany), taximeter system based on no. of graduates (Denmark), government determined student fees (UK), bursaries (Ireland)*

EU/Skills Planning Success Criteria

• *Quality and accuracy of data*

• *Freshness of data*

• *Capacity by potential users to analyse data and translate them into prognoses*

• *Ability to predict external factors impacting on future development and thus skills trends*

• *Extensive consultative processes involving social partners (government, private sector, labour) based on mutual trust and respect*

• *Adaptability and flexibility of TVET and HE systems*
EU/Skills Planning Caveats

- Prognoses are indicative only and should be used with great care
- Steady adjustments are required in order to reflect the effect of factors not foreseen
- Consultative processes are key to any short- and medium-term skills planning
- This is about human beings. They may have different aspirations and ideas than those of the planners

- NB: Still serious skills shortages and labour market imbalances in many European countries

Elements relevant for the SA skills planning discussion
Best practice guiding principles for skills planning/1

- Even the most sophisticated LMI and skills planning mechanisms will not be able to predict the effect of external factors
- **Skills planning needs to consider national, sectoral as well as regional levels**
- **Skills planning deals with a multiplicity of actors. The behaviour of many of these is difficult to predict**
- Many TVET and HE actors are outside of government control
- **Stakeholder consultations are as important as LMI data for any forecasting**

Best practice guiding principles for skills planning/2

- **Accuracy and freshness of data critical for serious LMI**
- **Multitude of skills planning tools and mechanisms are available, including quotas, grants, bursaries, student incentives etc. There is nothing like one size fits all. The most adequate ones for a given country or sector is a political (and technical) issue**
PROJECT INCEPTION REPORT:
DEVELOPMENT AND USING LABOUR
MARKET INTELLIGENCE FOR SKILLS PLANNING IN
SOUTH AFRICA

July 2017
This report is the product of a partnership between the Department of Higher Education and Training (DHET) and the European Union (EU) in terms of the EU-SA Dialogue Facility. The ideas, opinions, conclusions and policy recommendations expressed in this report are strictly those of the authors and do not necessarily represent, and should not be reported as those of the DHET or the European Union. The DHET and the European Union will not be liable for any content or syntax errors, or for the accuracy of the information contained in this report.

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# Abbreviation and Acronyms

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<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>CEDEFOP</td>
<td>European Centre for the Development of Vocational Training</td>
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<tr>
<td>DDG</td>
<td>Deputy Director General</td>
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<tr>
<td>DHET</td>
<td>Department of Higher Education and Training</td>
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<tr>
<td>DPRU</td>
<td>Development Policy Research Unit</td>
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<td>EC</td>
<td>European Commission</td>
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<td>ETF</td>
<td>European Training Foundation</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUD</td>
<td>Delegation of the European Union to South Africa</td>
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<tr>
<td>FET</td>
<td>Further Education and Training</td>
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<tr>
<td>HET</td>
<td>Higher Education and Training</td>
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<tr>
<td>HRD</td>
<td>Human Resources Development</td>
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<tr>
<td>HRD-SA</td>
<td>Human Resources Development Strategy for South Africa</td>
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<tr>
<td>IBF</td>
<td>IBF Inter Consulting</td>
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<td>ILO</td>
<td>International Labour Organisation</td>
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<td>JIPSA</td>
<td>Joint Initiative on Priority Skills Acquisition</td>
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<td>LMIP</td>
<td>Labour Market Information Partnership</td>
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<td>NBI</td>
<td>National Business Initiative</td>
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<td>NSA</td>
<td>National Skills Authority</td>
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<td>NSDS</td>
<td>National Skills Development Strategy</td>
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<tr>
<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
</tr>
<tr>
<td>PMC</td>
<td>Project Management Committee</td>
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<tr>
<td>RM</td>
<td>Research Manager</td>
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<tr>
<td>SETA</td>
<td>Sector Education and Training Authority</td>
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<tr>
<td>SIP</td>
<td>Presidential Strategic Integrated Project</td>
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<tr>
<td>SRA</td>
<td>Senior Research Advisor</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical and Vocational Education and Training</td>
</tr>
<tr>
<td>UKCES</td>
<td>United Kingdom Commission on Employment and Skills</td>
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1 OBJECTIVES AND RATIONALE

1.1 Objectives for an EU-SA Dialogue on Skills Planning

South Africa over the past two decades has made significant but only partially successful efforts to establish a skills planning architecture, and to improve both the quality and the supply of skills. The present Administration has re-committed to these goals. In moving forward with this agenda it will be important to draw on both the resources and experience of the current system, as well as the lessons and experience that are available internationally, while avoiding a repetition of past failures and mistakes.

The EU-SA Dialogue Facility has been established to support high-level policy learning and policy sharing between South Africa and the European Union. The aim of the present initiative, under the Dialogue Facility, is to support the efforts of the South African Government to meet a key national policy objective, namely: the successful establishment of a credible institutional mechanism for national skills planning. The Dialogue will complement in this regard the existing work of the Labour Market Information Partnership (LMIP), the Presidential Strategic Integrated Projects (SIPs) and other South African initiatives, adding significant value in terms of the development of a grounded understanding of the coordination mechanisms, structures and capacity that will be needed to ensure the effective use of labour market information and intelligence in skills planning.

Through a focused programme of comparative research, study visits to European Union and strategic partner countries and institutions, and high-level workshops, the Dialogue will enable the South African Government to form a clearer view of the essential requirements and key success factors for the design and implementation of the skills planning mechanism. The project will also help to build local South African capacity.

The lessons and insights derived from the Dialogue can be expected to contribute significantly to

The Dialogue will meet its objectives through:

- Focused comparative research into the South African, EU and international experience of skills planning; this will build upon and go beyond work undertaken to date through the Labour Market Information Partnership (LMIP) and other South African initiatives;
- Targeted study tours to European and strategic partner countries and institutions, enabling first-hand engagement by key South African officials and policy-makers with peers in counterpart skills planning and skills development agencies and organisations;
- Two high-level workshops, to reflect and advise on
  - the findings and recommendations from the research reports, and
  - the lessons and outcomes of the study visits.
- Provision of a final report with findings and recommendations designed to provide practical impetus and support for the successful development of a credible skills planning mechanism in South Africa.
policy formulation, legislation and institutional design, and will provide the South African Government with some of the tools and insights that it will need to ensure that the proposed new skills planning mechanism is both credible and successful.

The work will be managed on a day-to-day basis by the Research Manager (RM), Mr Glen Fisher, advised and supported by the Senior Research Adviser (SRA), Professor Mike Campbell. A Project Management Committee ( PMC; see Section 5, below), advised as appropriate by a Reference Group comprised of key experts and officials, will provide overall guidance and direction, and will approve all major decisions.

1.2 Rationale

South Africa, as a middle-income emerging economy, is not alone in having to contend with the problem of a ‘mismatch’ between the supply and demand for skills. Other countries, both developed and developing, have struggled with similar challenges, with varying degrees of success. The existence in South Africa, however, of chronic skills shortages along with high and persistent levels of unemployment takes a particularly acute form. This relates not only to problems of policy and planning, or weaknesses in the education and training systems, but to the deep inequalities of race, class, gender, and geography that are the stubborn legacy of apartheid.

Improving the supply and the quality of available skills has been a policy priority of the South African Government since the advent of democracy in 1994. This has been driven not only by economic imperatives but by the imperatives of social justice and social and economic inclusion. Significant resources have been invested in the establishment of a new architecture for skills development and skills planning, and in the design and implementation of successive National Skills Development and Human Resources Development Strategies. However, these have had only partial and limited success.

The shortcomings have been frankly acknowledged. The Human Resources Development Strategy for South Africa (HRD-SA, 2009) observes that the mechanisms for skills planning, coordination and reporting that followed the introduction of the first National HRD Strategy in 2001 ‘did not seem to find traction’. The recent White Paper on Post-School Education and Training is equally direct:

To a considerable extent, the original goals for these [skills planning] institutions have not been achieved. The institutions have been the subject of widespread criticism. The system has neither produced good information about skills needs, nor increased provision and quality of provision of education and training in areas needed by the economy.

The South African Government remains strongly committed to the establishment of a credible institutional mechanism for skills planning, a commitment which is reflected in the Performance Agreement with the President of the Minister of Higher Education and Training. The Human Resources Development Strategy for South Africa clearly identifies the need for a short-, medium- and longer-term focus on South Africa’s skills needs, and highlights the importance of ‘credible mechanisms’ and national capabilities for skills planning, labour market analysis and coordination. Within the broad framework of a twenty-year Vision for human resources development and a five-year Medium Term Strategic Framework, the HRD-SA makes a number of important Commitments:
COMMITMENT TWO: We will increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities:

- Strategic Priority 2.1: To ensure that skills development planning is credible, integrated, coordinated and responsive to social and economic demands.
- Strategic Priority 2.2: To ensure that skills development programmes are demand-led through substantive and systematic input from employers in the determination of skills demands for the country.
- Strategic Priority 2.3: To improve the employment outcomes of post-school education and training programmes.
- Strategic Priority 2.4: To ensure that FET and HET are responsive to the skills demands arising from South Africa’s social and economic development imperatives.

Under Commitment 5, one of the stated Strategic Priorities is as follows:

- Strategic Priority 5.3: To improve the coverage and efficacy of vocational guidance and labour market information in a manner that promotes the optimal uptake of training and employment opportunities available to the youth.

And finally, Commitment 8 of the HRD-SA focuses on the establishment of effective planning capabilities:

COMMITMENT EIGHT: We will establish effective and efficient planning capabilities in the relevant departments and entities for the successful implementation of the HRD-SA:

- Strategic Priority 8.1: To improve the credibility, validity, utility and integrity of the various data and management information systems which are vital for successful planning and implementation of the HRD-SA.

In line with the HRD-SA, of which it is a sub-component, the National Skills Development Strategy (NSDS III, Section 4.1) similarly identifies the establishment of a ‘credible institutional mechanism for skills planning’ as one of eight national goals, and the White Paper on Post-School Education and Training, in its discussion in Section 8.2 of ‘central skills planning’ makes an identical commitment. Outcome Five of the Department of Higher Education and Training’s Medium Term Strategic Framework, relating to the development of a ‘skilled and capable work force to support an inclusive growth path’, uses similar language, referring specifically in Outcome 5.1 to ‘the establishment of a credible institutional mechanism for labour market and skills planning’.

The policy commitment is clear, and a number of processes are under way. These include a Labour Market Information Partnership (LMIP) led by the Human Sciences Research Council and the University of the Witwatersrand, and strategic projects within the Department of Higher Education and Training, including the Presidential Strategic Integrated Projects (SIPs) and the related work being undertaken by Occupational Teams, and an internal process, under the auspices of the Department's
Inter-Branch Committee on Skills Planning, aimed at developing proposals for the establishment of a Skills Planning Unit.

Taken together, these initiatives are an important resource, and a critical backdrop to the EU-SA Skills Planning Dialogue. The strategic value-add of the Dialogue lies in the robust and pragmatic understanding that it will provide of the factors which are critical for success, its practical emphasis on the use of labour market information and labour market intelligence for skills planning (including the development of governance and coordination mechanisms and institutional capacities) and its first-hand grounding in the practical experience of successful skills planning mechanisms in EU and strategic partner countries. This will help strengthen and deepen local knowledge, understanding and capacity.

The processes of dialogue, research and engagement outlined below will make a tangible and focused contribution to the development of skills planning policy and legislation, and to the design and successful implementation of a skills planning mechanism in South Africa.

2 CONTEXT

Skills development is pivotal to securing prosperity, growth, job generation and poverty reduction. Globally, an increasing number of countries and international agencies have positioned skills development as a central element of their economic strategies. The European Union (with whom South Africa has a Dialogue Facility and under which this Skills Planning Dialogue takes place) Europe 2020 strategy for growth and jobs; the OECD (in which South Africa is a key partner) Skills Strategy; the ILO (of which South Africa is a member) G20 Training Strategy; and the increasing importance attached to skills strategies by the World Bank, all bear testament to its value and importance.

Skills development has been an important priority for the South African government since the advent of democracy in 1994, finding early expression in the Skills Development Act of 1998 and the first National Skills Development Strategy (NSDS) in 2001. The South African Government is currently towards the end of its third version of the strategy covering 2011-2015 which sets out 8 goals. One of these goals is to ‘establish a credible institutional mechanism for skills planning that provides information and analysis with regard to the supply and demand for skills’. Both NSDS III and the recent White Paper for Post-School Education and Training recognise that this would be a vital mechanism to ensure that South Africa, its citizens and employers, get access to the skills they actually need to succeed. Skills development is unlikely to be fully effective unless the current and evolving skill needs of the economy and labour market, at national and sectoral levels, are identified and well known to Government, public agencies, education and training providers, employers, and current and potential students.

The existence of skills shortages, skills gaps, structural unemployment and possibly underemployment, as well as dependence on migration to meet some key skills needs, all point to the need for a better balance between skills supply and demand. The recent World Bank report on TVET in South Africa drew attention to skills shortages and the way they constrain growth, employment and poverty reduction, a situation becoming more evident as the economy becomes more globally connected and socially inclusive. The coexistence of a large stock of unskilled labour and an
increasingly skill intensive economy; job vacancies co-existing with high unemployment; and high wage premia for the highly skilled, all point to the need for better skills planning. Changes in the labour market as the economy develops create further risks of ‘imbalance’ and lack of alignment between supply and demand. Hence an institutional mechanism for skills planning in order to provide information and analysis on supply and demand needs to provide both insight, into current needs, and foresight, into likely future needs. It would need to focus on both demand and supply, but especially on the misalignment between the two in terms of skills shortages, gaps and in migration (excess demand) as well as unemployment, underemployment and outmigration (excess supply). It would be necessary to have metrics in place that can track these movements over time at national and sectoral levels (especially by occupation and educational attainment level) and to ensure that they are widely known and understood by all key stakeholders. Such an institutional mechanism can also be utilised to inform public policies, skills priorities and the allocation of public funds e.g. through the SETAs and the Skills Development Fund.

The NSDS III (2011-2015) recognises that there is no such institutional mechanism for skills development and planning in South Africa and commits to developing one. This project can play an important role in that development in a range of ways. In stimulating a systematic Dialogue between South African stakeholders and international experts and practitioners, it can: 1/ raise awareness of good practices in EU and other countries 2/ expose international partners to the thinking and experience in South Africa through sharing existing practices 3/ benchmark these practices against those in other countries 4/ enable them to reflect on their own practices 5/ contribute to the development of thinking, design and implementation of an institutional mechanism for skills planning. It can also help in drawing together the range of current initiatives in South Africa into a more coherent and systematic whole and ‘test’ them through the dialogue. If successful, it could position South Africa in a leadership role in Africa and in international bodies and agencies, such as the ILO, in respect of Skills Planning.

Overall, the project will support the successful development and establishment of a credible institutional mechanism for skills planning in South Africa, based on the evidence and experience of skills planning in South Africa as well as the rich experience and evidence from EU and strategic partner countries and institutions. It will promote dialogue, both within South Africa amongst the key stakeholders and between South Africa and EU experts and practitioners. It will exchange good practice, research and policy know how. It will thus contribute to building institutional capacity and capability through access to the international know how of experts and practitioners, benchmarking existing practice, participation in the workshops and the production of a final report distilling the project material and lessons as well as options and recommendations based upon it for consideration by South African stakeholders and the South African Government.

3 APPROACH

The approach that will be taken to ensuring the successful design and implementation of the EU-SA Dialogue will be both strategic and practical, grounded in a realistic appreciation of the challenges and constraints under which a new skills planning institution will have to function. Although informed by research and policy analysis, it will be primarily pragmatic and results-oriented in nature, drawing on the extensive first-hand experience of the two project advisers of the complex institutional,
organisational, technical, and leadership and political challenges associated with the successful design and implementation of skills planning systems.

In particular, the Senior Advisor, Professor Mike Campbell, will bring to this engagement the high-level, real-world knowledge and insights gained through his leadership role as Director of Research and Policy at the Commission on Employment and Skills (UKCES), advising the UK Government on skills and employment policy, and advisor to the Leitch Review of Skills; in addition, Professor Campbell brings with him the benefits of his extensive international contacts and experience, including work with the ILO Skills Academy, the OECD’s Skills Strategy Advisory Board, the European Commission’s Expert Group on New Skills for New Jobs and the former Skills Development Planning Unit in South Africa.

The Research Manager, Mr Glen Fisher, brings a grounded understanding of education and training policy development and implementation in South Africa, extensive experience through his work as a Director at the National Business Initiative in business-education partnerships, and the insights and experience gained through his role in the establishment of the Joint Initiative on Priority Skills Acquisition (JIPSA), precursor to the present Human Resources Development Council.

In its focus on the practical use of labour market information and labour market intelligence, including careful consideration of the issues of structure and coordination within government and development of a ‘policy toolbox’ to support skills planning, and in its grounding in the real-world experience and expertise of EU countries and multi-lateral organisations, the EU-SA Skills Planning Dialogue will complement and add significantly to the existing work of the Labour Market Information Project, the Presidential Strategic Integrated Projects (SIPs) and other initiatives.

More broadly, the Dialogue will draw upon the detailed international and South African research report(s) specifically commissioned for this purpose; the study tours to the EU and strategic partner countries and institutions which are integral to the programme; and the critical engagement that will take place in the post-research and post-study-tour workshops in South Africa.

The approach taken and the work-plan outlined below is and will continue to be based, also, on close and in-depth consultation with the senior DHET officials who are most directly concerned with the establishment of the skills planning mechanism, specifically the Deputy Director General: HRD Planning and Monitoring Coordination, Mr Firoz Patel, and the Director for Research Coordination, Monitoring and Evaluation, Dr Hersheela Narsee, as well as representatives of the Dialogue Facility and EU Delegation in South Africa.

In this regard, discussion over the inception phase of this project has identified three areas, within the broader framework of the project Terms of Reference, about which the Department of Higher Education and Training has expressed particular concern. These centre on:

i. Capacity building, to ensure that the technical, managerial and other skills and capabilities required for the successful functioning of the skills planning mechanism are in place;

ii. The structuring of an on-going strategic engagement with business leadership, so that training and skills development can better align with current and future skills needs, and rapidly respond to investment and other opportunities;
iii. The development of effective mechanisms for the involvement of employers in the design of curriculum and the provision of work-based learning and professional development opportunities, with the aim of ensuring the quality and relevance of education and training programmes and qualifications as well as enhancing the employability of college and university graduates and trainees.

The first and third of these concerns could usefully be addressed, inter alia, through inclusion in the programme of study visits of a dialogue with the European Training Foundation (ETF) in Turin http://www.etf.europa.eu and with the European Centre for the Development of Vocational Training (CEDEFOP) in Thessaloniki http://www.cedefop.europa.eu. The Dialogue could also usefully build into the programme a strategic engagement with key EU and international institutions such as the ILO, OECD and possibly the World Bank.

The question of how to structure a strategic dialogue with business leadership should draw on both South African and international experiences, with the role of business in JIPSA and in the HRD Council providing a useful demonstration of the role that such structures potentially can play in fostering relationships of trust and cooperation between business and government. These are themes that should be addressed in the research study(s) and in the programme of study visits.

Underpinning our approach, and the programme we propose for the EU-SA Dialogue, is a strong recognition, first, that a ‘credible institutional mechanism for skills planning’ requires that certain key institutional features either are in place, or can be created; and further, that a successful skills planning mechanism requires that not only is timely, relevant and useful information and analysis on the labour market and on skills supply and demand produced, but that practical and effective working arrangements are established to ensure that the data and analysis is appropriately interpreted, disseminated and utilised in the processes of skills development – and, in the final analysis, that the needs of employers and the labour market are met.

4 WORK PLAN AND TIME-FRAMES

4.1 Overview

Consultations during the inception phase of this project with the Department of Higher Education and Training, and with representatives of the EUD and the Dialogue Facility, have broadly confirmed the relevance and validity of the approach and major project components as outlined in the EUD Terms of Reference and elaborated in the IBF Proposal.

The EUD Terms of Reference and the Proposal from IBF proposed a ‘mixed methodology’ of research, study tours and workshops and identified six major phases or components of the assignment:

i. Research into the international experience of skills planning, focusing on information and analysis of the supply and demand for skills (September 2014 – February 2015)
ii. Research on the South African approach to skills planning, focusing on information and analysis of the supply and demand for skills (September 2014 – February 2015)

iii. Workshop in South Africa on the content and conclusions of both i) and ii) above together with a benchmarking exercise to identify key actions to better align South Africa practice with international best practice (March 2015)

iv. Study Tour missions from South Africa to two European countries and one other, which have demonstrated good practice in Skills Planning through the research and through the team’s own expert knowledge (April – July 2015)

v. Workshop in South Africa drawing on all four of the above phases of work, including the study tours, reflecting on good practices and proposing options and recommendations for taking forward Skills Planning in South Africa (September 2015)

vi. Final Report synthesising the whole project, its conclusions and recommendations (November 2015)

These components, and their associated timeframes, remain broadly relevant. However, some changes in the organisation, focus and timing of the work have been identified, which could facilitate the process and strengthen the outcome. The most significant of these relate to the research and, possibly, the study tour components of the project.

With respect to the research, it is suggested that this might usefully be considered as one, rather than two separate components of the assignment, with the option of combining the South African and international studies into a single study.

The focus of the research, it is also suggested, should be expanded to include the institutional frameworks and capabilities required for effective skills planning, as well as ‘critical success factors’ in the South African context.

The EUD’s Terms of Reference for the Dialogue made provision for study tour missions to two European Union countries and a third country. As has been noted, a strong argument has emerged, through discussions with the Department of Higher Education and Training, for the inclusion in the programme of visits to key EU institutions, in particular the ETF in Turin, CEDEFOP in Thessaloniki, and possibly the OECD, ILO and World Bank. This will have implications for the duration of the EU component of the study tour mission, and raises the question as to whether an extended, and more in-depth mission centred on EU countries and institutions might be preferable to a ‘lighter’ programme of visits to both EU and ‘third’ countries. The pro- and con- arguments in this regard should be carefully considered by the EUD and PMC before the programme of study visits is finalised.

Finally, some modifications to the time-frames are proposed, to facilitate the work and to enable the Dialogue to take into consideration the final reports and recommendations of the LMIP, which is scheduled to conclude in March 2015.

If agreed, the revised work plan for the Dialogue would consist of five components, not six, with slight adjustments to the timeframes, as follows:

i. Research into international and South African approaches to and experiences of skills planning, focusing on institutional frameworks and capacities, information and analysis of the supply and demand for skills, risks, and critical success factors. The research could be
written as two separate studies, as originally envisaged, or combined into a single study. Timeframe: September 2014 – March 2015

ii. Workshop in South Africa on the content and conclusions of the research report(s), with a focus on identifying key actions to better align skills planning in South Africa with international best practice and ensure success of the new skills planning mechanism. Timeframe: April 2015

iii. Study Tour mission(s) from South Africa to European countries and institutions, and (possibly) a third country, which have demonstrated good practice in Skills Planning through the research and through the team’s own expert knowledge. Visits to key EU and other international institutions should be included. Timeframe: May – July 2015

iv. Workshop in South Africa drawing on all three of the above phases of work, including the study tours, reflecting on good practices and proposing options and recommendations for taking forward Skills Planning in South Africa. Timeframe: September 2015

v. Final Report synthesising the whole project, its conclusions and recommendations, with a view to helping inform the development of skills planning policy and legislation in South Africa. Timeframe: November 2015

The key outputs of the project will be:

i. One (or two – see above) research report(s) on the International and South African experiences of Skills Planning

ii. Two workshops on Skills Planning, one based on the research report(s) and one reflecting on the study tours and overall project to determine overall outcomes

iii. Two (or possibly one – see above) study tour mission(s); this could take the form of an extended visit to Europe, covering two or perhaps three countries as well as CEDEFOP, the ETF and other key institutions, or an EU mission plus a visit to a third country

iv. A final report on the use of labour market information and labour market intelligence for skills planning, synthesising results and recommendations, and focused on helping to inform South African skills planning policy and legislation.

In addition, there will be short reports on: the study visits and the workshops, together with a project inception report.

Each of these project components is discussed in turn in the sections that follow.

4.2 Project Components

4.2.1 Research

The Terms of Reference for the Dialogue envisaged the commissioning of two separate but linked pieces of research, the first comprising a case study of skills planning in South Africa, and the second, an international benchmarking study, or meta-review, of skills planning from an international perspective.
There will be value in both of these studies, especially if expanded to include a focus not only on ‘information and analysis of the supply and demand for skills’ but, as suggested above, ‘the institutional frameworks and capabilities required for effective skills planning’, together with ‘critical success factors’.

There is a case to be made, also, for combining the studies into a single comparative analysis. Bringing the studies into a single analytical framework, with the task of drawing on both South African and international experience to elucidate what skills planning in South Africa is (or should be) for, and what the necessary conditions are for success, given the history of skills planning in South Africa and the challenges of the present and, importantly, the future, arguably could result in a more focused and useful document than separate studies could provide. The challenge will be to identify researcher(s) who understand and can integrate the two perspectives – the local and the international; the solution, most likely, would have to lie in the joint appointment of a researcher with deep South African experience and expertise with a research partner with broader EU and international knowledge and experience.

It is suggested that the Project Management Committee consider the option of combining the proposed research studies into a single comparative analysis, bearing in mind the questions of conceptual coherence and value-add, as well as practical considerations regarding the recruitment of researchers.

Finally, it is proposed, following a recommendation by DHET, that the interim research report(s) should be presented and critically reviewed at a half-day Reference Group workshop in December 2014, followed by a meeting of the PMC. The Reference Group workshop will serve two important purposes:

- It will allow for a mid-point review of the progress of the research and anticipated outcomes, ahead of the important April workshop
- It will help to inform the decisions of the PMC regarding the aims and objectives of the study tour mission(s) and, consequently, the selection of countries and institutions and design of the study tour programme.

<table>
<thead>
<tr>
<th>Timeframe</th>
<th>Action</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>August</td>
<td>Draft recommendation on separate vs. combined research studies; develop Terms of Reference for the research</td>
<td>SRA and RM</td>
</tr>
<tr>
<td>August</td>
<td>Decision on separate or combined research studies, approve Terms of Reference for the research</td>
<td>PMC</td>
</tr>
<tr>
<td>September</td>
<td>Procurement of research support</td>
<td>EUD</td>
</tr>
<tr>
<td>October - February</td>
<td>Brief, advise, support and oversee researchers</td>
<td>SRA; RM</td>
</tr>
<tr>
<td>December</td>
<td>Reference Group workshop and PMC meeting: review interim research/progress report(s)</td>
<td>PMC and Reference Group</td>
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</table>
### 4.2.2 First South Africa Workshop

The findings and conclusions from the research study(s) will be presented for discussion and feedback at a high-level one-day workshop of key officials, stakeholders and experts, including EU and international partners, members of the Project Management Committee and the researcher(s), in Pretoria or Johannesburg, in April 2015. The workshop will be facilitated by the Senior Research Advisor, Professor Campbell. Copies of the research report(s) will be available for all participants.

The key objective of the workshop will be to assess the relevance and practical implications of the research for the design and successful implementation of a skills planning mechanism in South Africa. This will also inform preparations for the programme of study visits. Participants should be selected with these objectives in mind, and could include, for example, representatives from:

- EU and international partner countries and institutions (for example, from the UK Commission on Employment and Skills; the ETF in Turin)
- The Department of Performance Monitoring and Evaluation
- The National Planning Commission
- The HRD Council
- The National Skills Authority
- The National Treasury
- Department of Economic Development
- Department of Trade and Industry
- National School of Government
- DHET
- SETAs
- The professions – the Engineering Council of South Africa, the Medical Council etc.
- The Council on Higher Education
- Higher Education South Africa
- The South African College Principals’ Organisation
- Organised business
- Organised labour
- Academic experts

The workshop should be followed the next day by a strategic review and planning meeting of the PMC, to assess the significance and implications of the research for the overall project as well as for the programme of study tours. The implications of the research for the wider EU-SA Dialogue, and for the findings and recommendations that will be contained in the Final Report to DHET and the EU, will frame the discussion.
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<tr>
<th>Timeframe</th>
<th>Action</th>
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<tbody>
<tr>
<td>December</td>
<td>Approval of initial proposals for first SA workshop, including venue, invitees and draft programme</td>
<td>PMC; RM and SRA</td>
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<tr>
<td>December</td>
<td>First Notice of April workshop sent to stakeholders</td>
<td>Service provider</td>
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<tr>
<td>February</td>
<td>Confirm SA workshop programme and arrangements</td>
<td>PMC; RM and SRA</td>
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<tr>
<td>February</td>
<td>Second Notice and draft workshop programme sent to stakeholders</td>
<td>Service provider</td>
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<tr>
<td>March</td>
<td>Workshop papers, programme, research report circulated to participants</td>
<td>Service provider</td>
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<tr>
<td>April</td>
<td>First SA Workshop</td>
<td>SRA and RM; service provider</td>
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<tr>
<td>April</td>
<td>Review Workshop outcomes, implications for future Dialogue activities</td>
<td>PMC</td>
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<tr>
<td>April</td>
<td>Brief written Report on Workshop circulated to PMC</td>
<td>SRA and RM</td>
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### 4.2.3 Study Tour Missions

A key element and *raison d'être* behind the EU-SA Dialogue is the opportunity it will provide for first-hand, peer-to-peer engagement between key South African officials and policy makers and their counterparts in EU and possibly other countries and international agencies. The aim of this component of the Dialogue should be to enable South African officials to test their ideas and understanding of the mechanism against the real-world experience and expertise of experts and practitioners in other jurisdictions; develop a first-hand sense of international best practice, systems and capabilities; and develop networks and identify potential resources that could assist, directly or indirectly, in building a credible and successful skills planning mechanism in South Africa.

Selection of the appropriate countries, institutions and organisations will be key to the success of this component of the Dialogue, and will need to be tailored to the needs and concerns of the South African delegation as well as reflecting the findings and outcomes of the research process and Workshop, and drawing on the knowledge, networks, insights and experience of the project team. As has been noted, a key decision here lies between the options of a single, extended, and in-depth study tour mission to two or possibly three EU countries and key EU institutions, including CEDEFOP, the ETF, and possibly the OECD and ILO, and the two separate missions, to EU countries and a third country, envisaged in the original EUD Terms of Reference.

An extended EU mission, for instance, could be designed to include a consideration of skills policy and planning at the EU level, an examination of key EU skills planning and skills development institutions, as well as country-level approaches. However, there is also a case to be made for the inclusion of strategic partner countries, outside of the EU. It is suggested that the various options be laid out in detail for consideration at the August 2014 meeting of the PMC, and an in-principle decision made by the December PMC meeting, at the latest, after which the selected countries and institutions should be approached.

Support (TA) to “EU-SA Dialogue on Skills Planning”
Arrangements for the study tour(s) will need to be made well in advance, bearing in mind the need to ensure the availability of key personnel, both on the South African side and abroad, and the logistics involved. A final programme should be approved by the PMC no later than February, and travel bookings made.

Further clarification and refinement of the issues to be addressed during the study tour(s) will follow on from the final research report and Workshop proceedings. There will also be extensive liaison with the relevant bodies in order to develop and implement valuable programmes of activities on each study tour.

The study tour delegation will be a small, tightly focused party of 6 persons, including the SRA and RM. The value-added of the SRA joining these study tours, given his contacts and relationships, and the role that he can play in contextualising and interpreting the work of the various agencies and the different country approaches to skills planning, makes his presence essential.

A short report on the study tours, including lessons learned and implications for the final report and recommendations, will be prepared by the RM for the PMC at the conclusion of the visits.

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<tr>
<th>Timeframe</th>
<th>Action</th>
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<tr>
<td>August</td>
<td>Review long-list of potential countries and institutions for study tours</td>
<td>PMC; RM and SRA</td>
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<tr>
<td>December</td>
<td>Agree short-list of countries and institutions; approach selected entities re visits and programme</td>
<td>PMC; RM and SRA</td>
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<tr>
<td>February</td>
<td>Approve study tour programme</td>
<td>PMC</td>
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<td>February</td>
<td>Arrange travel bookings</td>
<td>Service provider</td>
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<td>May (estimated)</td>
<td>Study tour mission to EU</td>
<td>Service provider</td>
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<tr>
<td>July (estimated)</td>
<td>Possible study tour mission to third country</td>
<td>Service provider</td>
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<tr>
<td>August</td>
<td>Report on study tour missions</td>
<td>RM</td>
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### 4.2.4 Second South Africa Workshop

The Second South Africa Workshop will take place in September 2015, and will take the form of a one-day symposium involving the project team and the PMC, together with members of the PMC Reference Group (see Section 5, below). The symposium will be based on a presentation from the SRA focusing on key lessons from the research, the first South Africa Workshop and the study tour missions, and on options and recommendations for the future. The deliberations at this workshop will inform the final report of the EU-SA Dialogue.

The Second South Africa Workshop or symposium will be chaired by DHET.

Support (TA) to “EU-SA Dialogue on Skills Planning”
4.2.5 Final Report

A Final Project Report will be produced by the RM and SRA. This will represent the ‘legacy’ document of the EU-SA Dialogue and is expected to make a direct contribution to the development of skills planning policy and legislation in South Africa.

The Final Report will be submitted in November, 2015.

4.3 Timeframes

The timeframes for the various components of the Dialogue are summarised below. Note that preparations for the research, the first South Africa Workshop and the Study Tour Missions overlap; planning for the workshops and study tours, and travel arrangements, will need to take place well in advance.

Note that the date and time for the inaugural meeting of the PMC have been confirmed for 26 August, 2014, from 2.30 to 4.30 pm; the Reference Group workshop and the second PMC meeting have been provisionally scheduled for the week of 8 – 12 December 2014.

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<th>Timeframe</th>
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<tr>
<td>August 2014</td>
<td>• Prepare ToR for research study(s)</td>
<td>PMC; EUD; SRA &amp; RM</td>
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<td>• Prepare long list, motivations, for selection of study tour countries and institutions</td>
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<td></td>
<td>• Inaugural PMC Meeting (26 August, 2.30 – 4.30)</td>
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<td>• Confirmation of PMC Terms of Reference</td>
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<td>• Review of Work Plan, as per Project Inception Report</td>
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<td>• Approve recommendation on separate/combined research studies</td>
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<td>• Approve Terms of Reference for the research</td>
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<td>• Review long list of potential study tour destinations and engagements</td>
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<td>• Nomination of Reference Group</td>
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<td>September 2014 – March 2015</td>
<td>• Procure research services (EUD)</td>
<td>EUD; SRA &amp; RM</td>
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<td>• Researchers appointed</td>
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<td>• Briefing of researchers; on-going monitoring and support to research process</td>
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<td>December</td>
<td>• Reference Group Research Workshop</td>
<td>Reference Group,</td>
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<td>2014</td>
<td>Second PMC Meeting</td>
<td>PMC; SRA &amp; RM; service provider</td>
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<td></td>
<td>o Review interim research report(s)</td>
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<td></td>
<td>o Approve proposal (dates, programme, invitees) for First South Africa Workshop</td>
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<td></td>
<td>o Approve short list of study tour destinations and engagements</td>
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<td></td>
<td>First notice of SA Workshop sent to invitees</td>
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<tr>
<td>February 2015</td>
<td>Third PMC Meeting</td>
<td>PMC; SRA &amp; RM; EUD and service provider</td>
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<td>o Review final draft(s) of research report(s)</td>
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<td></td>
<td>o Review Workshop plans and progress</td>
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<td></td>
<td>o Approve final study tour programme</td>
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<td>Second notice of Workshop sent to invitees</td>
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<td></td>
<td>Travel bookings made for study tours</td>
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<tr>
<td>March 2015</td>
<td>Fourth PMC Meeting</td>
<td>PMC; SRA &amp; RM; service provider</td>
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<td>o Approve final research report(s)</td>
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<td></td>
<td>o Review Workshop plans and progress</td>
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<td></td>
<td>o Update on study tours</td>
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<td></td>
<td>Conference reports and final programme distributed to Workshop participants</td>
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<tr>
<td>April 2015</td>
<td>First South Africa Workshop</td>
<td>PMC; SRA &amp; RM</td>
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<td></td>
<td>Fifth PMC Meeting: strategic review of Workshop outcomes, study tour mission and overall project objectives and outcomes</td>
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<td></td>
<td>Written report on Workshop</td>
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<tr>
<td>May 2015</td>
<td>EU Study Tour Mission</td>
<td>RM; service provider</td>
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<tr>
<td>June 2015</td>
<td>Sixth PMC Meeting</td>
<td>PMC; SRA &amp; RM</td>
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<tr>
<td></td>
<td>o Review of first study tour mission</td>
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<tr>
<td></td>
<td>o Review plans and agenda for second study tour mission</td>
<td></td>
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<tr>
<td></td>
<td>o Confirm date and programme for Second SA Workshop</td>
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<tr>
<td>July 2015</td>
<td>Possible second Study Tour Mission</td>
<td>RM; service provider</td>
</tr>
<tr>
<td>August 2015</td>
<td>Report on Study Tour Missions</td>
<td>RM, supported by SRA</td>
</tr>
<tr>
<td>September</td>
<td>Second South Africa Workshop (symposium)</td>
<td>PMC; SRA &amp; RM</td>
</tr>
<tr>
<td>October 2015</td>
<td>Drafting of Final Project Report</td>
<td>SRA &amp; RM</td>
</tr>
<tr>
<td>November 2015</td>
<td>Submission of Final Project Report</td>
<td>SRA &amp; RM; PMC</td>
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<td></td>
<td>Final PMC Meeting</td>
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</tbody>
</table>
A provisional allocation of time (in days) for the SRA and RM is as follows; this will need to be confirmed, and should be interpreted flexibly.

<table>
<thead>
<tr>
<th>Project Component</th>
<th>SRA</th>
<th>RM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inception Report</td>
<td>3</td>
<td>12</td>
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<tr>
<td>Research</td>
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<tr>
<td>First SA Workshop</td>
<td>5</td>
<td>14</td>
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<tr>
<td>Study Tour Mission(s)</td>
<td>18</td>
<td>24</td>
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<tr>
<td>Second SA Workshop</td>
<td>6</td>
<td>10</td>
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<tr>
<td>Final Report</td>
<td>10</td>
<td>20</td>
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<tr>
<td><strong>Total Number of Days</strong></td>
<td><strong>54</strong></td>
<td><strong>108</strong></td>
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</table>

Note: See Appendix for Gantt chart.

5 PROJECT MANAGEMENT COMMITTEE

5.1 Composition of the PMC

Oversight of the EU-SA Dialogue will be provided by a small Project Management Committee (PMC), comprised of the following:

- Deputy Director-General, DHET: Mr Firoz Patel (Chair)
- Director, Research Coordination, Monitoring & Evaluation, DHET: Dr Hersheela Narsee
- Director of Planning, DHET: Ms Mamphokhu Khuluvhe
- Directorate Research Coordination, Monitoring & Evaluation, DHET: Ms Mmaphake Ramasodi
- Delegation of the European Union to South Africa: Mrs Pilar Blanco-Rodriguez
- The Dialogue Facility: Mr Gerry McDonald
- Senior Research Advisor: Professor Mike Campbell
- Research Manager: Mr Glen Fisher

5.2 Terms of Reference

The PMC will provide overall direction, guidance and support to the EU-SA Dialogue. It will approve all major decisions pertaining to the project plan and budget, quality assure and approve the research report(s) and reports of the SRA and SM, ensure accountability of the project team, and approve the Final Project Report.

Specific tasks and responsibilities will include:
• Constitution of a Project Reference Group (see 5.4, below); referral to the Reference Group of reports and proposals
• Approval of Terms of Reference for the research study(s)
• Approval of Research Report(s)
• Approval of programme for the First South Africa Workshop
• Selection of countries and organizations to be included in the study tour missions, and the study tour programme
• Approval of programme for the Second South Africa Workshop
• Approval of the Final Project Report

The PMC will be chaired by the Deputy Director General: DHET. The RM will serve as secretary to the PMC and will provide notes of each meeting.

5.3 Meetings

Meetings will be held as per the project work-plan, or as otherwise decided by the Chair of the PMC or the PMC itself.

Meetings may be held electronically, via Skype or email, as the Chair or PMC decides.

5.4 Reference Group

The PMC may wish to constitute an informal Reference Group, to provide advice and guidance at the PMC’s request, and to review and provide feedback on the research and project reports, also at the PMC’s discretion.

An initial list of candidates for a Reference Group has been suggested as follows:

• Professor Haroon Bhorat, Director of the Development Policy Research Unit at the University of Cape Town
• Ms Makano Morojele, Head, Skills Development at the National Business Initiative
• Mr Rudi Dicks, Department of Performance Monitoring and Evaluation, Office of the President
• Mr Ian Mancun, Department of Labour
• Ms Neva Makgetla, Department of Economic Development
• Ms Adrienne Bird, DHET
• Ms Melissa Erra, DHET

The possible establishment, role and composition of a Reference Group will need to be decided by the PMC, if possible at its first meeting.

6 Outputs

Support (TA) to “EU-SA Dialogue on Skills Planning”
The key outputs of the project will be:

i. One (or two – see above) research report(s) on the International and South African experiences of Skills Planning

ii. Two workshops on Skills Planning, one based on the research report(s) and one reflecting on the study tours and overall project to determine overall outcomes

iii. Two study tours, one to Europe (two countries plus international agencies) and one to a third country

iv. A final report, synthesising results and recommendations, and aimed at directly informing the use of labour market information and labour market intelligence for skills planning, and supporting the development of relevant skills planning policy and legislation in South Africa.

In addition, there will be short reports on: the study visits and the workshops, together with a project inception report.
## APPENDIX

<table>
<thead>
<tr>
<th>#</th>
<th>Stage</th>
<th>Effort</th>
<th>2014 Qtr 3</th>
<th>2014 Qtr 4</th>
<th>2015 Qtr 1</th>
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<td>First SA Workshop</td>
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Support (TA) to “EU-SA Dialogue on Skills Planning”
REPORT ON THE SECOND STUDY TOUR
MISSION TO AUSTRALIA

July 2017
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REPORT ON THE SECOND STUDY TOUR
MISSION TO AUSTRALIA

July 2017
1 INTRODUCTION

The Department of Higher Education and Training is charged with the development of a ‘credible mechanism for skills planning’ in South Africa. The European Delegation in South Africa provides strategic support to the Department through the EU-SA Skills Planning Dialogue, funded via the Dialogue Facility. The Skills Planning Dialogue provides support for high-level policy engagement and policy learning between South Africa and EU partner countries and agencies, through research, dialogue, and the undertaking of two international study tour missions. This document reports on the second study tour mission, to Australia, undertaken by the Department over the period 26 – 30 October 2015. The mission was led by the Director General, Mr Gwebinkundla Qonde.

2 MEMBERS OF THE DELEGATION

The eleven-person delegation was made up as follows:

- Mr Gwebinkundla Qonde, Director General
- Mr Feizal Toefey, Chief Director: Performance, Monitoring and Evaluation
- Dr Engela Van Staden, Chief Director: Academic Planning and Management Support
- Ms Gerda Magnus, Chief Director: Programme and Curriculum Innovation
- Mr Malivive Lumka, Chief Director, SETA Coordination
- Ms Mamphoku Khuluvhe, Director: Planning, Monitoring and Evaluation Coordination
- Dr Hersheela Narsee, Director: Research Coordination, Monitoring and Evaluation
- Dr Vijay Reddy, Executive Director, Human Sciences Research Council
- Dr Glenda Kruss, Human Sciences Research Council
- Mr Phumzile Kedama, Administrator, CATHSSETA
- Mr Glen Fisher, Research Manager, EU-SA Skills Planning Dialogue

3 ORGANISATIONS VISITED

The following organisations and individuals were visited in the course of the mission:

Sydney

- Professor John Buchanan, University of Sydney, and Dr Damian Oliver
- TAFE Directors Australia
- Institute of TAFE, NSW, Ultimo College
- Manufacturing Skills Australia

Canberra

- Department of Education and Training
- Department of Employment

Adelaide

- National Centre for Vocational Education Research (NCVER)

Appendix A includes the Briefing Notes provided to delegates in advance of the Mission. Documents and presentations from the study tour visits can be found in the shared DropBox folder, at https://www.dropbox.com/home/EU-SA%20Study%20Tour%20Missions
4 DEBRIEFING BY THE DELEGATION

The delegation held a debriefing meeting on the penultimate day of the mission, in Canberra. The overall impression of the programme and meetings was very positive: a broad range of issues had been covered and the study tour had yielded valuable insights and perspectives. The value of first-hand engagement with Australian experts and counterparts was underscored.

Each member of the delegation was asked to reflect, in turn, on two basic questions:

- What has this visit confirmed for you?
- What have you learned?

Amongst the key lessons learned was that planning is as much art as science; it is important not to ‘over-think’ or over-complicate things. Many of the tools that are used in Australia and elsewhere are relatively simple and straightforward; judgement and interpretation are important as well as timely and reliable data.

In this regard, it was noted, Australia like other countries visited uses a mix of tools and methodologies, both quantitative and qualitative in nature, at the same time placing a good deal of emphasis on the building of trust, engagement, and dialogue with stakeholders, in particular with business.

Also striking was the absence in Australia of a ‘planning discourse’ – Australian counterparts and experts uniformly declared, in effect, that ‘we don’t do planning here.’ Nonetheless, it was clear, governments at both state and commonwealth levels do intervene, primarily in VET, to ‘steer’ or guide provision in ways deemed relevant to the needs of industry, and to ensure both responsiveness and quality.

This was achieved in VET primarily through funding, and through the qualifications and quality assurance mechanisms. Higher education, on the other hand, was entirely autonomous, with each institution defining its own mission, role, and strategic positioning.

In both cases – VET and HE – governments, agencies, education and training providers and other role-players drew both on a wide range of statistical and labour market sources and on extensive dialogue and engagement with employers and other stakeholders. The use of data and labour market intelligence took place in a decentralised, ‘loosely coupled’ rather than centrally planned and coordinated way, however, with the emphasis being placed on the role of the market. There were different views, though, in Australia, as to what was meant by ‘the market’ in VET – was this based on student demand or demand by employers? In practice, different states and territories had taken different approaches to answering this question.

The delegation was also struck by the importance of the institutional arrangements supporting VET, both at industry and at government level, as well as in terms of the research capacity mobilised through agencies such as the NCVER. The critical importance of advocacy, communication and engagement with employers and other stakeholders was also acknowledged, as was the need for data collection and analysis to be informed by clear and coherent policy goals.

In this regard, delegates were struck by the emphasis in Australia on developing the competencies that the economy needs. A key policy objective of South Africa was to build a manufacturing economy, and skills development and acquisition needed to focus on the competencies required to build and sustain this –the inference being that too large a proportion of South Africa’s limited resources is being channelled currently into less productive or relevant areas of education and training. Whereas funding in Australian TVET is driven by identified labour market demand, ‘in South Africa we fund anything, in the name of access.’
In conclusion delegates emphasised the urgent need, in South Africa, to move from research and analysis to meaningful action. This included building on the data sets that we already have, and instituting key surveys, such as graduate outcome and employer satisfaction surveys, that could provide important signals for policy and planning. It was important in this regard to distinguish between short term goals – the things we can and should do now – and longer term objectives. Delegates reiterated the need to keep things simple, and not to fall into the trap of trying to build a ‘perfect’ model, especially given South Africa’s resource and capacity constraints. One benefit of the study tour mission was that it had helped to ‘demystify’ the question of data collection and analysis – this was not a matter of complex software and arcane tools and expertise, but of relatively simple and practical approaches and methodologies. The important thing was to be realistic and to ‘get on with it.’

5 SUMMARY NOTES ON MEETINGS

Monday, 26 October: Sydney

Professor John Buchanan, Sydney University, and Dr Damian Oliver, Sydney University of Technology

Professor Buchanan and Dr Oliver provided a broad overview of developments in VET in Australia over the last twenty or more years, highlighting the move towards a competency-based approach to training and the increasing emphasis of successive governments on market- and funding-driven models.

Their own view was strongly critical of the competency-based approach, which they argued was ‘very anti-education in its ethos’ and treated skills in a narrow, segmented and fragmentary way. This contrasted unfavourably with the more broad-based skills that had distinguished Australian workers in years gone by. The notion of ‘capabilities’ in their view offered a more appropriate and progressive view of skills than the narrower conception of ‘competence’ – an argument that had been captured well in the work of Lisa Wheelahan, a colleague of theirs, whose paper ‘From Competence to Capability’ they recommended. They ‘had expected to be clobbered’ for taking this view but believed they had received ‘surprising support’ for their analysis, ‘from people who have supported competence standards and training packages in the past.’

If the focus for most workers lay in building up their underlying capabilities, rather than focusing ‘on a whole raft of very specific skills and competences’, then the arguments for skills ‘planning’ came into question: if you are planning at all, ‘you’re planning at a much broader level, and certainly not at the 6 digit or even 4 digit level.’ Indeed, the focus in their view should be on ‘workforce development’ rather than ‘planning.’

An emphasis on capability rather than competence did not, they stressed, mean a return to an education-centred view of training: such a view was ‘too detached from the world of work and the labour market – you can’t just leave this to the educators.’

Nor could a shift in emphasis from ‘competence’ to ‘capability’ simply be imposed – it would be essential, if South Africa were to explore such a shift, to base this on social dialogue. ‘You’ve got to get the employers in there, you’ve got to get the unions.’

They were equally critical of the funding-driven approach to VET of Australian governments: ‘the problem with VET in Australia is that policy makers know very little about VET and very little about education – it’s all based on a neo-liberal focus on funding models.’ Nonetheless, the new market-

1 The Summary Notes identify the main issues raised, that are of relevance to South Africa, and are not intended as a complete record of the discussions and presentations.
driven approach ‘diffused very rapidly, because it was linked to wage determinations. What was not thought through was the institutional support required to make all of this work. So quality just crashed.’

The Industry Skills Councils had not been very successful; it was important to build ‘communities of trust’ and the ISCs had fallen down in this area.

They noted in passing how South Africa had been influenced in its policies by the Australian metal workers union, ‘who flew into South Africa and who were pushing an agenda which was already under threat in Australia, from the move towards training markets

Asked how Australia steers higher education to meet labour market needs, Prof. Buchanan responded simply, ‘we don’t.’ Universities are autonomous and responsible for their own strategies and positioning. There is no formal differentiation, for instance, between universities and universities of technology – all universities are regarded as formally the same. Given chronic government under-funding of HE, however, ‘a big part of universities’ planning is focused on international education, where higher education can generate a lot of money’ – an approach which they saw as problematic.

In conclusion, Professor Buchanan suggested that South Africa might want to consider the Australian Workforce and Productivity Agency (AWPA) as a possible model – this had been shut down by the Abott government but nonetheless was an excellent example of an independent statutory body which advised the Minister, facilitated stakeholder engagement, and was seen as an important and credible role-player and influencer.

He noted that morale and funding in the TAFE sector have been affected very negatively by the introduction of contestable funding and the move to a market approach – this had been ‘a big shock’ to the TAFE system.

**TAFE Directors Australia and Sydney Institute of TAFE, Ultimo Campus**

The delegation met with Martin Riordan, the CEO of TAFE Directors Australia, who provided an overview of the TAFE sector. The 58 TAFE institutes operate over 1000 campuses and enrol 1.8m students, a large number in a population of 24m – as large as higher education. Around 20 of the TAFEs offer a limited number of specialist degrees – a move supported by industry, on the argument that higher education is not very responsive to industry’s needs.

TAFE is a state responsibility, but the federal government plays an increasing role, contributing almost half the funding for student placements. The federal government sees TAFE as a ‘shared responsibility,’ and the new Minister, Simon Birmingham, ‘has a big agenda’ to bring TAFE under Canberra’s control.

In the new, market-based approach, TAFEs now compete as Registered Training Organisations (RTOs) with around 4000 other RTOs, including community based and private, for profit providers. However the TAFEs, along with about 40 other institutions, do 80% of the training. ‘Private providers have attacked the top and the bottom of the VET market.’

Referring the delegation to the Australia Government policy publication, ‘Industry Innovation and Competitiveness Agenda,’ Martin highlighted four main areas of reform:

- The National Partnership Agreement
- Changes to apprenticeship policy
- Student loans
- Higher Education in TVET

The overall effect of these reforms, in his view, was that ‘prices have gone up, student numbers have gone up, and quality has gone down.’

In closing he noted that TAFE Directors Australia facilitates staff and student exchanges internationally – something that South Africa might want to follow up.
Martin’s presentation was followed by a presentation on Sydney TAFE, and focused largely on the development and delivery of ‘training packages.’ These are developed by industry, not by the training provider, and are updated every two years. The college’s role is to decide how to deliver the training – meaning that colleges design and deliver the curriculum through which students will attain the outcomes defined in the training package. Most TAFE courses give university credit, which facilitates student transfer. However the presenter acknowledged that there are different views as to how successful the training packages system is.

Most programmes are based on a blended delivery model, including both online and face to face. About 80% of TAFE educators are part time – working in industry during the day and teaching in the evening. This model works well, according to the presenter, as staff is all current with industry. All staff is required to complete a Certificate 4 in Training and Assessment, a specialist qualification for teachers of vocational skills – this is a four week programme which the TAFEs offer themselves.

A ‘massive’ change in funding was being implemented this year – colleges now have to compete on the open market for funding, and get paid for completion, not enrolments (though there is some base funding). The new arrangements will have ‘a huge impact’ on institutions.

**Tuesday 27 October: Sydney**

**Manufacturing Skills Australia**

The delegation met with Mr Bob Paton, the CEO of Manufacturing Skills Australia – one of 12 ISCs which are on the verge of being replaced by new Skills Service Organisations. The current changes were the latest in a long series of reorganisations in VET over the past decade.

The ISCs had been intended to play a more strategic role than the old ITABs, including gathering labour market intelligence. ISCs are funded by government, and supported by industry – in the case of MSA, there was no financial contribution from industry, though some ISCs did administer their own levy. Participation by industry was entirely voluntary, and many firms were not represented or did not participate.

The ISCs provide government with industry intelligence, ‘to inform the development of policies and programmes aimed at workforce development.’ In the case of MSA, there are a number of Board committees which focus on different industry sub-sectors; these are chaired by members of the Board who provide strategic direction. MSA and its committees consult widely with stakeholders (see MSA presentation for stakeholder map).

All ISCs are required to produce an Environment Scan, according to a government specification. The primary purpose of this is to inform the development of training packages, although it also has wider relevance. The focus of the Environment Scan is primarily on the perspectives of industry, although government plans might also be taken into account where relevant.

Training Packages determine the competencies required, but each Registered Training Organisation (RTO develops its own curriculum to meet these. There is no national or state-level curriculum. Interestingly, the MSA list of Occupations in Demand is at the 6 digit level, although not all ISCs list occupations in demand at 6 digits.

According to Bob Paton, ‘our environment scan is not rich in data – we’re not equipped for that – what we do is talk and listen. If there is a need for data we commission someone to do this. Projections based on past data are never accurate – all kinds of variables come into play, including market events which affect the timing of projects, which in turn affects the demand for skills.’

Bob outlined in his presentation the new arrangements, which would replace the ISCs: under the new regime, overall direction will be provided by a new Australian Industry and Skills Council (AISC), a peak body funded by government, with government providing the secretariat (in Bob’s view, this was
very much part of a Conservative agenda). Organisations have been invited by government to tender to provide services as Skills Service Organisations (SSOs) – these do not have to be industry bodies, and any service provider will be able to tender. There will be fewer SSOs than the current 12 ISCs. Responding to a comment from the delegation, he emphasised the importance of using multiple sources of information, the need to talk to people, and not to take the data too literally. What was needed was ‘intelligent interpretation and use of data, based on knowledge and experience. You’ll never get it “right”.’

**Wednesday 28 October: Canberra**

**Department of Education and Training**

A series of presentations was made by representatives of the federal Department of Education and Training in Canberra.

**Ms Peta Furnell, Group Manager, Skills Market Group**

Ms Furnell officially welcomed the delegation to the Department, noting that ‘I’m not sure we do VET “planning,” but we’ll talk about how we meet the needs of industry.’

**Dr Melissa McEwen, Branch Manager, Governance and Engagement**

Dr McEwen provided an overview of the VET system in Australia, including current reforms (see [www.vetreform.gov.au](http://www.vetreform.gov.au)) and outlined the international aspects of the Department’s work.

The Australian system placed a strong emphasis on industry engagement, aimed at ensuring that qualifications are ‘industry relevant.’ ‘We don’t think that it’s the role of bureaucrats to develop qualifications, and we don’t have the expertise. The development of qualifications is up to industry, but government provides guidance and frameworks.’ Although the states control VET, qualifications are national. The Department determines standards for qualifications but not curriculum or delivery.

Government also seeks industry feedback on training policy and priorities, system governance, and feedback to regulators. ‘Industry engagement is central to a productive VET system.’

*Confidence* is also essential to the system; this is based on ‘three pillars,’ namely quality assurance, via the Australian Skills Quality Authority (ASQA) and state-level regulators, the qualifications framework, and national standards.

There was currently a debate as to whether control of TAFE should transfer to the Commonwealth – some states however were opposed to this.

‘Global skills collaboration’ was becoming increasingly important for industry and for VET providers, especially in the ASEAN area, to ensure globally skilled labour, and the Department was seeking to benchmark skills across the Asia-Pacific region, in order to improve the supply of skilled labour across the region and enhance both government to government and industry to industry collaboration. The Department maintained a watching brief on South Africa, and suggested that South Africa might be interested in a current initiative to develop transnational skills in three port areas in the Indian Ocean Rim.

**David Turvey, Branch Manager, Skills Outcome and Financing**
According to David Turvey, twenty years ago TAFE was essentially a ‘public’ system, funded by government, but the trajectory since then has been more and more towards a market system, in which people buy training and sell training.

TAFE today comprises only 55\(^2\) out of some 4500 training institutions. Nonetheless, TAFE accounts for between 50% and 70% of provision across the states. In David’s view, the TAFE institutions are less efficient and responsive than they should be. He acknowledged, however, TAFE does more of the more costly programming and more socially-useful programming.

Less than half of all training is funded by government. Most funding of VET goes out via the state governments, so in a sense Australia has eight VET systems. This is seen by the Commonwealth and employers as problematic, and the Department has been tasked ‘to figure out how we would run it if we were to run it.’

Given that government can’t afford to fund all training, it is the role of the states to decide which students to subsidise, what skills priorities they will fund, and how they will allocate their funding. Government’s job, essentially, is ‘to regulate the product’ through standards & regulation, including the regulation of providers. The aim is to reduce the cost of training for consumers, and purchase training where this is needed. Part of government’s role is to improve information about the training market, given consumers’ imperfect understanding, in order to address market failures.

States base their funding allocations on extensive industry consultation: this has much wider relevance and importance in their decision making than economic projections. Economic projections are just guesswork really.

In principle, states purchase training based on a decision about which qualifications they will fund, and on the establishment of a benchmark price for each of these. Funding regimes vary significantly across states – it is important to understand these differences and not make simplistic generalisations. Some jurisdictions focus their funding on the attainment of full qualifications; others take the view that consumers might only want part of a qualification and that funding should therefore not be tied to full qualifications. This is an area of debate currently.

The Department does do some analysis of skills needs nationally – the states however are not necessarily interested in this, and undertake their own consultations which inform their priorities. The Department nonetheless is ‘trying to develop a consistent framework for understanding the demand for jobs and skills’ at a national level.

The Department provides advice to Ministers on the Skilled Occupations list, used to inform priorities for immigration. The most advanced analysis of labour market demand in Australia relates to the production of this list; David acknowledged however that ‘these are pretty blunt tools.’

The further out you go, and the more detailed your decomposition, the less information we have. The macro-economic level of analysis can’t give us the granularity that we need, so we have to think about what other tools we can use.

For the most part, the Skilled Occupations list doesn’t change all that much from one year to another, which makes it easier for the Department to focus its consultations with industry on those areas which have seen significant changes.

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Dr Mary-Ann McQuestin, Director, Industry Engagement Policy

\(^2\) Note: 58, according to TAFE Directors Australia
There are currently 1700 VET qualifications in Australia and 17,000 units of competence across these: the new policy aims to simplify this, to place greater emphasis on industry engagement, and to reduce duplication and improve efficiency.

Dr McQuestin outlined the new structures and arrangements, starting with the Australian Industry and Skills Council (AISC) which had replaced the former industry standards body. The intention was to move from a supply-driven to a ‘demand-driven and managed approach,’ which would be more strategic and less silo-based, in contrast with the approach which had characterised the system under the outgoing Industry Skills Councils.

Under the umbrella of the AISC, new Industry Reference Committees will be established. These will be given a strong role in driving the change, as opposed to simply being consulted. Skills Service Organisations will provide a suite of services to support the Industry Reference Committees. The SSOs are being established on a contestable basis, and Industry Reference Committees will be able to choose which SSOs are best able to provide the services they need.

Asked what problem these changes were trying to solve, Dr McQuestin suggested they were driven by a perceived need to strengthen industry engagement, to strengthen decision-making by people who are affected, to give voice to players who felt the current system did not adequately allow their voices to be heard, and to afford an opportunity for a more systemic and strategic view of areas of duplication. There was also a new government in place, which wanted to do things differently. In her view, though, these changes should be seen as an evolution of the system not fundamental reform.

AISC, it was noted, is still in the process of developing a methodology and set of tools to determine which qualifications should be given priority. Most qualifications, however, do not require constant review, so the focus is on identifying those qualifications, in IT for instance, which need more urgent or more frequent updating to meet the needs of industry.

The role of the Department is to support the AISC by taking the information and analyses from the Industry Reference Committees and providing a more qualitative and strategic analysis and overview of what this means for VET provision.

**Dr Andrew Taylor, Branch Manager, Economic and Market Analysis**

Dr Taylor’s presentation focused on higher education, and he began by noting that the role of government in higher education planning is non-existent:

In terms of skills planning, we don’t do any. It’s completely market driven.

Skills planning in HE in Australia does not exist. Whenever I look at VET I think ooh, that sounds over-managed to me.

Institutions are autonomous, undertake their own planning and consultations, and make their own decisions.

Funding for HE is demand-driven, and uncapped. The demand-driven approach had seen a huge increase in enrolments initially, which had caused equally dramatic budget problems, but the situation seemed to have stabilised now, as demand has been mopped up.

The Department conducts three main surveys, on graduate employment rates, employer satisfaction, and a suite of studies on learning outcomes. The data shows that graduate employment has dropped significantly, at the same time as demand and enrolment have gone up. However the graduate unemployment rate remains at roughly half the general rate of unemployment, tracking the general economy. Until this changes, the Department saw no need to change the current ‘hands off’ approach.

As an interesting aside, and contrary to received wisdom, Dr Taylor noted that the graduate employment trend has been most sharply down in the areas of science, engineering, and management, rather than in Arts.
Department of Employment  
James Jordan, Director

James Jordan of the Department of Employment provided an overview of the use of Labour Market Information in Australia. His presentation focused on the following:

Labour market overview

- Projections
- Vacancies
- Skills shortages
- Websites – the Labour Market Information Portal (LMIP) & Job Outlook

He noted, by way of introduction, that some countries are more prescriptive in their approach than Australia and the UK and are puzzled about how Australia does its planning:

The answer is that we don’t do that. We are much more demand driven. We provide the information to help people make choices, and it all happens in quite a decentralised way.

The LMI Branch is responsible for research, analysis, publications, and promotion – the head of the Branch ‘spends half his time doing presentations’ and there is significant emphasis on outreach and engagement. The Branch makes use in its work of, *inter alia*:

- External data sources – for instance the Australian Bureau of Statistics undertakes a large-scale labour force survey, covering 30,000 households, *every month*: this is a key data source
- Data compiled internally, including employment projections, an Internet Vacancy Index
- Employer surveys conducted in house (skill shortages, recruitment experiences)

In line with what the delegation had heard in its meetings with the Department of Education, it was noted that there had been a 17% decline in bachelor degree graduates who had found employment within four months, over the period 2008-14. This meant that graduates ‘are pushing down into lower-skilled jobs’.

The Department’s employment projections are just that: not projections of demand, but forecasts of *employment*. These are produced by industry, occupation, skill level & region, every year for the next 5 years.

Analysis of skills shortages (see [www.employment.gov.au/skill-shortages](http://www.employment.gov.au/skill-shortages)) makes use of both quantitative and qualitative information, and includes extensive consultation with key industry and professional groups to verify findings and provide perspective. The Department also undertakes regional analyses of recruitment.

A simple, three-level rating is used to characterise skill shortages:

- No shortage
- Recruitment difficulty
- Shortage

The research does not quantify or predict shortages, or identify shortages for industries for industries that have not been assessed.

There is no formal link feeding Department of Employment data and analysis into the Department of Education and Training – Education and Training access and make use of this information at their discretion.

The Department of Immigration, and careers advisers in schools, are the two main areas where there are structured links to ensure that information is shared and used. Beyond this, use is mostly on a
voluntary or *ad hoc* basis. It was suggested that South Africa should consider a 'halfway house' approach, meaning that we should be quite structured and systematic about 'pushing the information out' to specific users, without *requiring* them to use it, or telling them how to use it. The Australian experience is that while it might seem to make sense to try to understand shortages and try to plan and manage this, in practice it doesn't work; and while the Australian approach seems to be a recipe for chaos, in practice it isn't. Our experience is that what works best is to put the information out there, plan a little but not too much, and let the actors figure things out for themselves. This tends to work better when the economy is doing well, and less well when the economy is doing poorly, but this is because the over-arching issue is the economy, not planning.

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**Friday, 30 October: Adelaide**

**National Centre for Vocational Education Research (NCVER)**

The delegation’s last stop was the National Centre for Vocational Education Research (NCVER) in Adelaide, where the programme for the day included a range of presentations which provided comprehensive and detailed coverage of areas under the NCVER’s remit.

**Dr Craig Fowler, Managing Director**

The delegation was welcomed by the NCVER’s Managing Director, Dr Craig Fowler, who provided a comprehensive overview of the NCVER’s work and remit. The NCVER, established in 1981, is a non-profit *company*, not formally part of any government agency. This gives the agency a degree of independence and freedom. The company’s *shareholders* are the Ministers for Training from all the states and territories. NCVER gets ‘subscription funding’ from each of the states and territories, as well as contract funding for other research. The agency gathers analytics and statistical data on VET across Australia, and also undertakes research & evaluation. There are 130 staff currently (the staff complement is usually around 85, but there are additional staff currently, brought in for a large research project. A major recent development in VET is the introduction of a unique student identifier for every student, which will allow detailed analyses to be made of how people are accessing and using the system. The last 10-15 years in Australia have been a period of significant change with respect to the country’s understanding where to get the most impact and value in terms of training. Australia has been ‘pushed and pulled’ between market approaches to training, on the one hand, based on the development of a competitive market for training providers, and the interests of employers, who do not like to see students enrolling in programmes for which there is limited demand, on the other. These issues are still not settled, and are still in tension, in divergent ways across the states and territories and between the states and territories and the Commonwealth. Schools and VET are constitutionally a state/territory responsibility and VET, especially, is a contested terrain between the states and the Commonwealth.
Despite these tensions Australia still has a very good VET system; although many new providers have come in, in the main quality remains very good. The data & research provided by NCVER have been key in enabling government and others to keep tabs on what is going on – it has provided context and information which has been very useful to NCVER's shareholders, in terms of their policy purposes. Other stakeholders including unions, peak industry bodies etc. also make use of the NCVER's research and data.

NCVER's over-arching concern is with 'relevance and impact;' its role is 'to inform and influence,' and to 'provide thought leadership', including through its wider international connections, especially in the Asia-Pacific region.

**Introduction of SA delegation – Director General and delegates**

Introducing the South African delegation, the DG highlighted South Africa's concern with the problem of the NEETs (youth not in employment, education or training): the question was how to meet their needs, and to provide the artisans, technicians and so on that the country needed. The separation of the former Department of Education in 2009 into two departments, Basic Education and the Department of Higher Education and Training, had been aimed at enabling government to better address the different challenges of schooling and post-secondary education and training. In this regard, the DG highlighted the lack of, and the need for, an institutional mechanism for skills planning: the visit to Australia was aimed at 'seeing how you have set yourselves up, institutionally.'

In response, Dr Fowler noted that Australia had seen many changes with respect to approaches to, and arrangements for, 'planning to better manage supply & demand.' State jurisdictions typically had their own state training bodies and their own consultative mechanisms for engaging with business and labour:

- It would be wrong to say that Australia has a consistent, coherent, ongoing mechanism for understanding skills supply & demand.
- There are different voices and approaches to these issues, some emphasising student choice, and others the role of the market. Still other approaches emphasise industry needs and the needs of employers, arguing that these rather than student choice should drive the prioritisation of funding and qualifications.
- There was also contestation also around how the skills shortage list was generated, and a lot of push-back in the form of, 'how did that get on the list.'
- It was important to understand, too, that people need to be adaptable. Often they have to find jobs in areas that don’t align specifically with their qualifications, and so there is a big debate over whether qualifications are too specific, and whether skills forecasts and analyses of demand and supply are also not trying to be too detailed and specific. Finally, it was important to see the returns to education and training not only in terms of jobs and income but in terms of social returns – a dimension which would be particularly important in a country like South Africa.

The rest of the programme focused on technical presentations, copies of which are available in the shared Dropbox folder:

i. Presentation on the national statistical services program, including reporting to support the national transparency agenda and policy and practice in Australia's VET system: Dr Mette Creaser, National Manager, Statistics and Analytics
ii. Overview of NCVER data collection, associated infrastructure and the importance of a national data standard – Alison Anlezark, Katherine McGregor, Carole Peters:
   a. National data standard – AVETMISS
   b. Supporting the data collection process
   c. New developments – Unique Student Identifier
iii. Data collection, processing and quality across the VET provider, VET in schools, finance, and apprentice and trainee collections. Also, how the collections are used across government departments: Toni Cavallaro, Paul Foley

iv. Role and functions of the three major surveys conducted by NCVER – Rebecca Sherman, Ronnie Semo, Davinia Blomberg

d. Student Outcomes Survey

e. Employers Use [of VET] and Views

f. Longitudinal Survey of Australian Youth
Appendix A: Briefing Notes

EU-SA Skills Planning Dialogue
Australia Study Tour Mission, 26 – 30 October 2015

1. Briefing Notes

   a. Purpose of Visit

Following on from the earlier study tour mission to the EU, in July 2015, this study tour mission to Australia is designed to assess international approaches to skills planning and their relevance for South Africa. DHET is charged with the responsibility to develop a credible mechanism for skills planning. The EU Delegation in South Africa is assisting DHET to this end through a Skills Planning Dialogue, aimed at promoting policy sharing and learning between South Africa and its European and international partners. The study tours to the EU and Australia are a key part of that process. The study tour provides a unique opportunity to engage in peer learning. It provides the chance to have first-hand experience of meeting, speaking directly and discussing key issues. It enables orientation, informal dialogue and the exchange of information and views in person. It also facilitates future personal contacts and network development.

   b. Key Questions for the Study Visit

We are interested in drawing insights and perspectives from those we visit on the following topics:

- The nature, scope and focus of skills planning in states/institutions visited.
- How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
- The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
- The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
- What works well and the conditions required for this to occur.
- What is less successful and why.
- Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

2. Briefing Notes for Study Tour Meetings
Monday, 26 October, Sydney
Professor John Buchanan – Research Impact Business School, University of Sydney
Professor Buchanan is Chair of Discipline, Business Analytics and Principal Advisor, Research Impact Business School at the University of Sydney.
He is an expert on skills development and related issues, and has written and consulted widely in this area.
From his official university biography (http://sydney.edu.au/business/staff/johnb)
Between 1988 and 1991 he was part of the team that undertook the first Australian Workplace Industrial Relations Survey (AWIRS). He joined the Workplace Research Centre (formerly acirrt) in 1991 and has been its Director since 2005. Until recently his major research interest has been the demise of the classical wage earner model of employment and the role of the state in nurturing new forms of multi-employer co-ordination to promote both efficiency and fairness in the labour market. Building on this research, he is now devoting special attention to the evolution of working life transition, the dynamics of workforce development and the connection between work, health and wellbeing. Professor Buchanan is currently Network Leader for the University of Sydney's Health and Work Research Network - a consortium involving experts from the Business School, Medical, Health Sciences and four other faculties.
Three of his papers have been forwarded to us, and are attached by way of background. Their titles will give some sense of his work and interests:

- Getting to a better place: from VET to Vocational Development (2013; with Leesa Wheelahan & Serena Yu)
- Linking Qualifications and the Labour Market through Capabilities and Vocational Streams (2015; with Leesa Wheelahan & Serena Yu)
- Skill Ecosystems in Context (forthcoming; with Chris Warhurst, Ken Mayhew and David Finegold)

TAFE Directors Australia – Mr. Martin Riordan, CEO
From the TDA Website (http://www.tda.edu.au)
TAFE Directors Australia (TDA) is the peak national body incorporated to represent Australia’s 58 government owned Technical and Further Education (TAFE) institutes and university TAFE divisions, and the Australia-Pacific Technical College (APTC).
Australia’s TAFE Institute network is the largest and most diverse tertiary education sector in Australia with more than 1000 campuses located across Central Business Districts (CBD), suburban, regional and remote locations, with many institutes offering further services throughout the Asia-Pacific and other offshore regions.
The core business of TDA is supporting our member institutes, leading the advocacy for quality skills in Australia, and managing a range of international education and training projects in cooperation with our institutes.
TAFE Directors Australia was established by TAFE directors in 1998.
The biography of the Chief Executive, Martin Riordan, can be found at: http://www.tda.edu.au/cb_pages/martin_riordan.php

Tour of Sydney Institute: Ultimo Campus
Ultimo College is part of the Sydney Institute of TAFE, one of the oldest and largest TAFE Institutes in Australia. Further information can be found on their website, here: http://sydneytafe.edu.au/future-students/ultimo-college/ultimo-college

Tuesday, 27 October, Sydney
Manufacturing Skills Australia (to be confirmed)
Industry Skills Councils (ISCs) undertake a range of activities pertaining to their industry sectors, including environmental scans, impact analysis of the ISCs’ workforce development activities, and analysis of changes impacting on Training Packages and areas for improvement. The ISCs can be accessed here: http://www.isc.org.au
We hope to confirm a meeting with the Manufacturing Skills ISC, which can be accessed here: http://www.mskills.org.au

Wednesday 28 October, Canberra
Department of Education and Training
The Department’s website states that it is ‘responsible for national policies and programmes that help Australians access quality and affordable early child care and childhood education, school education, higher education, vocational education and training, international education and research.’
The Department has a new Minister, under the Turnbull administration, Senator the Hon Simon Birmingham, and a new Minister for Vocational Education and Skills, the Hon Luke Hartsuyker.
The Australian Industry and Skills Committee was established in May 2015, by the then-Assistant Minister for Education and Training, Senator Simon Birmingham, now the Minister, with a mandate to ‘streamline governance arrangements and put industry at the centre of the vocational education and training (VET) system.
The Department of Education and Training announced the establishment of the committee as follows (https://education.gov.au/news/australian-industry-and-skills-committee-established):

The establishment of the Committee delivers on the commitment made by Commonwealth and state and territory skills ministers last year to streamline governance arrangements and put industry at the centre of the vocational education and training (VET) system. The new Committee will provide advice to governments on VET policy and give industry a stronger voice in the vocational education and training system, to help ensure it is efficient and effective in delivering the job-ready workers that industry needs. It will take on some of the work of the dissolved National Skills Standards Council.
The Minister has appointed Mr John Pollaers to chair the new Committee. Mr Pollaers is currently the chair of the Australian Advanced Manufacturing Council and has previously held the position of Chief Executive Officer of Pacific Brands Limited and Foster’s Group Limited.
Committee members are industry leaders who have been nominated by Commonwealth and state and territory ministers. There is also a peak body representative position that will rotate annually between the Australian Chamber of Commerce and Industry, the Business Council of Australia and the Australian Industry Group. Two ex-officio members, who are senior government officials, will support the industry Committee members.
Details as to our programme of meetings will follow. The Department’s website can be accessed at https://www.education.gov.au
Department of Employment
We will be meeting with people from the Skill Shortages Section, Employment Planning and Projections, and the Labour Market Information Portal.

- The Department of Employment publishes extensive analyses of skills shortages at state, territory and national levels. Skills shortage information is also available by occupation. Reports can be accessed here: https://employment.gov.au/national-state-and-territory-skill-shortage-information
- The Department also publishes, each year, employment projections for the following five-year period, by industry, occupation, skill level, and region. The Department states that 'These employment projections are designed to provide a guide to the future direction of the labour market, however, like all such exercises, they are subject to an inherent degree of uncertainty.' The 2015 Employment Projections can be accessed here: http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections
- The Department's Labour Market Information Portal is an online entry point for accessing labour market information; it is available here: http://lmip.gov.au

Thursday 29 October, Canberra
Industry Skills Councils
Industry Skills Councils (ISCs) undertake a range of activities pertaining to their industry sectors, including environmental scans, impact analysis of the ISCs' workforce development activities, and analysis of changes impacting on Training Packages and areas for improvement. The ISCs can be accessed here: http://www.isc.org.au
We will be meeting with the Construction and Property Services ISC, which can be accessed at http://www.cpsisc.com.au; a meeting with the Energy ISC is still being explored. The Energy ISC can be accessed at http://www.e-oz.com.au.

Friday 30 October, Adelaide
National Centre for Vocational Education Research
The National Centre for Vocational Education Research www.ncver.edu.au describes itself as follows:
The National Centre for Vocational Education Research (NCVER) is a not-for-profit company owned by the Commonwealth and state and territory ministers responsible for vocational education and training.
It is a professional and independent body responsible for collecting, managing, analysing, evaluating and communicating research and statistics about vocational education and training (VET) nationally. NCVER's vision is to inform and influence vocational education and training in Australia through credible, reliable and responsive research and statistical services.
Its mission is to be Australia's authoritative source of high-quality independent information on vocational education and training.
A board of nine directors, with experience across state, territory, and Commonwealth governments, industry, unions, and training authorities, manage NCVER.
NCVER’s areas of activity:

- Undertaking a strategic program of education and training research, including the management of national competitive grants programs and the analytical program of the Longitudinal Surveys of Australian Youth (LSAY), and collect and analyse national VET statistics and survey data.
- Collecting and publishing research findings on VET and higher education from across the world through the VOCEDplus research database.
- Disseminating the results of research and data analysis.
- Building links with similar international organisations to foster comparative analysis and collaborate on issues of mutual interest.
- Undertaking commercial consultancies.

NCVER provides research and statistical information to a wide range of stakeholders, including:

- Ministers
- Commonwealth and state and territory education and training authorities
- Registered training organisations
- VET practitioners and providers
- Educational institutions
- Australian businesses
- Researchers
- International agencies
- Industry skills councils
- Employer- and employee-based associations or organisations
- Community organisations.

NCVER’s success is measured by:

- the use, relevance and overall impact of its research and statistics
- accessibility of its information
- responsiveness to governments, the VET sector, industry and the community.

The following principles of practice guide NCVER’s work:

- Analysis will be transparent and replicable.
- Methodology will follow sound statistical practice and be open to scrutiny.
- Statistical and research results (excluding commercial consultancies) will be published provided that quality standards are met.
- Release dates of publications will be available, and any embargo conditions will be clear.
- Statistical and research results will be descriptive or test research questions and will avoid advocating a particular position.
- NCVER data and library resources will be available to all groups and individuals equally, under the conditions spelled out in NCVER's policy for the provision of VET information.
- Research and statistical data are archived to ensure their availability for future researchers, policy-makers and practitioners.
- NCVER data will be secured and protected by current leading practice, with multiple layers of protection and encryption where necessary.
REPORT OF THE FIRST STUDY TOUR MISSION TO EUROPE ON SKILLS PLANNING

July 2017
This report is the product of a partnership between the Department of Higher Education and Training (DHET) and the European Union (EU) in terms of the EU-SA Dialogue Facility. The ideas, opinions, conclusions and policy recommendations expressed in this report are strictly those of the authors and do not necessarily represent, and should not be reported as those of the DHET or the European Union. The DHET and the European Union will not be liable for any content or syntax errors, or for the accuracy of the information contained in this report.

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REPORT OF THE FIRST STUDY TOUR MISSION TO EUROPE ON SKILLS PLANNING

July 2017
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ABBREVIATIONS AND ACRONYMS

DG     Directorate General
EC     European Commission
EGFSN  Expert Group on Future Skills Needs
ERASMUS European Community Action Scheme for the Mobility of University Students
ETF    European Training Foundation
EU     European Union
EU-SA  European Union – South Africa
G20    The Group of Twenty
MAC    Migration Advisory Committee
NIACE  National Institute for Adult and Continuing Education
OECD   Organisation for Economic Co-operation and Development
SA     South Africa
SETA   Sector Education and Training Authority
SOLAS  Further Education and Training Authority
STEM   Science, Technology, Engineering and Mathematics
UK     United Kingdom
UKCES  UK Commission for Employment and Skills, London
VET    Vocational Education and Training
1 INTRODUCTION

The Department of Higher Education and Training is charged with the development of a ‘credible mechanism for skills planning’ in South Africa. The European Delegation in South Africa provides strategic support to the Department through the EU-SA Skills Planning Dialogue, funded via the Dialogue Facility.

The Skills Planning Dialogue provides support for high-level policy engagement and policy learning between South Africa and EU partner countries and agencies, through research, dialogue, and the undertaking of two international study tour missions.

This document reports on the first study tour mission, undertaken by the Department over the period 19 – 25 July 2015. The mission was led by the Director General, Mr Gwebinkundla Qonde, and included visits to national and international agencies and organisations in the United Kingdom, Ireland, Belgium, France, and Italy.

2 MEMBERS OF THE DELEGATION

The ten-person delegation was made up as follows:

- Mr Gwebinkundla Qonde, Director General
- Mr Feizal Toefy, Chief Director: Performance, Monitoring and Evaluation
- Dr Engela Van Staden, Chief Director: Academic Planning and Management Support
- Ms Gerda Magnus, Chief Director: Programme and Curriculum Innovation
- Mr Maliviwe Lumka, Chief Director, SETA Coordination
- Ms Mamphoku Khuluvhe, Director: Planning, Monitoring and Evaluation Coordination
- Dr Hersheela Narsee, Director: Research Coordination, Monitoring and Evaluation
- Dr Vijay Reddy, Executive Director, Human Sciences Research Council
- Professor Mike Campbell, Senior Research Adviser, EU-SA Skills Planning Dialogue
- Mr Glen Fisher, Research Manager, EU-SA Skills Planning Dialogue

3 ORGANISATIONS VISITED

The following organisations were visited in the course of the mission:

- UK Commission for Employment and Skills (UKCES), London
- National Institute for Adult and Continuing Education (NIACE), London
- Migration Advisory Committee (MAC), London
- Expert Group on Future Skills Needs (EGFSN), Dublin
- SOLAS, Dublin
- European Commission DGs Education and Employment and VET
- OECD, Paris
- European Training Foundation (ETF), Turin

Annex A includes the full set of Briefing Notes provided to delegates in advance of the Mission; Annex B includes the decision matrix used to inform the selection of countries and organisations to be visited, and Annex C presents the results of a brief evaluation of the mission by study tour delegates. Documents and presentations from the study tour visits can be found in the shared Dropbox folder, at https://www.dropbox.com/home/EU-SA%20Study%20Tour%20Missions
4 HEADING FINDINGS

The primary objective of the study tour mission was to enable the Department of Higher Education and Training to better understand, through engagement with European counterparts and experts, what makes for a successful skills planning mechanism and the better balancing of skills supply and demand.

Discussions with the organisations listed were all extremely informative and useful; significantly, there was a high degree of consistency and consensus across persons and organisations as to the nature, scope, possibilities for and limitations of labour market analysis and skills planning.

Perhaps the most important, high-level ‘take-away’ from the mission was the view expressed, by all of the individuals and organisations visited, that the complex nature of modern societies and economies, and the pace and disruptive nature of technological and other changes requires constant review, adaptation, and learning on the part of planners and policy makers.

Along with data collection and analysis, the dissemination of information, and consultation and engagement with stakeholders, are important ways of influencing others and essential elements of the planners’ repertoire.

The need for data collection and analysis to be policy driven was consistently emphasised; the European Training Foundation put it perhaps mostly strongly:

...[we are] not in favour of any forecasting exercise or planning to match demand and supply that is not grounded in a robust human resource development strategy for the country – otherwise it is just a patchwork of approaches. You have to start with a clear sense of what kinds of human capital you want in a country, for what. There needs to be a clear long term agenda – and this must be very participatory – this is essential. There has to be a shared vision. And this needs to reflect the total picture – for example, if schooling doesn't provide the foundational skills, then training is not training for the labour market, it is remedial education. Likewise, it is wonderful to be responsive where there is a demand – but what do you do when there is no demand, if there are no jobs available?

Approaches to data collection and analysis were sophisticated but practical: as the Strategic Policy Division of the Department of Jobs, Enterprise and Innovation in Dublin put it, ‘it’s not about producing technically superior reports, it’s about impact.’

Moreover, given the complexity and change noted above, no single methodology or source of data was seen as sufficient; rather, a mix of approaches, combining both qualitative and quantitative methodologies as well as extensive engagement with stakeholders, was regarded as essential. Thus SOLAS, in Ireland, observed that

...the quantitative information is important, but to put the meat on the bones, we need qualitative information.

The Migration Advisory Committee in the UK, similarly, emphasised the need for interaction between ‘top down’ (i.e. statistical) and ‘bottom up’ (stakeholder engagement) approaches.
And a government representative in Dublin observed,

This work cannot be done with macro-economic models. You have to get down a couple of levels, you have to get out and talk to people.

Engagement, it was repeatedly pointed out, means more than the occasional meeting or forum, it means ‘getting out and talking to people, visiting workplaces’ on a regular basis, and it means **regular dissemination of information, using formats and media that are useful and relevant for a wide range of stakeholders**.

While all countries, according to the OECD, undertake some kind of anticipation and assessment exercise, the aim is not so much to provide precise numbers or estimates as it is to **obtain insight into current and future demand, using multiple sources and tools and a range of metrics; analysis**

… is not used to indicate how many engineers we need, but to underpin a discussion that says, ‘it looks like we need to produce more engineers – how do we do this?’

…The one thing you can be sure about with future skills projections is that you will be wrong. It is important therefore to build in automatic adjustment systems that encourage alignment...and help the system to adjust in real time.

As the EGFSN in Ireland pointed out,

…the further out you look, the more the cone of uncertainty widens.

With this in mind, the notions of ‘foresight’ and ‘scenarios’ were favoured over ‘forecast’ and ‘projections.’

**Dialogue, consultation, and stakeholder engagement** were seen by everyone as critically important, as are **business participation and leadership**. **Barriers** to the use of data for policy and planning, on the other hand, include reports that are too technical, data and analysis that is not shared with stakeholders, a lack of stakeholder consultation, and stakeholders not agreeing with the data and/or analysis.

**Engaging & managing stakeholders, and securing stakeholder buy-in and support**, was seen therefore as vital – especially when the aim is not data for data’s sake, but practical implementation and impact. The importance of high level **political leadership** was emphasised for much the same reasons.

If dialogue and engagement are essential to ensuring legitimacy and acceptance of data and analysis, **dissemination of information is important in generating transparency and enabling employers, education and training providers, government departments and agencies, and individuals to make informed decisions.**

Findings and metrics from multiple sources of information and intelligence are important, but it is important also to go beyond this, and **move from intelligence to outcomes**. Data and analysis are of
limited value unless clearly linked to implementation and impact. The study tour mission revealed a range of tools and methodologies that are available to planners and policy makers to better align supply and demand by increasing responsiveness, and improving matching and the relevance of skills supply to the labour market.

**Governance**, as a framework for shared responsibility and accountability, and for partnerships and collaboration, was seen as critical, and the **institutional arrangements** supporting the labour market intelligence and the planning and ‘influencing’ mechanisms, while differing from country to country, are also important.

The lenses through which countries and organisations consider labour market and skills issues are multiple rather than singular. In Ireland, for instance, the EGFSN uses both **sectoral and occupational analytical frameworks**, and will even consider particular subjects such as Mathematics, ‘that are important to business.’

IT people don't work only in the IT sector; cooks and chefs work in schools, factories, hospitals as well as in the hospitality industry, so you need to think in terms of an occupational/sector matrix.

In addition to professional, technical and other skills, the OECD drew attention to the importance of what it called **‘no regrets policies,’** noting that,

…regardless of their technical or professional skills, [workers’] foundational skills are fundamental to their labour market success. This includes their non-cognitive skills, including teamwork, communication etcetera.

**Job specific and foundational and transferable skills**, in short, are vital, providing people with the adaptability they need as jobs and the economy change.

The notions of complexity, interdependence and ongoing, rapid change – the notion of a dynamic and constantly evolving ‘skills ecology’ – came through strongly in almost all of the discussions, as did the **need for systems thinking**. Joined up thinking, and joined up government involving close cooperation and collaboration across departments is seen as vital. Governance and institutional arrangements, as well as partnerships and collaboration between employers and government, should foster a sense of **common purpose and collective effort**.

A good example of this was Ireland (albeit a small and relatively homogenous country) where the collegiality that develops through collaboration between government departments was seen as key to being able to solve problems and move forward together. Relationships, in this case, were seen to be as important as technical or analytical skills, or labour market intelligence, precisely because the end-goal was not the production of ‘technically superior reports’ but, as noted earlier, **implementation** and **impact**.

The **variety of institutional arrangements** encountered reflected, in many respects, the varied histories and contexts of the countries and institutions visited. Common to all however is the underlying question of the skills ecology, and the kinds of **institutional, governance and partnership arrangements that are best suited, in a particular context, to ensuring legitimacy and transparency, promoting partnerships and collaboration, and shaping the behaviours and**
actions of key actors – providers, government, and employers, in particular – towards a set of shared and commonly-held objectives.

How this can best be addressed in the South African context, through a planning mechanism which is located within or outside of government, with what mix of expert and stakeholder representation, will be key questions for the Department to consider: how they are answered will strongly influence the chances for success.

In conclusion, it is worth restating the enormous value that was obtained through face to face dialogue and interaction between the South African delegation and international colleagues and peers.

As South Africa moves forward with the design and implementation of the skills planning mechanism, a continued dialogue and engagement with European partners could be of considerable assistance in forging expert and professional networks, promoting mutual learning and knowledge-sharing, and building local capacity and capability, while helping at the same time to keep South Africa at the leading edge of developments in this complex terrain.

5 SUMMARY NOTES ON MEETINGS¹

5.1 Monday, 20 July: London

UK Commission for Employment and Skills (UKCES)

The delegation met with the following:

- Katherine Chapman, Assistant Director
- Alex Thornton, Senior Research Manager, UKCES Surveys
- Aoife Ni Luanaigh, Senior Research Manager, Research and Standards

The UK Commission for Employment and Skills is a “social partnership”. Its 26 Commissioners include business and union leaders, and leaders from the college and higher education sectors. Commissioners play an active role, leading different streams of work and guiding the Commission’s strategy.

The Commission’s work is informed by close engagement with industry and a social partnership approach. The Growth through People strategy released in November 2014 was co-signed by the heads of both the Chamber of Business and the Trade Union Congress, following extensive consultations.

Business leadership, and responsiveness to the needs of business, are central to the Commission’s approach. Thus, a major focus of the current strategy is driving up productivity; the drive with regard to standards and qualifications is to make them more employer-led, and simpler.

¹ The Summary Notes identify the main issues raised, that are of relevance to South Africa, and are not intended as a complete record of the discussions and presentations.
The recently elected Conservative government has set a goal of 3 million apprentices over the next 5 years; government is also moving away from grant funding of sector skills councils to a more competitive, market-oriented approach.

Analysis of the labour market, it was pointed out, goes way beyond a ‘numbers game - it is about understanding what’s going on in the labor market and how to intervene to address this.’

The Commission attaches a great deal of importance to communication and the dissemination of information: “insight” guides and tools are produced to help get information out to potential users; complex and sophisticated analyses of changes in the labor market are distilled into clear, simple statements from which policy implications can easily be considered. LMI for All is a data portal which is available for anyone to use.

There are three major research products:

- Employer Perspectives Survey
- Employer Skills Survey – apparently the largest survey of its kind in the world
- Labour Market Projections

The employer skills survey, it was noted, is an establishment, not an enterprise survey. This enables data to be disaggregated geographically and allows telephonic interviews to be kept to about 20 minutes on average. The survey includes a focus on skills shortages, skills gaps, and underutilization of skills.

The Commission has produced 12 sector assessments as well as 9 sector insight reports – it does not try to cover all sectors. These reports help to inform thinking about industrial policy and are useful also for colleges and employers as well as learners.

The Commission does not directly propose or comment on policy, but it does formulate comment and advice based on its research. This will be sent to relevant government departments and sector bodies, and in some cases to employers (the Commission’s presentation included a useful outline of the use of research findings).

Government policy frameworks, for example the Growth Through People policy, are closely informed by the data and analysis produced by the Commission, and bodies such as the Association of Colleges also make extensive use of this information.

**National Institute for Adult and Continuing Education (NIACE)**

The delegation met at the UKCES premises with Mr Tom Stannard, Deputy Chief Executive of NIACE, and Mr Robert Gray, Head, Pre-Employment Skills.

Registered as a charity, NIACE describes itself as a ‘research and development body and think tank.’ The key issues on which it campaigns were outlined; these include a focus on access for disadvantaged and needy groups including the youth and older individuals.
Issues raised by the discussion included finding the right balance between social inclusion and increasing productivity, the balance of academic and vocational education, and addressing the needs of the pre-employed versus those who are already in work.

5.2 Tuesday, 21 July: London

Migration Advisory Committee

The delegation met with Sir David Metcalf, Chair of the MAC, and Tim Harrison, head of the MAC Secretariat.

In his opening remarks, Sir David noted that the MAC ‘is very determinedly economics based’ – but ‘our homework’ is set by the government. Government was not obliged to take the MAC’s advice, but it invariably did so. The MAC’s work and government policies on migration had to be understood within an EU context: there was a presumption, given the freedom of movement within the EU, that the EU would provide the unskilled labor that the UK needed; the focus on immigration for work purposes, from outside the EU, was therefore on skilled jobs and skilled labour. A representative from UKCES sits on the MAC, ensuring a link between the two bodies.

The MAC uses a combination of ‘top-down’ and ‘bottom-up’ approaches, both being important. The top-down approach is statistical, looking at occupations, down to the 4th digit. The current list defines 96 occupations as skilled, on the basis of qualifications and pay.

Having defined occupations as skilled, the MAC checks to see if there is a shortage, using 12 key indicators, in particular changes in earnings and vacancies. The top-down, statistical evidence allows the MAC to decide whether or not to place the occupation on the list of skills that are in shortage, but the bottom-up evidence is used to point to a much more specific set of shortages – for example, ‘contaminated land engineers’, not just ‘engineers’. This bottom-up approach relies on a good deal of personal interaction and engagement; David himself gets out and about a good deal, visiting workplaces and engaging with employers:

The point is to get out and about, not just do this from the office.

Three broad sets of criteria are used to determine whether or not an occupation belongs on the list of skills in shortage; these are the three “S’s” – i.e., are the occupations skilled, is there a shortage, and is it sensible, to bring in migrants from outside the EU.

It’s very important to understand that we’re not doing manpower planning – we don’t to go into a numbers game like that.

Skills in shortage are not ranked or prioritized; if they are deemed to be in short supply they are put on the list and that is all there is to it. It was noted however that the underlying data would allow these shortages to be ranked or prioritized if this was deemed necessary. The list is reviewed about every two years.

Information on skills shortages is made available to the Department of Business Innovation and Skills and to UKCES, and MAC expects that this information would be followed up on in terms of education
and training provision. The record on this was mixed however; in David’s view, it had worked well in health but less so in engineering.

There were certainly examples where employers had approached the MAC asking for certain skills to be put on the list; in such cases the Mac would visit these companies and discuss the issue with them. Companies had to provide evidence to justify their arguments, however, and these were scrutinised rigorously – David gave examples where companies might be told that they needed to pay more or improve their conditions of employment or do more training, rather than seeking permission to import skilled workers.

Although its methodology and approach to the identification of skills shortages is highly relevant to South Africa, the MAC is not involved in skills planning and in general does not do much forward-looking analysis, except where a particular issue is identified, such as the challenges that Britain currently faces in decommissioning old nuclear plants or building new ones.

One thing that David had not foreseen was how difficult it was to put whole occupations on the list – ‘you tend to come down to the specific job titles’ he noted. However, this did not mean going beyond 4 digits in terms of statistical analysis – ‘that would be crazy’ – but relied for the more fine-grained details on extensive stakeholder interaction:

Level 6 data is just noise. We wouldn’t attempt to get the data at six digits statistically – the data often isn’t there even at four digits. That’s why the bottom-up side of this is so important.

5.3 Wednesday 22 July: Dublin

Expert Group on Future Skills Needs (EGFSN)

The meeting with the EGFSN included Gerard Walker, Assistant Principal Officer: Education and Skills Policy in the Department of Jobs, Enterprise and Innovation, Declan Hughes, Assistant Secretary General in the Department, and Tim Conlan of the Higher Education Authority.

The EGFSN and its work with other governments departments and agencies and with employers and stakeholders offered a compelling example of joined-up strategic thinking and practice with respect to labour market intelligence and skills forecasting. There is clear relevance to South Africa’s needs and aspirations; in evaluating this, however, the differences in context – in particular, the small size and homogeneity of Ireland – should be kept in mind.

A further aspect of the context, which the EGFSN highlighted, is the significant impact of the 2008 recession – the country is only now beginning to turn the corner, and the recession and its consequences have had significant impacts on employment and the demand for skills. In addition to addressing the skills needs of the economy, for example, the EGFSN had found it necessary to engage with SOLAS and the Higher Education Authority regarding programs to help the unemployed.

The EGFSN includes broad-based representation by business, government, the Higher Education Authority and SOLAS. Research and policy support is provided by the Strategic Policy Division of the
Department of Jobs, Enterprise and Innovation, and a key function of the Expert Group is ‘to inform on the implications of their analyses for education and training providers.’

The work of the Expert Group also informs the employment permit system for non-EU workers seeking employment in Ireland; this is reviewed on a quarterly basis.²

Labour market intelligence draws on both sectoral and occupational perspectives and may even include analyses of needs pertaining to particular subjects that employers regard as important – for example mathematics. Rather than a rigid methodology, it was emphasised that flexible and open ended approaches should be used, aimed at understanding what the need is, and how best to respond to it.

Sector studies are undertaken every few years, on a rolling basis, so that the resources required are not too onerous.

Considerable emphasis is placed on working across government departments and agencies, as the issues that the country faces are cross-cutting. Indeed, the collegiality that develops through regular interaction between departments was highlighted as a key success factor. The EGFSN itself is not a free-standing agency but works closely with the Strategic Policy Division.

The Higher Education Authority collaborates closely with the Expert Group to identify skills needs, and on the basis of this decides what it will fund. The universities remain autonomous and free to follow their own path, but government will only fund the programs that it believes are relevant. Funding is linked to performance agreements, which are a key driver for the higher education sector.

**SOLAS**

The delegation met with John McGrath and Nora Condon.

SOLAS maintains a real-time data warehouse and is focused on ‘identifying the skills requirements of enterprises in Ireland.’ A team of five or six full-time researchers maintains the database; the unit’s work is highly regarded in Ireland, by the ILO and in the EU.

An overview was provided of the kinds of information that SOLAS collects in order to estimate the demand and supply of skills. Higher education enrollment information is available by course. The First Destination Survey follows up on graduates in the labour market nine months after they graduate. There is a similar follow-up on employment outcomes from VET.

In addition to broad labour force statistics from the government statistics agency, SOLAS undertakes a detailed breakdown by occupation. SOLAS has full access to Statistics Ireland data at the individual record level, and thus does not need to do long-term surveys as it has real-time, actual data at its disposal. This explains why a staff of only 5 to 6 researchers is needed to undertake the analysis. SOLAS officers are all official Statistics Officers of the Republic and as such are required to sign a confidentiality oath; analyses which might enable individuals to be identified – for example, which get down to a very specific skill in a very specific locality – are not published.

² It should be kept in mind here that Ireland is a small country. The MAC, in the UK, revises its shortages list every two years or so.
Source data includes the quarterly Labor Market Survey and is also drawn from a range of other government departments and agencies, including the Higher Education Authority, which provides enrollment data. SOLAS also undertakes regular surveys of private recruitment firms, to help identify what jobs are in demand and where there are shortages. Importantly, it does not rely on only one source of information to identify skills shortages – a shortage is declared only if it shows up in multiple sources. This use of multiple sources, and triangulation of data, also enables SOLAS to resist lobbying from interest groups seeking to declare a skills shortage in particular areas.

The data and research section in SOLAS feeds information to a Strategic Planning Unit, which engages with the training centres. The training centres are expected to use the data and analysis produced by SOLAS to develop a Business Plan, and it is on the basis of this Business Plan that they are funded – an approach which may be of interest to South Africa.

Also of interest, at a more practical level, may be the Springboard program, which provides funding to allow people to re-skill – for example, an unemployed graduate with a less marketable skill or qualification, may agree to retrain in a skill area which SOLAS has determined is in short supply and where they are likely to find employment. Participants in the Springboard program are able to keep their unemployment benefits and have the full costs of their retraining covered.

5.4 Thursday, 23 July

5.4.1 Brussels, morning

European Commission: DG Education

The meeting was attended by representatives of the DG Education and officials from the DG Employment, Social Affairs and Inclusion. Topics included a presentation on the Marie Sklodowska-Curie Actions - a programme focused on doctoral training and mobility of candidates and researchers, in which South Africa is involved, aimed at bringing doctoral researchers closer to industry and the economy – as well as presentations on Higher Education, VET and Sector Skills Alliances, Open Education and Internationalisation.

The EU’s approach to higher education ‘planning’ is instructive, showing how information, influence and advice can have quite profound impacts on national systems and higher education institutions. The EU recognizes that there are different higher education systems and different labour markets across Europe – it cannot therefore ‘plan’ for higher education in Europe. However, the EU can provide information and advice to governments, and encourage them to reflect on and utilise this as they think appropriate. The EU’s ERASMUS project for example has had positive impacts on students’ skills and employability.

The EU has agreed a target of 40% of 30 to 34-year-olds having a first degree by 2020: within this broad target, each country (apart from the UK) has set its own target according to its particular circumstances. Countries report to the EU on progress, the EU monitors this and provides guidance.
and recommendations as to what needs to be done to achieve the goals. Although presented as advice, this is in effect a strong form of guidance, or even sanction.

U- Multirank provides a multidimensional ranking of universities, designed to get away from the research-university bias of other rankings. It compares institutional performance across 30 indicators, is published every March and is available online. There are 1200 universities participating including nine South African institutions.

The EU was cautious on the subject of skills forecasting, giving examples of universities in Finland and the Netherlands which had chosen to focus very strongly on certain industries, only to see these collapse and their highly skilled graduates become unemployable. Similarly, although there was considerable pressure to increase STEM outputs, the actual needs varied quite significantly by industry and by region, and over time. While there was an undoubted need to promote relevance, it was important not to over-plan or over-forecast. A focus on transversal skills might in fact be more important.

An EU policy statement on VET will be released next year.

5.4.2 Paris, afternoon

OECD Directorate for Education and Skills

The OECD delegation was led by Mr Simon Field, Senior Analyst, VET; Deborah Roseveare, Head of the Skills Beyond School Division, attended briefly. Other members included Dr Glenda Quintini, Ms Pauline Musset, Analyst, VET; Mr Guillermo Mont, Analyst, Adult Competencies Assessment (PIAAC); and Labour Market Economist Mr Stijn Broecke. The South African delegation was accompanied by Dr Nolitha Vukuza-Linda, Higher Education and Training representative in the South African Embassy.

Presentations by the OECD focused on labour market issues in South Africa and on anticipating skills needs.

In her opening remarks, Deborah Roseveare observed, as noted earlier,

The one thing you can be sure about with future skills projections is that you will be wrong. It is important therefore to build in automatic adjustment systems that encourage alignment…and help the system to adjust in real time.

She drew attention to the importance of what she called “no regrets” policies, observing that quite apart from their technical and professional skills, people needed foundational and transferable skills in order to remain flexible and adaptable in a changing and uncertain labor market.

A presentation by Steijn Broecke provided a challenging snapshot of labour market issues in southern Africa.

A presentation by Guillermo Mont on ‘Getting Skills Right – Assessing and Anticipating Changing Needs,’ highlighted skills shortages and mismatches as a significant policy concern. The presentation noted however that not all forms of mismatch are necessarily negative – people often work in different
roles and capacities from those they had trained for. The question was what kinds of mismatch were problematic? A useful typology of different kinds of skills mismatches was presented.

While ‘all’ countries undertake some kind of assessment of future skills needs, it was argued, the issue was not to try to determine how many engineers, for example, would be needed, but rather to be able to have an informed discussion, underpinned by data and analysis, along the lines of,

…it looks like we’re going to need to produce more engineers, and how do we do that?

The key issue, in other words, is not to focus all attention on getting the numbers precisely right – an impossible task – but to determine what to do about the need.

5.5 Friday, 24 July: Turin

European Training Foundation

The South African delegation was welcomed by Madlen Serban, Director of the ETF. Arjen Vos, Deputy Head of the Operations Department, provided an overview of the ETF’s mission and operations, and Cristina Mereuta, Labour Market Specialist, made a useful presentation on ‘Working for a better matching between supply and demand: from skills needs identification to efficient matching.’

Funded as an independent and neutral agency of the EU, the ETF works with an extraordinary mix of countries, including countries from the G20, the OECD, and low income countries. In some cases, the ETF assists countries, in other cases, countries are partners. South Africa is not included in the ETF’s mandate, although some kind of cooperation might be possible.

The key message from the ETF, regarding skills planning, was forcefully articulated by Madlen Serban: she was ‘not in favour,’ she said, of any foresight exercises or strategies to match demand and supply that were not clearly linked to a robust human resources development strategy. The question was not ‘skills’ but ‘skills for what?’ Without a clear answer to this ‘you just have a patchwork approach.’ Developing a long term vision that answered the ‘so what’ question, moreover, needed to be

….very participatory. This is essential. There has to be a shared vision.

Outlining the role played by the ETF, Arjen Vos made the point that

….there is no best way of doing skills planning. It depends on a country’s circumstances and what it needs. There are different systems across Europe and the world that might serve well on one measure, but not so well on another.

A useful outline of the Torino Process was provided; this is a biennial review of developments in VET in ETF border countries. The process and principles on which the Torino Process is based are informative. The review is
• Participatory
• Analytical
• Provides regular data updates
• Is founded on four principles
  o Ownership
  o Broad participation
  o An holistic approach
  o Evidence/knowledge-based
• The goals of the Torino Process are to
  o Make policies that deliver better results
  o Take informed decisions, with evidence leading to analysis and action.

The presentation on matching supply and demand strongly underscored the importance of dissemination of information to a wide range of stakeholders – not just Ministries and government agencies. The key however was the processes and mechanisms needed to turn this information into action.

6 CONCLUSION

In conclusion, it was pointed out by Arjen that

Skills planning is not a natural science; you will never get it right. You can only approach what is needed. And please don’t do it by yourself – do it with others. It’s important to bring stakeholders together – to discuss the data as indicators only.
Support (TA) to “EU-SA Dialogue on National Skills Planning”  

### Annex A: Briefing Notes

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### Purpose of Visit Programme
This study tour mission is designed to assess international approaches to skills planning and their relevance for South Africa. DHET is charged with the responsibility to develop a credible mechanism for skills planning. The EU Delegation in South Africa is assisting DHET to this end through a Skills Planning Dialogue, aimed at promoting policy sharing and learning between South Africa and its European partners. The study tour is a key part of that process. The study tour provides a unique opportunity to engage in peer learning. It provides the chance to have first-hand experience of meeting, speaking directly and discussing key issues. It enables orientation, informal dialogue and the exchange of information and views in person. It also facilitates future personal contacts and network development.

### Key Questions for the Study Visit as a Whole
We are interested in drawing insights and perspectives from those we visit on the following topics:

- The nature, scope and focus of skills planning in countries/institutions visited.
- How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
- The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
- The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
- What works well and the conditions required for this to occur.
- What is less successful and why.
- Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

### These Briefing Notes
A short note on each of the bodies to be visited is contained in this document. They appear in the order the visits are to be undertaken. They provide relevant information on the organisation, suggested questions and links to further information.
The UKCES was established in 2008, following the recommendation of the Leitch Review of the UK’s skills needs to 2020, in order to advise Government on skills and employment policy and assess the UK’s progress towards the ambition of securing World Class skills and thus one of the most highly skilled countries in the world.

It is responsible for reporting progress on the UK’s world class skills ambition; recommending policy and operational improvements and innovations; and oversees the network of Sector Skills Councils. It is charged with developing a more ‘demand led’, agile and responsive skills system and with driving up employer investment in people. It seeks to increase employer engagement and provide business leadership so as to better match skills supply to labour market needs and enable skills development to drive increased prosperity, employment and productivity.

It aims to take a long term strategic view, developing a broad consensus while at the same time leading innovation in the skills system. It is led by a social partnership Board of Commissioners, senior business people, trade unionists, third sector and other representatives. It is chaired by Charlie Mayfield, the Chief Executive of the John Lewis Partnership.

It some ways the UKCES performs a range of functions similar to those possible in a Skills Development Planning Unit in a South African context. Its sponsoring Ministry is the Department of Business, Innovation and Skills (BIS).

From the perspective of skills and labour market intelligence, it has produced a number of landmark studies including:

- The biannual National Employer Skills Survey (UKNESS), the largest and most sophisticated in the world, designed to examine skill shortages, skills gaps, skills use, training and recruitment as well as high performance working and product market strategies. The proposed South African Enterprise Survey could potentially learn much from this survey and its use. The report of the 2013 survey can be accessed here: https://www.gov.uk/government/collections/ukces-employer-skills-survey-2013
- The biannual Working Futures labour market forecasts for the 10 years ahead. The most recent covers the period to 2022 and can be accessed here: https://www.gov.uk/government/publications/working-futures-2012-to-2022
- The Ambition 2020 study and subsequent national strategic skills audit ‘Skills for Jobs Today and Tomorrow’, are both highly regarded with the latter especially being of interest for the similar in intention Annual Report on Supply and Demand for Skills in South Africa. More recently, their Future of Work study, takes a more qualitative and longer run perspective on trends in jobs and skills to 2030, focusing on ‘disruptive’ change and alternative scenarios. UKCES also commissions extensive research on skills issues and policy. Each of these is available through the UKCES website.

The skills intelligence is used to inform, inter alia: skills policy; industrial strategy; sector and local skills development; information, advice and guidance; and to provide independent, transparent information for stakeholders.

The interest in UKCES from a South African perspective is in relation to a number of issues. The techniques used to identify skill needs and how they may change in the future (their employer skills survey, occupational forecasts and ‘futures’ work) are worth exploring as means to provide the intelligence to better balance skills supply and demand. Their research into skills and jobs also provides insights into potential policy developments to better balance skills supply and demand. Their focus on greater employer ownership and engagement, and the means to achieve this are also highly relevant. The organisation itself may be of interest too in the light of the potential establishment of a SDPU in South Africa.

PEOPLE BEING MET:
Those likely to participate from the host organisation include:

✅ Lesley Giles, Deputy Director
KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE
We are interested in drawing insights and perspectives from those we visit on the following topics:

- The nature, scope and focus of skills planning in countries/institutions visited.
- How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
- The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
- The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
- What works well and the conditions required for this to occur.
- What is less successful and why.
- Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:
1. What are the key metrics generated by the surveys and forecasts?
2. How can they be used to better balance the supply of, and demand for, skills in the labour market? How can providers be encouraged to be more responsive to demand?
3. How best to identify skills demand and changes in it?
4. How can a skills system be made more responsive to skills demand/employer needs? What tools and techniques can help?
5. In undertaking your work, is it better to be independent from, or within, a Ministry?

LINKS FOR FURTHER INFORMATION:
A guide to the work of UKCES produced in 2014 is available here:

The guide sets out the approach and 4 key objectives of UKCES in 2014/15 as well as its business plan and provides details on its Commissioners.

Its ‘Growth through People’ report is a succinct recent statement on the development of a successful skills policy regime. It sets out the 5 sets orientations and actions required to secure growth and prosperity through more effective action on skills development. It can be accessed here:

ADDITIONAL COMMENTS:
Mike Campbell was Director of Research and Policy at the UKCES from its creation until 2011.
DATE OF VISIT: Monday, 20th July

ORGANISATION: The National Institute for Adult and Continuing Education (NIACE)

COUNTRY: UK

NIACE is an independent organisation which focuses on ‘lifelong learning’. It champions learning throughout life with a particular emphasis on groups with low participation in learning and skills acquisition and thus on inequalities and the large numbers of people who are currently low skilled, both those in work and out of work.

It is a development organisation, think tank and campaigner for skills, believing that learning generates significant benefits for individuals, employers, business and society.

It has recently produced a set of proposals for reforming the skills system, Skills for Prosperity, which makes the case for a skills led economic recovery.

(http://www.niace.org.uk/sites/default/files/resources/Manifesto%20General%20Election%202015%20Skills%20for%20Prosperity.pdf)

Their focus on the low skilled and those with low participation in skills acquisition may be of particular interest in a South African context. Both the UK and South Africa have low levels of participation in post compulsory education and training amongst specific groups and high levels of inequality in access to, participation in, and successful outcomes from, education and training. NIACE will also have views on how best to reform VET with a focus on lifelong learning.

Further details about NIACE can be found at www.niace.org.uk

PEOPLE BEING MET:
Those likely to participate from the host organisation include:
Tom Stannard, Deputy Chief Executive
Stephen Evans, Deputy Chief Executive

KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE
We are interested in drawing insights and perspectives from those we visit on the following topics:

✓ The nature, scope and focus of skills planning in countries/institutions visited.
✓ How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
✓ The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
✓ The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
✓ What works well and the conditions required for this to occur.
✓ What is less successful and why.
✓ Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:
1. How can a skills system be reformed to better meet the (changing) needs of learners and the labour market, especially the low skilled? How can skills intelligence help us to do that?
2. What tools based on skills intelligence can Government use to encourage providers to more effectively align their provision with the needs of low skilled workers and improve outcomes for learners and employers?
3. How can learner participation be increased and what role can skills intelligence play in securing it?
4. What intelligence do providers and learners need to help enable them to make better informed learning and employment choices/decisions?
LINKS FOR FURTHER INFORMATION:
NIACE’s most recent Annual Review of its work together with a set of 10 practical proposals for changes to the skills system, can be accessed below:

ADDITIONAL COMMENTS:
Stephen Evans was a key member of the Leitch Review of Skills team, to which Mike Campbell was the advisor.

NIACE will shortly merge with the Centre for Economic and Social Inclusion (CESI). CESI is an independent organisation, think tank and campaigner, promoting inclusion in the labour market, tackling worklessness and working to create employment opportunities for those most disadvantaged. Further details can be accessed here: www.cesi.org.uk.
Briefing Note 3

DATE OF VISIT: Tuesday, 21st July

ORGANISATION: Migration Advisory Committee (MAC)

COUNTRY: UK

The Migration Advisory Committee, commonly referred to as the MAC, was established in 2007 as a non-departmental public body in order to provide ‘transparent, independent and evidence based’ advice to the Government on where ‘shortages of skilled labour can sensibly be filled by migration’ from outside the European Economic Area. In short, it now advises Government on Migration issues. It is an expert committee of around six eminent economists and migration specialists and is also supported by a full time, dedicated Secretariat, based in the Home Office.

It provides a key foundation for the UK’s Points Based Immigration System, where points are awarded, *inter alia*, based on whether a job offer is in a shortage occupation or not. But it also provides a detailed ongoing assessment of skill shortages in the economy.

Its core task is to produce, and keep under review, a ‘shortage occupation list’ (SOL). In doing so, it seeks to answer three questions: Is the occupation skilled? Is it in shortage? Is it sensible to fill the shortage through migration? In consequence it addresses key questions that South Africa’s approach to skills planning also needs to answer in developing a ‘skills shortage list’ or ‘list of occupations in high demand’ i.e. What indicators can we use to measure skill levels? How can we identify skilled occupations? And, most crucially, how should we assess the extent of shortages in these occupations?

The range of possible measures of shortage was reviewed for their suitability for use against a set of criteria and the MAC uses a set of 12 indicators to identify where shortages exist. But it also establishes the thresholds for each indicator which are deemed to demonstrate the existence of a shortage and determines overall which occupations exhibit shortage and which do not. It also enables the ranking of occupations within the list and an indication of the numbers employed in the shortage occupation.

This ‘top down’ evidence is augmented by ‘bottom up’ evidence from stakeholders.

PEOPLE BEING MET:
Those likely to participate from the host organisation include:
- Professor Sir David Metcalfe, Chair of the MAC
- Tim Harrison, Head of Secretariat, MAC
- Stephen Earl, Head of Policy, MAC

KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE
We are interested in drawing insights and perspectives from those we visit on the following topics:
- The nature, scope and focus of skills planning in countries/institutions visited.
- How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
- The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
- The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
- What works well and the conditions required for this to occur.
- What is less successful and why.
- Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:
1. How best to define, measure and review skills shortages/shortage occupations
2. How could other Ministries and Stakeholders use the MACs work to develop a better match between domestic skills
supply and skills demand and tackle skills shortages. And does the MAC liaise with, for example, the Department of Business, Innovation and Skills, on these matters, so as to fill these shortages with domestic workers and thus reduce the need for migration to meet skills shortages.

3. What is the MACs view of other countries’ approaches to identifying skill shortage occupations e.g. Australia and Canada (The MAC has held a major international research and practice conference and its members are experienced internationally)

4. Is it desirable or possible to seek to be forward looking and to ‘anticipate’ future skills shortages. (The MAC methodology is focused on ‘current’ and recent shortages.)

**LINKS FOR FURTHER INFORMATION:**
A summary of the MAC’s work can be found here in its 2013/2014 Annual Report which provides an overview of their work, their ToR and key issues assessed in the last year:

Details of the methodology used to examine skills shortages, together with the empirical outcomes from it, can be found in their initial key report ‘Skilled, Shortage and Sensible’ (2008):

A summary of the approach, together with the most recent list and analysis, can be found in their partial review of the shortage occupation list, covering digital technology, overhead linesmen and health care (2015):

**ADDITIONAL COMMENTS:**
The MAC probably has the most sophisticated approach to assessing skills shortages in the world. It is primarily utilised however to target and restrict work related migration to a relatively small number of occupations and to tackle skills shortages through channelling migration into them. It could however be used to target the expansion of post compulsory education and training for young people and adults, as well as employer investment in training and development, into these key skills shortage occupations.

Mike Campbell was a member of the MAC from its inception to 2011.
EGFSN was established in 1997 and advises the Irish Government on the current and future skills needs of the economy as well as on labour market issues that impact on enterprise and employment growth. It plays a central role in ensuring that the labour market needs for skilled workers are anticipated and met.

It reports to the Minister for Jobs, Enterprise and Innovation (JEI) and the Minister for Education and Skills—therefore to both the ‘demand’ and ‘supply’ sides of the skills agenda. JEI together with SOLAS provides the EGFSN with research and secretarial support.

It provides: skills foresight and benchmarking; strategic advice on skills development; analysis of the demand and supply of skilled labour; and both influences developments and monitors implementation of actions.

Members of the expert group comprise representatives of business, employees, education, Government ministries and public agencies.


It takes an occupational perspective and also covers the implications for education and training; migration; and careers guidance.

EGFSN also produces an annual Vacancy Overview.


SOLAS is the relatively new (established in 2013) further education and training authority for Ireland, replacing the dissolved FAS. It is responsible for the strategic direction, funding, planning and co-ordination of training and further education. It has an explicit remit to ensure high quality provision and for it to be responsive to the needs of learners and the requirements of a changed and changing economy. It has produced a five year strategy for the sector and its corporate plan is available here: http://www.solas.ie/docs/SOLASCorporatePlan.pdf

It oversees the 16 local Education and Training Boards and produces annual regional labour market bulletins at the level of just eight regions. Its Skills and Labour Market Research Unit also provides the EGFSN with data, analysis and research and also maintains the national skills data base.

They have also recently conducted, jointly with the Higher Education Authority, a national employer survey of satisfaction with Irish graduates from further and higher education.

EGFSN and SOLAS are of interest to South Africa, in respect of their work on skills anticipation; the existence of a permanent expert group; the relationship between the Expert group, ministries and the further education body (in relation to a possible SDPU in South Africa); and how the skills intelligence is used.
PEOPLE BEING MET:
Those likely to participate from the host organisation(s) include:
✓ Gerard Walker, Senior Policy Advisor, Department of Jobs, Enterprise and Innovation.

KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE
We are interested in drawing insights and perspectives from those we visit on the following topics:
✓ The nature, scope and focus of skills planning in countries/institutions visited.
✓ How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
✓ The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
✓ The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
✓ What works well and the conditions required for this to occur.
✓ What is less successful and why.
✓ Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:
1. How is the skills intelligence utilised by the Ministries, Providers and other stakeholders to enable them to meet emerging skills needs?
2. What incentives/encouragement is needed for them to take relevant action?
3. Why is the expert group so important when the technical work is primarily done by others e.g. SOLAS

LINKS FOR FURTHER INFORMATION:
The EGFSN website is at: www.egfsn.ie
The SOLAS website is at: www.solas.ie

ADDITIONAL COMMENTS:
Carmel Mattock spoke with the EGFSN on a recent visit and recommended making contact.
### DG Education and Culture

DG Education and Culture’s responsibilities cover schools, universities and vocational education and training. These are national ‘competencies’ but the EU’s and thus the Commission’s role is to encourage co-operation across Europe, enhance European learning, increase mobility, provide opportunities to increase quality and knowledge of different systems and provide greater transparency and a sound evidence base. In 2012 it produced the ‘Rethinking Education’ report, to stimulate thinking and action to secure better socio-economic outcomes from investing in skills development:


It annually produces the ‘Education and Training Monitor’ which provides increased transparency and a strong empirical evidence base through an extensive range of key indicators and benchmarks available across the EU. In so doing it identifies key findings, major challenges and implications both for the EU and for individual countries. The third of these was published in 2014 along with a visualisation tool for ease of use. The focus, in particular, is on measures relating to the 2020 EU Education and Training Targets, which cover: reducing early education leaving; tertiary education attainment; early years education; maths, science and reading at secondary level; the employment rates of recent graduates; and adult participation in lifelong learning. It is available here: [http://ec.europa.eu/education/library/publications/monitor14_en.pdf](http://ec.europa.eu/education/library/publications/monitor14_en.pdf). 28 individual country reports are also available.

### DG Employment, Social Affairs and Inclusion

DG Employment, Social Affairs and Inclusion shares with member states a range of responsibilities but in relation to employment primarily co-ordinates and monitors national policies and promotes the sharing of policy knowledge and best practices. It has responsibility for the employment dimension of the Europe 2020 strategy, which aims to secure ‘smart, sustainable and inclusive’ economic growth through the pursuit of five objectives: employment, innovation, education, social inclusion and combatting climate change.

This ‘European Employment Strategy’ (EES) seeks to strengthen labour market reforms (‘flexicurity’) to help people gain the right skills for future jobs and to create new ones too (‘more and better jobs’). It has as its cornerstone the **Agenda for New Skills and Jobs**. Issues covered include: skills anticipation; sector skills councils; Qualifications; connecting skills, competencies and occupations (via the ESCO Board and process); and the New Skills for New Jobs agenda. Further details are available here: [http://ec.europa.eu/social/main.jsp?langId=en&catId=822](http://ec.europa.eu/social/main.jsp?langId=en&catId=822).

Both DGs engage widely with both the Vocational Education and Training and Higher Education agendas across Europe. While both are national responsibilities, European integration requires information exchange, transparency, collaboration, enhanced mobility and identifying good practices. Moreover, many EU countries face similar challenges and opportunities around the development of human capital, participation in skills development, and better connections between skills, jobs and prosperity. The DGs are responsible for two important EU agencies: CEDEFOP (see below) and the European Training Foundation (which is the subject of a separate briefing note).

The **VET agenda** is taken forward through the Copenhagen process, aiming to improve co-operation across the EU via mutually agreed priorities to improve the quality and relevance of provision/participation to the labour market. Further details are available here: [http://ec.europa.eu/education/policy/vocational-policy/index_en.htm](http://ec.europa.eu/education/policy/vocational-policy/index_en.htm).

The **Higher Education agenda** is important in the EU, as there is a Europe 2020 target to have 40% of young people with a HE qualification. The policy has five key priorities: increasing the number of HE graduates; increasing their quality; encouraging their mobility; building knowledge exchange between education, research and innovation; and developing more effective governance and funding. Key to this is improving information on HE across the EU and three documents are key:

- Agenda for the Modernisation of European HE Systems, is the key policy document
- The European Tertiary Education Register, has a full set of data on more than 2000 institutions

The DGs publish an extensive array of empirical data on jobs and skills to help improve information, intelligence and knowledge of trends and priorities. For example, one recent set of insights comes from an assessment of the employment and skills of recent graduates, available here: file:///C:/Users/User/Downloads/EUSP_AH_Graduates.pdf

The Skills Panorama however is the central access point for intelligence on skills and jobs, examined by skill level, occupation, sector and country with a view to identifying imbalances between supply and demand. The portal can be accessed here: http://eusskillspanorama.cedefop.europa.eu/


Its methodological approach to assessing skills supply and demand across the EU is set out in this report: file:///C:/Users/User/Downloads/5525_en.pdf

A broad review of labour market issues across the EU is published annually as ‘Employment and Social Developments in Europe’. The latest edition, focusing on skills, jobs and the future of work is available here: http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7736&type=2&furtherPubs=yes

South Africa’s interest in the European Commission’s agenda on Skills and Jobs is driven by the EU’s attempts to better align skills with jobs as a core part of their activities. The work on skills anticipation, on better information and intelligence and on VET reform and HE development are all of interest. The extensive monitoring and review work on/with member states may also be of value. So too, are the strategies and policies that are designed to better match skills and jobs and their integration into a wider growth strategy.

PEOPLE BEING MET:
Those likely to participate from the host organisation include:
✓ Ana-Carla Pereira, Head of Skills and Qualifications Unit
✓ Koen Nomden, Head of VET
✓ Thomas Bender, Head of Analysis and External Affairs

KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE
We are interested in drawing insights and perspectives from those we visit on the following topics:
✓ The nature, scope and focus of skills planning in countries/institutions visited.
✓ How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
✓ The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
✓ The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
✓ What works well and the conditions required for this to occur.
✓ What is less successful and why.
✓ Any other insights relevant to the development of an effective skills planning mechanism in South Africa.
POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:

1. What are the key dimensions of policy action that can help bring about a better balance between skills supply and labour market needs?
2. What aspects of skills intelligence/anticipation are most valuable in securing this match?
3. How can the European Commission and Member States best utilise skills intelligence to secure a better match?
4. How do colleges and universities themselves respond to available skills intelligence and how can they be encouraged to do so more effectively?

LINKS FOR FURTHER INFORMATION:
The home pages setting out the activities of the DGs Education and Employment in turn are:
http://ec.europa.eu/education/index_en.htm
http://ec.europa.eu/social/main.jsp?langId=en&catId=1

ADDITIONAL COMMENTS:
Mike Campbell was a member of the New Skills for New Jobs Expert Group and a member of the ESCO Board.
The OECD was established in 1961. It currently has 34 member countries, together with a number of key ‘partner’ countries, of which South Africa is one. It has an ‘enhanced engagement’ programme with South Africa, which has participants in many of the bodies in the OECD.

**Its aim is to help Governments foster prosperity and fight poverty through economic growth.**

Skills is a key area of its activities. Its **Directorate of Education and Skills** focuses on measuring education and skills opportunities and outcomes, using an evidence-based approach to inform policy. It is assisted by the Economics Department which undertakes work, inter alia, on ‘Labour Markets, Human Capital and Inequality’.

It undertakes the **PISA (youth survey)** as well as the **PIAAC (Adult Skills) survey**. It has now begun to produce the **Skills Outlook**, which draws on a wide range of sources to chart international trends in skills development.


It also produced the extensive **Learning for Jobs** (2008) programme of work on secondary level VET and skills, producing a series of country studies as well as a ‘synthesis’ report. More recently it has undertaken a series of studies, including one on South Africa, on **VET: Skills Beyond School** (2015), which also includes a synthesis report.


In 2012 OECD launched its **Skills Strategy, ‘Better Skills, Better Jobs, Better Lives’** and now assists countries with policy development and implementation, producing as a result a series of country notes, reviews and diagnostic results.

http://www.keepeek.com/Digital-Asset-Management/oecd/education/better-skills-better-jobs-better-lives_9789264177338-en#page1

Useful publications, as well as those indicated above include: The OECD Economic Outlook; The OECD Economic Surveys (of individual countries); and Going for Growth (which compares indicators/levels of national performance to a common framework).

All are available through the OECD website: [www.oecd.org](http://www.oecd.org)

The **OECD’s work is of interest/relevance to South Africa** in respect of its analytical work, its surveys, its reviews of Vocational Education and Training and its ability to provide lessons from comparative studies, benchmarking and synthesis studies.

**PEOPLE BEING MET:**

Those who may participate from the host organisation include:

- Simon Field, who leads the work on Skills Beyond School
- Glenda Quintini, who leads their work on Skills Mismatch

**KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE**

We are interested in drawing insights and perspectives from those we visit on the following topics:

- The **nature, scope and focus of skills planning** in countries/institutions visited.
- **How information on skills needs, shortages and imbalances are obtained, analysed and then utilised** by the education and training system, as well as by other stakeholders, to inform skills planning.
- The **kinds of information, indicators and analysis** that are used to understand and tackle skills needs, shortages
and other imbalances.

- The **institutional arrangements and capacities** that are required to support effective labour market intelligence and its utilisation for planning purposes.
- **What works well** and the conditions required for this to occur.
- **What is less successful** and why.
- Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

<table>
<thead>
<tr>
<th>POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:</th>
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<tbody>
<tr>
<td>1. Labour Market Intelligence on Skills: What are the key metrics? How best to measure the ‘skill needs’ of an economy? How to measure ‘skills mis-matches’?</td>
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<tr>
<td>2. The Learning Outcomes Approach: What is involved and why? How to use ‘transparency’?</td>
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<tr>
<td>3. What are the key characteristics of an effective VET system that can meet labour market needs?</td>
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<tr>
<td>4. How can skills and labour market intelligence be effectively utilised so that education and training providers (including universities and schools) respond to the changing needs of the labour market?</td>
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<tr>
<td>5. What do you consider the key successes and failures in thinking about these issues?</td>
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<tr>
<td>6. What are the most important lessons we could take back to South Africa?</td>
</tr>
</tbody>
</table>

<table>
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<tr>
<th>LINKS FOR FURTHER INFORMATION:</th>
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<tr>
<td>A brochure on the work of the Directorate is available at: <a href="http://www.oecd.org/edu">www.oecd.org/edu</a>, as is substantial further information and links to all key reports.</td>
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<tr>
<td>The Skills Strategy Portal, which is a more end user friendly ‘way in’ is at: <a href="http://www.skills.oecd.org">www.skills.oecd.org</a>, and provides access to the same reports with less information on the Directorate itself.</td>
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<tr>
<th>ADDITIONAL COMMENTS:</th>
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<tbody>
<tr>
<td>The Directorate produces a regular newsletter. To subscribe visit: <a href="http://www.oecd.org/edu/newsletter.htm">www.oecd.org/edu/newsletter.htm</a></td>
</tr>
</tbody>
</table>

Mike Campbell was a member of the OECD Skills Strategy Advisory Board from 2009-2011.
The ETF is the European Union (EU) agency which helps transition and developing countries, particularly those on the eastern and southern borders of the EU, to better harness the potential of their human capital through the reform of their education, training and labour market systems. They work with over 30 countries. It has been in operation now for more than 20 years, having been operational since 1994.

They undertake work primarily on Vocational Education and Training (VET) in particular in the following areas: VET system assessments; Qualification systems; Teaching and Learning; Quality Assurance; Governance; and Employability.

Their core work of particular interest for South Africa is perhaps their Torino Process. This involves working closely with individual countries as well as groups of countries, to develop their capacity and capability based on the principles of the availability of thematic expertise together with mutual learning, consensus building and partnership. Key work involves: building the evidence base for VET reform; supporting policy makers to conduct effective policy analysis; and the subsequent design of effective public policies to meet their specific needs. The process itself involves visits, workshops, reports and dialogue as well as broad and open participation of both countries and stakeholders.

The key dimensions of policy analysis are identified as: vision (informed by new trends in skills/VET for development); addressing labour market demand; addressing the need for labour market inclusion; and the efficiency of VET Governance.

One high level tool of interest may be their progress measures, a common framework across countries to monitor progress on the outcomes of VET reform, which consists of a suite of 32 indicators organised in five building blocks: vision; external economic efficiency; external social efficiency; internal efficiency; and Governance. More details on the Torino Process are available here:
http://www.etf.europa.eu/webatt.nsf/0/CA3DFAE77EE7A1FBC1257B6400651E85/$file/TRP%202012%20cross-country.pdf. This provides a cross country summary report published in 2013, of the trends and priorities emerging across countries through the Torino process.

Another specific project of interest is their FRAME project, which focuses on the skills needed for the future to 2020 and comprises four elements: foresight into future skills needs; institutional arrangements and capacity/capability development needs; monitoring tools/measurement; and knowledge sharing and dialogue. Further extensive details are available here: http://www.etf.europa.eu/web.nsf/pages/Frame_Project_EN

Another project of interest is the launch in June 2015 of their e-learning platform on Skills Anticipation and Matching to be called 'Make It Match'.

The ETF are of interest to South Africa because of their focus on VET reform to better meet the needs of rapidly changing economies. Their capacity building activities; their interest in identifying skills needs; and in how the supply side can be developed to better meet citizens and employers’ needs in economies undergoing economic and political transitions and which are highly unequal, should be of value.

PEOPLE BEING MET:
Those likely to participate from the host organisation include:
- Xavier Matheu de Cortado, Head of Thematic Policy
- Xavier will be joined by staff from their Employability and Qualifications teams.

The focus of our session will include discussion of: skill needs anticipation; case studies; and how to make education and training more connected to labour market needs.
KEY QUESTIONS FOR THE STUDY VISIT AS A WHOLE

We are interested in drawing insights and perspectives from those we visit on the following topics:

- The nature, scope and focus of skills planning in countries/institutions visited.
- How information on skills needs, shortages and imbalances are obtained, analysed and then utilised by the education and training system, as well as by other stakeholders, to inform skills planning.
- The kinds of information, indicators and analysis that are used to understand and tackle skills needs, shortages and other imbalances.
- The institutional arrangements and capacities that are required to support effective labour market intelligence and its utilisation for planning purposes.
- What works well and the conditions required for this to occur.
- What is less successful and why.
- Any other insights relevant to the development of an effective skills planning mechanism in South Africa.

POSSIBLE SPECIFIC QUESTIONS FOR THIS ORGANISATION:

1. Based on your Torino process experience, what are the key, priority elements of skills intelligence/anticipation that are needed to help inform policy to better match skills to labour market demands?
2. How can the VET system be more encouraged/incentivised to meet labour market needs and thus improve outcomes and employability? What role can skills intelligence/anticipation play in that?
3. What are the main capacity/capability building needs of countries who wish to ensure that their education and training is more effective in meeting their labour market needs and best can these be met?

LINKS FOR FURTHER INFORMATION:

The ETF’s detailed work programme for 2014/15 is set out here:
http://www.etf.europa.eu/wpubdocs.nsf/0/8B166EFDDC1FE851C1257D9A003095FF/$File/GB14DEC014_EN%20FINAL.pdf

It focuses on: evidence based VET policy analysis; modernisation of VET systems including Governance and Quality Assurance; and innovative approaches to increasing the relevance of VET for labour markets and economic inclusion.

ETF also produce a series of policy briefings on VET issues called ‘Inform’. They are all available, in date order here:

ADDITIONAL COMMENTS:

The ETF are currently working with the ILO and CEDEFOP to develop a series of guides to Skills Anticipation at the national and sectoral levels which may begin to appear later in 2015.
### Annex B: Decision Matrix

**EU-South Africa Skills Planning Dialogue**  
**International Study Visits: Decision Matrix**

<table>
<thead>
<tr>
<th>Country Issue</th>
<th>UK</th>
<th>Ireland</th>
<th>Denmark</th>
<th>Sweden</th>
<th>Germany</th>
<th>The Netherlands</th>
<th>USA</th>
<th>OECD</th>
<th>EU Institutions</th>
<th>International Institutions</th>
<th>Australia</th>
<th>Singapore</th>
<th>India</th>
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<tbody>
<tr>
<td>Enterprise/ Firm Survey</td>
<td>National Employer Skills Survey (UKCES)</td>
<td></td>
<td>Stats Denmark conducts frequent enterprise surveys</td>
<td>Job Vacancy Survey</td>
<td>Employer skills surveys at federal and state level</td>
<td>Foundation for Cooperation on Vocational Education, Training and the Labour Market (S-BB)</td>
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<td>CEDEFOP, Thessaloniki Greece</td>
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<td></td>
<td>Export Group on Future Skill Needs (EGFSN)</td>
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<td>Trends and Forecasts by Stats Sweden</td>
<td>'Labour Market 2030' study</td>
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<td>CEDEFOP</td>
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<td>Forecasting/ Futures</td>
<td>Working Futures Future of Work (UKCES)</td>
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<td>Country / Issue</td>
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<tr>
<td>Skills Shortage List</td>
<td>Migration Advisory Committee (MAC)</td>
<td>Critical Skills Employment List by Dept. of Jobs, Enterprise &amp; Innovation</td>
<td>By Immigration Service (for work permit purposes)</td>
<td>By Swedish Institute (for work permit purposes)</td>
<td>By Min. of Social Affairs &amp; Employment (work permit related)</td>
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<tr>
<td>Education Outcome/ Tracking Studies</td>
<td>KIS/DHEL (Destinations of HE Leavers)</td>
<td>Economic and Social Research Institute (ESRI)</td>
<td>Destination studies by Stats Denmark and Min. of Education</td>
<td>QUBE project (BIBB)</td>
<td>The Research Centre for Education and the Labour Market (ROA)</td>
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<td>Inward investment and college provision</td>
<td>N. Ireland Colleges</td>
<td>BMW/Boeing and Community Colleges in South Carolina</td>
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<td>Provider responsiveness</td>
<td>Through regional sector councils</td>
<td>Dual system is widely provider responsive</td>
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<td>COUNTRY ISSUE</td>
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<td>Sectors/ Partner-ships</td>
<td>Sector Skills Councils (SSCs)</td>
<td>Sector skills councils and trade committees</td>
<td>Skills councils at both federal and state level</td>
<td>Sector Skills Bodies</td>
<td>National Network of Sector Partners (NNSP)</td>
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<td>General</td>
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<td>Department of Labor Washington and San Francisco</td>
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Annex C: Evaluation of First International Study Tour Mission

19 – 25 July 2015

On a scale of 1 to 5, where 4 is Good and 5 is Very Good, the mean scores for each element assessed were as follows:

Presentations: 4.2  
Discussions 4.1  
Delegation Dynamics 4.2  
Prof. Campbell/Glen Fisher input and support 4.8  
Logistics 4.1  
Info/briefings 4.6

OVERALL SATISFACTION 4.4

One other statistic of interest: of the 62 ratings possible, 60 were rated 4 or 5 - with just 2 'threes' (one on discussions and one on group dynamics)
THE SUPPLY AND DEMAND FOR SKILLS:
TOWARDS A FRAMEWORK FOR ESTABLISHING A CREDIBLE INSTITUTIONAL MECHANISM FOR SKILLS PLANNING IN SOUTH AFRICA

July 2017

A paper prepared for the EU/South Africa Skills Dialogue on Skills Planning
The Supply and Demand for Skills:

Towards a framework for establishing a credible institutional mechanism for skills planning in South Africa

Professor Mike Campbell

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Introduction
This paper sets out a proposed framework for providing information and analysis on the supply and demand for skills. It is a contribution to the Skills Planning Dialogue between the EU and South Africa which is designed to assist the South African Government in ‘establishing a credible institutional mechanism for skills planning’ which will ‘provide information and analysis on the supply and demand for skills’.

The Human Resources Development Strategy (HRDS) commits the Government to this objective in its strategic priorities (strategic priority 2.1) in order to ensure that ‘we can increase the number of appropriately skilled people to meet the demands of our current and emerging economic and social development priorities’ and that ‘skills development programmes are demand-led through substantive and systematic input from employers in the determination of skills demands for the country’ (strategic priority 2.2). This will improve the employment outcomes of post-school education and training programmes (strategic priority 2.3) and ensure that FET and HET are responsive to the skills demands arising from South Africa’s social and economic development imperatives (strategic priority 2.4).

The National Skills Development Strategy (NSDS III, Section 4.1) similarly identifies the establishment of a ‘credible institutional mechanism for skills planning’ as one of eight national goals, and the White Paper on Post-School Education and Training, in its discussion in Section 8.2 of ‘central skills planning’ makes an identical commitment. Outcome Five of the Department of Higher Education’s Medium Term Strategic Framework, relating to the development of a ‘trained and capable work force to support an inclusive growth path’ also refers to ‘the establishment of a credible institutional mechanism for labour market and skills planning’.

The LMIP has undertaken extensive work on this issue and in particular on the LMI and indicators that would be required to fulfil such a function. However, the development of this work, its ability to provide a systematic and coherent institutional mechanism for skills planning, as well as its opportunity to be successfully implemented, could benefit from the establishment of a conceptual, analytical and policy driven framework for understanding ‘the supply and demand for skills’. This would enable greater clarity, enhanced insight and an improved understanding of the issues and measures that need to be established. It should provide a ‘lens’ through which to view proposals for skills measures and indicators and to identify priorities and gaps in them. It should also provide the framework within which to develop strategies, policies and tools to address the skills deficiencies which are identified through the information and analysis.

Above all, the South Africa-EU Skills Dialogue work on Skills Planning, whose remit is to ‘establish a credible institutional mechanism for skills planning’, also requires it to be informed by a strong conceptual understanding of ‘skills supply and demand’ in order to fulfil its remit.

This paper sets out to provide such a framework that will inform the above agendas. In short it provides a logic and system wide perspective. The final section briefly identifies the kind of metrics
of skills supply and demand that would flow from adopting such a framework and indicates how they could be used.

**The Supply and Demand for Skills**

The articulation, meaning, definition and measurements that can be used to understand skills ‘supply and demand’ are often as unclear as the use of the term ‘skills’ itself. South Africa is not alone in this regard.

This paper provides an important opportunity to consider what we actually mean by supply and, especially, ‘demand’ and how they can be conceptualised, understood and measured. This is essential if we are to establish a credible institutional mechanism for skills planning that provides information and intelligence on such ‘skills supply and demand’. 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**; that FET/HET are responsive to demand;
- **skills supply and demand are effectively aligned**;
- **the employment outcomes of education and training are positive**.

We may also want to stimulate greater or more appropriate skills demand, or, for that matter, to manage skills demand more effectively. It will also help us to understand whether, to what extent, and in what way(s), skills demand is ‘too low’ (or whether the supply of skills is too high). It should help us determine the key metrics that could enable us to measure skills supply and demand, its relationship to other crucial skills variables, most notably skills ‘imbalances’ and the extent to which current skill levels fall short of that which is ‘desirable’.

**The Supply of Skills**

The supply of skills available to South Africa, the skill levels of the workforce, ultimately depends on the millions of education/training decisions made by individuals, employers and government over time. They are the outcome of processes where (at least beyond compulsory education), provision is made available through the State and/or through the market, in the form of a volume of college places, university places and training opportunities (available free, subsidised or at market prices) which individual students/workers access through choice or previous attainment/qualifications and which may, or may not be, sufficient, in quantity and quality, to meet the ‘demand’ for skills acquisition from citizens/employers.

The consequent supply of skills is most often measured in terms of qualifications acquired and numbers trained. The volume and level of skills acquisition is effectively determined by the volume and level of provision made available, unless places are left empty/unfilled. Given the value of education/training and the limited resources available to Government, this is rare (especially if places are subsidised) except in cases where the quality of provision is (or is perceived to be) low. A more likely outcome is an excess demand for places, so that some demand is unmet.
The demand for skills acquisition depends on the actual (or perceived) benefits that are anticipated to be likely to accrue from investing (time, money and effort) in the acquisition of those skills. In other words, the demand for skills acquisition is an investment which individuals/employers make and is expected to yield a return, whether at individual, employer, government or societal levels. This approach is often referred to as the ‘human capital’ approach.

The volume and composition of the demand for skills acquisition will thus reflect the myriad of decisions of individuals, employers and government as they seek to secure (or maximise) a return on their investment, in the form of future earnings, employment, productivity and so on. In principle, demand will increase up to the point where the costs of skill acquisition are equal to the expected benefits, or more formally, up to the point where the Net Present Value of, or (internal) Rate of Return on, the anticipated returns exceeds the cost of capital/borrowing (or the returns from alternative investments). If the demand for skills acquisition exceeds these levels then the current level of demand for skills acquisition is too high, whereas if they are less, then the current demand for skills acquisition is too low. Note that the terms supply and demand here refer to the supply, or provision, of education and training, and the demand for skills acquisition, by learners. The supply of skills made available to the economy and society, is determined by the outcome of the interplay between these two forces, but ultimately by demand.

But will the outcome of these decisions by individuals and employers lead to an outcome where the supply of skills is in any sense ‘optimal’? If markets worked ‘perfectly’ (information is costless and instantaneously available; economic agents are rational; competition is perfect; and all resources are perfectly mobile) then the ‘optimal’ level of skills supply will be achieved as market signals direct resources (both supply and demand) to their most efficient uses. This is represented in figure 1 below by the demand and supply curves D₂/S and the optimal level is given by P₂/Q₂ with the value of skills (the stock of human capital if you will) being the sum of the red and blue boxes.

Markets fail, however, to a greater or lesser extent (information is imperfect or asymmetric; agents’ behaviour is less than fully rational/bounded; there is a degree of monopoly/monopsony; factor mobility is restricted); and/or there are government failures (in policy/delivery which distort markets or which have unintended consequences). In consequence, the best that can be achieved will be less than the optimum level as demand and supply are both lower. This is represented by the demand curve D and by P₁/Q₁, with the value of skills/stock of human capital being the red box – this is less than the optimal level, by the size of the blue box. This can be thought of as the real, or empirically measured, level of actual demand.

Moreover, even if markets were to work optimally as set out above, the level of skills supply achieved will still be sub-optimal from a societal perspective if (a) any of the components of the market display the characteristics of public goods (non-excludability and non-rivalry) leading to non or under provision without public intervention/provision (e.g. labour market information; qualification); (b) positive externalities arise from the acquisition of skills, creating spill over effects which display the characteristics of merit goods. This would lead to skills being under supplied, as (some of) the benefits from them will also accrue to other individuals or employers who do not pay for them. In other words, there will be a divergence between private and public/social costs and benefits. Hence the socially optimum level of skills supply is represented by the demand curve D₃
and by $P_3/Q_3$, with the value of skills/stock of human capital being the area of the green, blue and red boxes. This is greater than the privately optimal level, by the size of the green box.

**Figure 1: Markets, Market Failure and the Optimal Demand for Skills**

Hence, the demand for skills acquisition can be observed (in equilibrium) by the volume of skills levels acquired and the extent to which it diverges from an optimum level can be estimated. It is important to note that the optimum skills level is not the highest possible level, but the one which is consistent with economic conditions i.e. it is not always desirable to increase the supply of skills!

The levels of skills supply depend ultimately on the ‘returns’ from the investment in skills acquisition i.e. earnings and employment for individuals and productivity/profitability for firms. The demand for skills acquisition will shift to the right as the returns increase due to labour market and economic conditions increasing the demand for skilled labour.. In other words, people and employers will acquire more skills and skills supply will increase, if it is beneficial to do so. We will deal with this crucial demand side agenda below.

There are two other important issues to address. First, there is a difference between the demand for skills acquisition and the ‘need’ for it i.e. between effective demand (need backed by resources) and latent demand (need without resources), which raises important distributional and equity issues. ‘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.
Second, articulating the different components of skills acquisition—individual, employer and government—is necessary for both measurement and policy purposes.

The role of skills policy and planning with regard to the supply of skills, is to achieve the socially optimal level by tackling market failures and externalities on both the supply and demand sides of the education and training ‘market’. 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’.

Raising levels of skills supply is at the heart of much skills policy and measurement and figure 2 illustrates this initial component of our framework.

Figure 2: Skills Supply

![Skills Supply Diagram](image)

Raising skill levels is designed, not only to raise the employment and earnings of those who acquire the skills, but to increase employment, productivity and economic growth in the economy as a whole whilst also reducing poverty and inequality.

Skills Mismatches

However, raising skill levels on their own will not necessarily have the desired economic effect, for individuals, businesses or the economy. Unless the skills acquired (in both volume and type) are actually those required in the labour market, then they will not necessarily lead to desirable outcomes, as individuals do not acquire the skills they need for the jobs that are available and employers do not get the skills they need from their actual and potential workforce. In other words, there will be a ‘mismatch’ between the skills required and the skills available, between the demand for skills and the supply of skills. For skills acquisition to be beneficial, there needs to be a ‘match’ between the skills acquired, the available skills supply, and the skills that are needed in the labour market: the demand for skilled labour, employer or labour market demand. This demand is articulated in the number and type of jobs available in the economy.
Now, if labour markets function ‘perfectly’, if there are no market failures, there would be no such skill mismatches. The volume and pattern of labour demand relative to available supply, would adjust relative wages up and down, to ensure that more or fewer skills of different types are acquired and made available. However, a wide range of potential market failures occur in reality in the labour market and at the intersection of the skills and labour markets - imperfect and/or asymmetric information; degrees of monopoly; irrational behaviour; limited labour mobility; positive and negative externalities; and government/public failure: some or all will play a role in creating market failures.

The consequence of such failures is then a ‘mismatch’ between skills demand and skills supply. Such imbalances or lack of alignment, can take several forms.

First, there are those mismatches characterised by conditions where demand exceeds supply. Skills shortages, which are often referred to as ‘scarce skills’ in South Africa, arise in the external labour market i.e. when employers are recruiting. Skill gaps, often referred to as ‘critical skills’ in South Africa, occur in the internal labour market i.e. when employee skills do not fully meet employer needs. In both cases demand is ‘too high’ relative to supply or supply is ‘too low’ relative to demand. Either way, some employer skills demand is unmet. We can refer to the existence of shortages and gaps generically as a situation of ‘skills deficiency’. Essentially they arise as a result of insufficient skills acquisition: there are ‘too few’ skills available relative to demand. Such deficiencies may occur in respect of specific sectors, occupations or geographical areas. They may also be pervasive in the economy as a whole. They can take a variety of forms: job specific or transferable skills; high level, intermediate or low level skills.

Second, there are those mismatches characterised by conditions where supply exceeds demand. Here, the volume of skills supply is too large relative to the demand for them. The level of labour market demand is ‘too low’ to employ all of the skills that are available: demand is fully met and some skills that are available are not employed. This situation is one where the imbalance is one of skills ‘surplus’ rather than deficit, where there are ‘too many’ of these skills available relative to demand. It is characterised by unemployment (where the skills are not used at all) and underemployment (where they are employed but underused in the workplace eg part time workers who want full time jobs or graduates in lower skilled jobs). Such situations can occur under two differing sets of conditions. Where those skills are no longer required in such quantities as previously due to the changing structure of the economy and technology (predominantly lower level skills),this usually takes the form of unemployment. Where the skills are not required in the quantities available because the economy cannot ‘absorb’ rising skill levels, because of the state of, or structure of, the economy, if this is seen as primarily a supply side issue, it is referred to as ‘over education’ or ‘overskilling’. Note that either or both of these conditions may be sectorally, occupationally or geographically specific. The demand side of this agenda, we will address below, where demand is deemed insufficient.

Third, there is an important additional dimension of skills mismatches: the existence of migration, both inward and outward, which may operate so as to reduce the mismatches and imbalances that would otherwise exist as migrants search for the job opportunities that exist, or indeed, it may exacerbate existing imbalances if the flows are excessive or the skills possessed by migrants are not well matched to job availability.
So, figure 3 illustrates this further development of our framework, where **skills matching** is required so as to secure the potential benefits of skills acquisition on growth, employment, earnings and poverty reduction, by reducing skills mismatches.

**Figure 3: Skills Mismatches**

It may be, of course, that **several of these mismatches can co-exist** in the labour market at the same time, with some being dominant in some sectors or regions, with others being dominant elsewhere. Some sectors and regions may not experience them to any significant extent.

**The Demand for Skills**

The demand for skills, is the demand for the skills embodied in the workers that are hired. Skills are required by employers to enable workers to do the jobs that employers wish them to do, and are required by workers to enable them to do the jobs that employers require. The demand for skills can therefore be defined as the demand for skilled labour, and can also be referred to as **employer demand or labour market demand**. It is articulated by the number and type of **jobs** available in the economy.

Labour market or employer demand for skills is represented by the overall numbers of people employed, the total jobs in the economy. These can then be divided into sectoral, and especially **occupational, employment** and its change over time to see the level and changes (growth and decline) in skills required as represented by the jobs made available. The changing composition of employment enables the changing composition of skills demand to be directly observed. Vacancies arise and are filled (or not). If they are not filled, they are skills shortages (see above) and can be added to total employment to represent the component of demand that is not being met. Changes in labour demand will only lead to mismatches if the supply of skills is not responsive to them.
The question is now, what drives this demand for skills? Ultimately, the demand for labour, and for the skills embodied in that labour, is ultimately a ‘derived’ demand, dependent on conditions in the product market. Employees are only hired and their skills required and utilised, in order for organisations (primarily in the private sector but also in public and not for profit sectors) to achieve their organisational objectives. Hence the demand for skills depends on economic conditions: the size and the growth of the economy as well as its economic structure. Aggregate demand and the types of products and services produced structure the numbers and types of jobs available. It is ultimately therefore, the ‘final’ demand for the goods and services the economy produces that drives jobs and skill requirements. Different economies with differing rates of growth, different economic structures and different levels of technological development generate different volumes and patterns of skills demand.

These final demand conditions are however mediated, on the supply side of the product market, by the business strategies (sometimes referred to as product market strategies) adopted by employers, the technology they utilise, the way they organise the workplace, and also by their their competitive positioning and ultimately their success (or not) in the national and international market place. These strategies adopted by employers are crucial, not just to the volume and type of labour/skills recruited in the first place, but how and to what extent these skills are actually then used in the workplace. This is usually referred to as skills utilisation. This depends to a high degree on management and leadership practices, including, but not limited to, human resource management practices, such as the extent of so called ‘high performance’ working practices. Hence management skills themselves become a particularly important component of skills demand. In sum, overall skills demand, its level, structure and composition, in the final analysis depends on the economy - the nature and scale of the economic ‘pull’.

Figure 4 then, schematically sets out the components of the skills ‘system’, corresponding to the three sets of ‘market places’, and three dimensions of skills supply and demand, set out in this paper: the supply of skills (individual and employer demand for skills acquisition); skills imbalances (between the skills available and the skills employers require); and the demand for skills (the jobs that are available and the skills needed to do them). In each market place there is a supply and demand component and it is important to distinguish between these, as well as the 3 dimensions, conceptually, for measurement purposes and for policy development. Each is interdependent, and interacts with, each other, though the drivers come predominantly as in any economy from right to left - from the economy to the labour market through to the skills market. It is however in the labour market where the imbalances between skills supply and skills demand become manifest.
The OECD, in developing its Skills Strategy, used a framework which is informed by this approach (see annex).

It is also important to note, that the benefits (growth, employment, productivity and equality gains) to be derived from skill development, will only fully materialise when the skills acquired, skills supply, effectively ‘match’ those required by the labour market, skills demand, and when the economic pull is substantial and sustained. The link between skills and prosperity has to be secured through a strong emphasis on skills demand - both meeting it and building it - through action in the labour and product markets, as well as in the skills market, and through recognition of the powerful interconnections and interdependencies between demand and supply conditions, both within and between each market. Low levels of skills demand coexisting with low levels of skills supply, generates low levels of skills imbalance just as high levels of both do so. Imbalances are a serious issue, but arguably low levels of skills demand would be an even greater one. In the end, we need skilled jobs for skilled people to do.

**Beyond Existing Demand: Latent and Augmented Skills Demand**

So far we have examined the demand for skills in terms of ‘actually existing’ demand, whether met or unmet; why it may be optimal or sub optimal; it’s potential deficiencies and imbalances with the supply of skills; and how it is determined in part by wider economic and business conditions. An implication of this is that skills demand in principle can be met through appropriate market behaviour and public policy interventions, as long as we clearly conceptualise, articulate and measure the skills demand required.

However, this skills demand, may still be an imperfect guide to what skills are actually or potentially required in certain circumstances. This is implicit perhaps in discussing skills demand ‘deficiency’ above in relation to the economy and business strategy. Our framework enables us to see the
connections and interdependencies between skills supply and demand and thus the system ‘as a whole’. Under certain circumstances, these connections can lead to what can be called ‘system failure’.

If there are substantial market (and indeed public) failures across the system, for example in respect of limited/low levels of demand (especially in specific sectors or regions) these may coalesce and become pervasive, creating a potential situation of ‘path dependency’ through the interaction and mutual reinforcement of low skill requirements and levels - a ‘vicious circle’. Such situations may indeed cause the whole system to ‘fail’ because of their interaction with conditions in the skills market and labour market with equilibria well below optimum levels and with weak incentives to improve them: a so called ‘low skills equilibrium’. In short, skills demand may be ‘too low’.

Under such conditions however, there will be a ‘latent demand’ for skills, one which would materialise under different economic and business conditions e.g. if the economy were to be rebalanced around higher value added goods and services; one where more businesses moved up the value chain; one with yet higher levels of innovation and technological change. Such latent demand cannot be directly identified and measured except by identifying as carefully as possible the expected new/different economic conditions (eg as a result of major infrastructure investment or foreign direct investment) and their job/skills demand consequences.

Thus, there may be a view (from Government, from other stakeholders or from empirical evidence) that skills demand is in some way, ‘too low’ and that such demand needs to be ‘augmented’ by identifying latent demand as above ,or through other means.

There are perhaps four ways in which Government or others might wish to ‘augment’ skills demand, by raising it to a higher level:

- In respect of International Benchmarks: e.g. by comparison to Pan Africa, OECD or EU countries. In the UK the Leitch Review did this in respect of skills supply (‘to be in the top quartile of OECD countries at various levels of skill by 2020’).This would imply that the identification and measurement of skills demand was augmented by the difference between where skills demand is now and where South Africa aspired to be in, say, 2025
- In respect of Future Trends: e.g. in order to meet the evolved economic and labour market requirements of South Africa in, say, 2025, based on existing trends. Skills demand here would be augmented by filling the gap between existing demand and future projected demand.
- In respect of a future scenario (or scenarios) driven by ‘disruptive’ changes in society, the economy and technology which alters the previous course of skills demand. Skills demand would here be augmented by further ‘beyond’ or ‘differential’ trend shifts in demand.
- In respect of a wider economic strategy to transform the South African economy in order to meet Government economic development objectives, there would be a need to understand and articulate the additional skill requirements/demands implied by it. This could, for example, arise from a desire to rebalance the economy, or from a commitment to compete more effectively in the global race.

In all these cases, skills demand is increased/changed beyond current skill needs.
LMI Indicators and Measures associated with the Framework

If we adopt this framework, then it is possible to create a simple, clear and systematic set of a relatively small number of high level metrics, i.e. measures and indicators, of the components of the system derived from the framework. These have many valuable uses.

First, they can be identified and then tracked over time, to identify key current and emerging issues, monitor change, provide reporting and assess progress over time.

Second, the framework and metrics can also operate to help organise, assess and systematise the raft of LMI proposals provided by the LMIP.

Third, it can assist in the review of existing Government LMI utilised in, for example, identifying occupations in high demand; identifying scarce skills; or informing visas in the migration system.

Fourth, LMI embedded in a consistent, clear framework has a further use, which we do not cover here, but could be the subject of another paper: its use as/in the development of policy tools to encourage skills developments that explicitly address the issues identified in the framework and metrics, as well as in the scorecard and audit (see below) which can be built upon it.

Figure 5 below provides an initial illustration of the key elements of such an LMI system.

Figure 5: Key Metrics associated with the Framework: initial illustration

<table>
<thead>
<tr>
<th>Supply</th>
<th>Imbalances</th>
<th>Demand</th>
<th>Augmented Demand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present</td>
<td>- Workforce qualifications by level (NQF) - Provider leavers by level (school, college, university) - Training at work (numbers and volume)</td>
<td>- Skill shortages - Skill gaps - Unemployment - Underemployment - Migration - Gap analysis</td>
<td>- Jobs: Employment levels by occupation - Vacancies - Earnings - PMS - Management - Skill Use</td>
</tr>
<tr>
<td>Future</td>
<td>- Trends as above</td>
<td>- Trends as above</td>
<td>- Economic/Labour market forecasts - Drivers of change - Scenarios</td>
</tr>
</tbody>
</table>

Professor Mike Campbell
Notes:

1. **Stocks and Flows**: In all cases, as appropriate, both the *stock* and the *flow* of each measure/indicator should be identified/reported, i.e. the *level* and the *change* (annual/over 5 years), in both absolute numbers and percentages.

2. **Levels**: Where appropriate each measure/indicator should be reported at national, sectoral, occupational and provincial levels, *benchmarked* against the national level.

3. **Sources** include: Official statistical data; surveys (especially of employers); management information; Tracer studies and other research; SETAs.

To these skills metrics, we need to add the appropriate *metrics for ‘Prosperity’* in terms of growth (i.e. employment and productivity) and inequality/poverty reduction, which the skills agenda is designed to address.

Taken together the key metrics associated with the framework as above, could be presented as a ‘*scorecard*’ (SASS-The South Africa Skills Scorecard) on an *annual* basis. Interpretation could be eased further for stakeholders through the use of a *5 level ‘traffic light’ system*- green; green amber; amber; amber red; red, for each of the measures.

Such a scorecard would also enable us to identify the extent to which the issues were system wide or more specific/particular in respect of certain sectors, occupations or qualification levels. Perhaps such a scorecard could be embedded, say every 3 years, in a more analytical, detailed assessment of the system as a whole, a ‘*skills audit*’ (SASA-The South African Skills Audit).

**In Conclusion**

There is much to be gained from clarifying our understanding of ‘the supply and demand for skills’ and establishing a *sound, logical framework* for it. It can provide the *foundation stone for effective skills planning*. In particular:

- It helps to develop a clear, common language and concepts that could be used by all.
- It aids the selection and collection of labour market information, measurement and subsequent intelligence, by providing a systematic framework for it.
- It helps identify the empirical scale and nature of skills supply and demand, together with their imbalances.
- Most crucially of all, it can inform priorities for action and what actions/policies are in scope to better align and adapt supply and demand.

Essentially, the framework provides an informed understanding of, and approach to, the skills agenda which can drive our intelligence, research and policy thinking on skills.

Of course, much more is required to build a credible institution for skills planning: an organisational framework; the utilisation of the framework and associated LMI to inform policy development; the establishment of appropriate policy tools and mechanisms;
effective stakeholder, especially employer, engagement; and the building of the necessary capacity and capability to deploy skills planning efficiently and effectively.

However, the framework and its associated metrics, does provide a sound foundation for the future development of skills planning in South Africa.

Annex

The framework adopted by the OECD in establishing their skills strategy in 2012 (disclaimer: I was a member of the OECD’s Skills Strategy Advisory Board), bears some strong resemblance to the framework set out in figure 4 above, though it compresses and elides the key ‘demand’ side aspects of mismatch, use and demand (see figure 5 below)

**Figure 5: The OECD Skills Strategy Framework**
RESEARCH REPORT ON INTERNATIONAL PERSPECTIVES FOR SKILLS PLANNING AND THE SOUTH AFRICAN CASE STUDY

July 2017
Research Project on Skills Planning: International and South African Perspectives for Skills Planning Dialogue between South Africa and the European Union

Final Report

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Executive Summary

The present Draft Study Report contains the findings of the research undertaken by the research team. It highlights the progress made in establishing a credible mechanism for skills planning in South Africa, and also highlights the challenges that have been experienced in this regard. It then considers the possible lessons to be learned from international skills planning experience in general and EU in particular. This has involved the collection of information about skills planning systems and practices in a number of European countries considered of particular interest to South Africa. These are represented by: Sweden, Germany, Denmark, the Netherlands, the UK, Ireland and the Czech Republic. Furthermore, the skills planning practices of the US, Canada, Australia, India, Malaysia and Singapore were reviewed.

The purpose of the study is to provide practical inspiration to the ongoing effort to refine the labour market forecasting and skills planning process in South Africa rather than to conquer new theoretical land. Therefore, the study focuses on the institutional and methodological aspects of labour market monitoring and skills planning.


The study’s findings draw on reports and documents that have been produced in a number of processes as well as interviews and discussions with selected role-players and resource persons. In addition to these findings, the records of key meetings and processes have been consulted. The draft report was presented at a workshop in Pretoria on March 25, 2015. The final version of the report reflects the feedback by the workshop.

The South African approach to and experience of skills planning

The report highlights that South Africa has undertaken a number of initiatives to support skills planning at a national as well as sectoral levels. These have evolved and shifted over time based on learning and changes in the political, social and institutional context. These modifications are framed by broad legislative, policy and strategic frameworks including: the Skills Development Act (1998) and subsequent Amendments (2008), the National Development Plan (2012), White Paper on Post Schooling Education and Training (2013), and different iterations of the Human Resource Development Strategy SA1, National Skills Development Strategy and the Medium Term Strategic Framework.

The Department of Higher Education and Training DHET has recently put in place a skills planning unit and has also established a mechanism to work with economic departments to develop a methodology to understand the skills implications of the various economic policies and strategies. Further, the report also explains the process that has been set up to ensure that the requisite skills are in place to support the implementation of the 18 Strategic Infrastructure Projects (SIPs). This work has also been supported by extensive research including work that was undertaken by the HRDC, the DHET, SIPs and the LMIP.

The report highlights that there is broad agreement among decision-makers in South Africa about the importance of a skills planning mechanism that focuses on, ‘the collection and analysis of labour market intelligence and information on the supply of and demand for skills, and to the use of such data and analysis for the purposes of planning, resource allocation, and interventions to address both current and anticipated skills requirements.’ The research also points to the kinds of labour market information that is required to support such a system and the nature of the data that is available against these requirements. This includes the availability of credible routine national data sets to support planning, which are the responsibility of StatsSA, which provides valuable insights into the labour market and the availability of firm level data collected through the WSP/ATR. However the report observes that there are challenges pertaining to the credibility and quality of the WSP/ATR data and notes that ways to improve this

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1 This First Strategy was released in 2001 (though the document is undated), and covered the period from 2001–2005/2006 and the second strategy is intended to cover the period 2010 – 2030
WSP/ATR processes are currently being explored within the DHET. It also indicates that the occupational and sector classifications utilised by StatsSA are not consistent with those utilised in the skills development system (both in terms of sectoral classifications as well as with regards to occupations) and that this makes the utilisation of this data for skills planning more complex.

The report emphasises though that the real challenge posed by interviewees relates to the need to ensure that the data collected and analysed can be utilised to inform education planning (in terms of enrolment, institutional infrastructure and capacity requirements) as well as to inform other processes such as those related to career guidance and the allocation of scarce skills visas. These requirements, and the implications for planning horizons, are recognised in current policy documents, which emphasise the need to understand current demand as well as medium and long-term demand. An analysis of current demand is critical to inform immigration processes (and some short skills development priorities as well as curriculum change in institutions of learning), and future demand (5 – 20 years) so as to inform education planning (including steering the Programme Qualifications Mix in public institutions and the priorities for the development and funding of programmes against occupational qualifications, allocating funds to support infrastructure development in institutions of learning (such as workshops, etc.), allocation of bursaries). Further the short and long-term demand is required to ensure that there is information available to support career guidance.

Further, interviewees highlight the need to consider planning from an economy-wide perspective - using an occupational lens - and indicate that there is a need to consider this at a national level as well as provincial and regional levels. This is emphasised by the experience of the SIPs, which has taken this approach with respect to the analysis of occupations required at a national lens but is also piloting these approaches at a regional level.

Finally, this report indicates some of the capacity implications that have been identified for this system. It highlights the institutional arrangements that have been put in place to guide skills planning and some of the challenges that have emerged. In doing so it begins to tease out the emerging roles and responsibilities of different players as outlined in various documents.

**International LMI and skills planning practice**

Multinational organisations that have dealt with methods for labour market monitoring and skills planning include the EU (Cedefop), OECD, ILO, World Bank and UNESCO. Especially the experience of Cedefop, OECD and the World Bank STEP initiative may be of the interest for the South African discussion. Drawing on European experience Cedefop has developed a number of methods and instruments for measuring especially demand side trends and occupational profiles. Cedefop has less to offer in terms of how to translate the labour market information into specific skills planning, as this is an issue for national consideration. OECD is primarily engaged with measuring the competencies of the labour force of different member countries, in order to assess their preparedness for the globalisation of economy, and strategies for improvement of the competencies of the labour force. STEP has developed two survey instruments that collect information on the supply and demand for skills. Rather than focusing on educational attainment, STEP measures three broad types of skills, cognitive skills, socio-emotional skills and job-relevant skills.

The study found that there is significant similarity in terms of data collection instruments and methods among EU member states. However, differences exist in especially in terms of the disaggregation and quality of data. Detailed forecasting is most suited to countries with comprehensive individual registers, which is the case for most EU member states. Demand side forecasting based on a general equilibrium model of the economy can be applied to any country with reliable data on the national accounts. Most countries already use such a model in their analysis and policy making. The supply side of the model, based on registers, is most applicable to countries with adequate individual data. Most countries have individual-based data on the education system; however, not all have adequate individual data on the labour force. Labour force data for most countries comes from labour force surveys. Since it is based on samples, statistical uncertainty will limit the accuracy of the model and the detail of the forecasts that can be made.

The examined example of non-EU LMI and skills planning practice is highly diverse. While collection of labour market information in the US is primarily considered a service provided to citizens and people dealing with planning of educational and skills training activities, the Canadian and Australian authorities
similar to most European countries perceive labour market intelligence an important planning tool used for setting educational and training priorities and thus decision-making on resource allocations. Singapore is the classical example of a ‘developmental state’ approach. Addressing specific skills gaps, the WDA manages a number of skills development and training schemes, all funded through a combination of government grants and a mandatory skills levy. Finally, India is an example of a country which, despite substantial investments in skills training, is still suffering from serious labour market imbalances and skills shortages.

**What can South Africa learn from the international experience?**
The study’s findings suggest the following dimension to be considered in relation to future skills planning practice in South Africa:

1. The term ‘skills planning’ has a very particular meaning in a South African context. Few other countries use the term the way it is understood in South Africa. The main explanation is a widespread scepticism as regards to the extent to which forecasts can be translated into specific skills development plans. Instead, the tendency is towards extensive stakeholder consultations combined with steady adjustment of the balance between demand and supply of training and education offers;

2. Skills planning needs to take place at a national economy wide level, in key sectors and at a local level. All examined EU member states have differentiated procedures allowing for sector-specific and/or regional skills planning involving relevant stakeholders;

3. The current process that has been put in place by DHET and EDD should be strengthened and a methodology developed to analyse the implications of the economic policies with respect to areas of anticipated growth and the kinds of skills that will be required to support these. This should focus on the development of scenarios that consider the anticipated trajectory of the economy based on economic policies and incentives as well as the ways in which industry leaders anticipate their sectors will grow and the skills implications of this. There are interesting methodologies available developed by Cedefop, OECD (and others) for analysis of the expected implications of different policies and strategies;

4. At sector level it is proposed that a number of key sectors be identified and a group of key stakeholders (employers and labour unions) and experts should be convened for each sector and an analysis of the trajectory of the sector and their skills needs should be undertaken. This should be linked to a clear strategy of working with learning institutions to establish how they can support the identified skills needs and what enabling mechanisms are required to allow for these changes to take place. This could include funding for changes to the curricula, infrastructure and bursaries. This would also need to be coupled with a career guidance process that encouraged learners to enter these sectors. Essentially all industrialised countries have developed such consultative mechanisms;

5. At a regional/local level there is a need for planning that takes into account the current stock within the area, the demand for labour, the institutions of learning that can support the requisite supply as well as determine other strategies for addressing any gaps. This should be coupled with strategies to work with employers to consider other labour market strategies to create greater levels of stability of employment and a continuous application of skills. European experience suggests that regional (provincial) forecasting is important especially in relation to employment measures. However, the quality of the available data is critical for the accuracy of this planning;

6. Moving from an analysis of skills requirements to the development of skills to meet those requirements is difficult. This move is easier to make if the forecasting analysis defines the key occupations required at a broad level, so that decisions can be taken as to what should be prioritized for development, or review, as required. This assumes that there is a process to define occupational families and that decision are taken about the number, title and scope of the occupations per family. This is an exercise that requires close interaction between labour market actors (employers, labour unions and local authorities) and, not least, procedures allowing for relative ‘painless’ adjustment of the education/training system to respond to the agreed priorities;

7. Different procedures are required for the translation of forecasts to skills plans for higher education and TVET/higher learning institutions. The time horizon is shorter for the latter and requires more flexible responses. Also, the resource implications are quite different. The role of different stakeholders in this process should be clearly defined. The examined EU member states have highly different institutional structures and procedures for dealing with TVET and HE respectively;
8. Further, there is a need to ensure that feedback about demand is provided to institutions and that this is complimented by mechanisms that enable institutions to revise curricula where required and enrol additional students, and for students to access the programmes (through, for example, bursaries that support students to access priority programmes). It also means supporting education institutions, as they need time and resources to conduct research and have up-to-date knowledge of occupational areas; the setting of standards alone cannot provide insight into the bodies of knowledge required by different occupational workers.
# ACRONYMS AND ABBREVIATIONS

<table>
<thead>
<tr>
<th>Acronym/Abbreviation</th>
<th>Meaning</th>
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<tbody>
<tr>
<td>ADRS</td>
<td>Applied Development Research Solutions</td>
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<tr>
<td>CEDEFOP</td>
<td>European Centre for Development of Vocational Training</td>
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<td>EU</td>
<td>European Union</td>
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<td>EUSP</td>
<td>EU Skills Panorama</td>
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<td>ENRLMM</td>
<td>European Network for Labour Market and Monitoring</td>
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<td>DHET</td>
<td>Department of Higher Education and Training</td>
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<td>DPRU</td>
<td>Development Policy Research Unit</td>
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<td>HE</td>
<td>Higher Education</td>
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<td>HSRC</td>
<td>Human Sciences Research Council</td>
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<td>HRDC</td>
<td>Human Resource Development Council</td>
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<td>HRDSA</td>
<td>Human Resource Development South Africa</td>
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<td>ILO</td>
<td>International Labour Organization</td>
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<td>LMIP</td>
<td>Labour Market Intelligence Project</td>
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<td>LMSPIU</td>
<td>Labour Market and Skills Planning Intelligence Unit</td>
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<td>LMEM</td>
<td>Linked Macro-Education Model of South Africa</td>
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<td>LMI</td>
<td>Labour market intelligence/labour market information</td>
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<td>LMIP</td>
<td>Labour Market Intelligence Project</td>
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<td>MEMSA</td>
<td>Macro-econometric Model of South Africa</td>
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<td>OECD</td>
<td>Organization of Economic Co-operation and Development</td>
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<td>SA</td>
<td>South Africa</td>
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<td>SAQA</td>
<td>South African Qualification Authority</td>
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<td>SETA</td>
<td>Sector Education and Training Authorities</td>
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<td>SSC</td>
<td>Sector Skills Councils</td>
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<td>STEP</td>
<td>Skills Towards Employability and Productivity programme</td>
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<td>TVET</td>
<td>Technical Vocational Education and Training</td>
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<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
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1. Introduction

This report presents the research team's findings on the achievements and challenges experienced in the establishment of a credible mechanism for skills planning in South Africa. It also reflects on the processes that are in place in South Africa to build on previous achievements and to address challenges. It then outlines possible lessons to be learned from international skills planning experience in general and EU in particular and begins to point to ways that this learning can be deepened and utilised to test and further strengthen the proposals for a skills planning mechanism for South Africa.

The ToR states the following specific objectives for the assignment:

- Review the South African approach to, and experience of, skills planning;
- Review international experiences of skills planning, in particular in those countries (and from those international institutions) which exhibit 'good practices' in the field;
- Benchmark South Africa's approach against international experience in order to:
  - Identify the strengths and weaknesses of the current system;
  - Identify the nature and characteristics of good practice that could be adopted in South Africa, so as to develop a more effective system for skills planning.

In order to achieve the above objectives, the research team was expected to pay particular attention to the following:

- The arrangements for the provision of 'information and analysis with regard to the supply and demand for skills' ('labour market intelligence' - LMI). This would include, but not be limited to: 'insight' into current needs, 'foresight' into future needs; and, perhaps most importantly, 'misalignment' between supply and demand in the form of skills shortages, gaps and in migration (implying excess demand) and in the form of unemployment, underemployment and out migration (implying excess supply). In particular, it will develop a framework within which the information can be systematically and coherently presented;
- The tools, regulatory frameworks, institutions and frameworks through which labour market intelligence (LMI) is 'translated' into a 'credible mechanism' for skills planning. This will entail an understanding of (i) what LMI is considered most relevant and appropriate; (ii) the purposes of that LMI; (iii) the ways in which the LMI is used; and (iv) to what end(s). In particular, the team is supposed to focus on 'how' LMI is actually utilized in order to address skills supply, demand and the mismatches between them, i.e. what tools and mechanisms can be developed to ensure that the LMI influences the decisions and behaviour of key actors so as to obtain a better balance between skills supply and skills demand?
- What governance arrangements would be most effective in enabling greater coordination of policy and funding, enhanced integration and planning, so that the implications of the LMI are able to be effectively acted upon, through the gradual abolition of policy and funding silos;
- The means by which countries address: the strategic relationship with employers/business in respect of securing a better alignment of skill needs and skills available and; the ways in which employers are effectively involved in improving the labour market relevance of education, training and qualifications so as to enhance employability and better meet future skill needs;
- Identification of the potential capacity building required in South Africa, if a credible institutional mechanism is to be effectively put in place. This could include addressing issues of technical capability, management and leadership and political commitment.

The purpose of the study is to provide practical inspiration to the ongoing effort to refine the labour market forecasting and skills planning process in South Africa rather than to conquer new theoretical land. Therefore, when discussing the systems and procedures of the selected countries we have made an effort to focus on the practical dimensions of skills planning, i.e. the specifics of skills planning in the different countries in order to provide insights into the operationalization of the skills planning systems.

This analysis was based on a review of literature in South African and internationally. It also integrated feedback from key role players at a number of key points in the process of developing this report. This included feedback during two workshops (the first was with the reference group on the 9th December 2014 and the second workshop was with a wider audience and was held in Pretoria on March 25th, 2015). In addition, team members engaged further with key role players during meetings and as part of
structured interviews. This research has enabled the team to develop proposals about possible countries to visit and the questions that need to be explored to enable the international experience to be effectively utilised to support the establishment of a credible institutional mechanism for national skills planning in South Africa and to shape the capacity building efforts associated with this.

In short, the main findings of the study are that (i) not even the most sophisticated forecasting models can substitute for consultative processes involving the social partners, based on mutual trust and respect; (ii) while the central government plays an important role in terms of labour market forecasting and setting the framework conditions for TVET and HE, in order to allow flexible and quick responses to skills imbalances it is essential that the individual education institutions are empowered to respond to skills needs and opportunities within their domain; (iii) there is nothing like one size fits all. There is a multitude of skills planning tools and mechanisms available such as quotas, budget ceilings, bursaries, incentives schemes etc.; and (iv) labour market prognoses are indicative only and should be used with considerable care. Skills planning deals with human beings, and their expectations and aspirations may not necessarily coincide with those of the policy-makers and planners. Skills planning involves a multiplicity of actors the behaviour of which is difficult to predict and many TVET and HE provider outside of the government’s control and may therefore not respond to the applied skills planning tools.

2. METHODOLOGY AND APPROACH

The study's findings pertaining to South Africa draw on reports and documents that have been produced in a number of processes as well as interviews and discussions with selected role-players and resource persons within South Africa. In addition to these findings, the records of key meetings and processes have been considered.

The international component of the report focuses on overarching learning and on learning from individual countries. The report outlines approaches to, and models for, labour market monitoring and skills planning which have been developed and implemented by multinational organisations such as Cedefop on behalf of the EU, OECD, ILO, the World Bank and UNESCO. However, as these models are at a rather aggregated level and therefore have little to contribute in terms of the practicalities of skills planning, this section is kept relatively short. In addition, the research team reviewed information about skills planning systems and practices in a number of European countries considered of particular interest to South Africa. These are Sweden, Germany, Denmark, the Netherlands, the UK (including Scotland), Ireland and the Czech Republic. Furthermore, the skills planning practices of the US, Canada, India, Singapore and Malaysia were reviewed.

The research found that whilst a rich literature exists on skills strategies, labour market monitoring practices and the various approaches to and methods for gathering labour market information in the EU member states, it proved surprisingly difficult to obtain information on skills planning routines, especially how the labour market information is translated into specific use. The reason for this is believed to be the complexity of this process. Usually it involves a number of stakeholders, including the (public) funding agency, private sector and labour representatives as well as the education/training institutions. Furthermore, the way skills planning takes place is substantially different at the tertiary (higher education) level and the TVET level. Only in-country visits would allow full insight into the details of how skills planning is practised in the individual EU states.

The final chapter of this report reflects on the international learning and highlights the implications for South Africa. In doing this cognisance will be taken of the policies and agreements already in place (White Paper on post schooling education and training as well as agreements realised in the HRDC) as well as proposals being made (notably by the DHET itself as well as by LMIP which has set out a number of key proposals pertaining to a possible skills planning mechanism). It will also reflect on the international learning taking into account the issues highlighted in this paper – by interviewees and the team – and against the international examples and literature that have been provided.
South Africa over the past two decades has made significant but only partially successful efforts to establish a skills planning system. The need for skills planning is outlined in the Skills Development Act (1998) and subsequent Amendments, and is reiterated in NSDS III. More recently, the imperative of putting in place an effective skills planning mechanism features prominently in the Medium Term Strategic Framework (2015-2019). The MTSF (2015-2019) states that, 'by 2030, South Africa should have access to education and training of the highest quality, leading to significantly improved learning outcomes. The education, training and innovation system should cater for different needs and produce highly skilled individuals. The graduates of South Africa's universities and TVET Colleges should have the skills and knowledge to meet the present and future needs of the economy and society and indicates that one of the key outputs for achieving this is the 'establishment of a credible institutional mechanism for labour market and skills planning'.

However the definition of the term skills planning is contested, both within South Africa and globally, and it has different meanings to different people. To some it is understood as the identification of skills needs and assessment of the balance between supply and demand. To others it is about translating labour market intelligence and information into practical planning and action and interventions to address skills shortages and imbalances. As will be shown below though, whilst this definition has evolved in the South African context there has been a consistent thread with regards to the need for information that can guide planning and implementation.

Soon into the new democratic South Africa, the Green Paper (1997) emphasised that a key principle of the strategy is that it 'is demand-led, with particular emphasis on the new skills and competencies needed by enterprises to support rising productivity and competitiveness, and on pre-employment and target group training linked to work experience to support better prospects for employment or income generation'. It highlights the need for information for Strategic Planning, and states that, 'the collection, analysis and dissemination of information on labour market trends and work opportunities and their implications for skills development is essential if investments in education and training by government and the private sector are to improve. The responsibility for generating this information will be a partnership between the proposed National Skills Authority, Sector Education and Training Organisations, the Department of Labour and other government departments and agencies responsible for data collection, as well as labour market and industrial research and analysis'. To achieve this the Green Paper emphasised the need for labour market and skills trends analysis, sectoral studies, review of government development projects and plans and learning from implementation.

The Department of Labour (2003), states that 'initially, it was assumed that policy makers could use complex econometric models in an attempt to identify the precise nature of their manpower requirements' (page 3). However they indicate that it has since been recognised that 'labour markets are more complicated and unpredictable than these models assume' (page 3). They suggest that as a consequence there has been a growing shift towards labour market analysis or signalling. The document highlights the indicators that have the most relevance for skills development and states that 'In the past, the manpower planner guided public sector expenditure on training, but in a market economy the planner should focus on providing the information required to guide local level decisions on skills development, with regard to skills that are in high demand and with regard to training or re-training decisions by local level actors' (page 4).

More recently, the White Paper on Post-schooling education and training, argues that if the provision of
education and training is to be better coordinated with the needs of society and the economy, central information about skills needs is required. Planning on a sectoral basis can be misleading, as many occupations are economy-wide. Identifying current and future demand as accurately as possible is extremely important if the goals of the National Development Plan, the New Growth Path and the Industrial Policy Action Plan are to be achieved. If properly researched and credible skills plans can be produced, they will enable much better targeting of resources for education and training and assist in managing wider government processes more effectively (page 58). The White Paper explains that there is a need for effective skills planning will be able to inform:

- Supply-side planning in post-school institutions;
- Priorities for funding of students by institutions such as the National Student Financial Aid Scheme;
- Sector, industry, regional and employer plans;
- Strategies for attracting skilled personnel from abroad in the short to medium term, while domestic capacity is being built;
- The allocation of resources to develop qualifications and learning programmes that are relevant to the needs of the labour market; and
- Funding norms that determine which programmes are funded.

In summary, the above highlights that in a South African context the assumptions about what is possible with respect to ‘skills planning’ has evolved over time and there has been an increasing understanding, at least within the policy context, of the limitations of skills planning and the challenges associated with econometric modelling and “manpower planning.” What is consistent is that in South Africa skills planning refers to both the collection and analysis of labour market intelligence and information on the supply of and demand for skills, and to the use of such data and analysis for the purposes of planning, resource allocation, and interventions to address both current and anticipated skills requirements. This requires a skills planning mechanism that ensures that:

- We have the skilled people we need to meet the demands of a changing economy;
- Skills developments are demand led; that Technical, Vocational Education and Training (TVET), and Higher Education (HE) are responsive to demand;
- Skills supply and demand are effectively aligned;
- The employment outcomes of education and training are positive.

The extent to which this definition resonates with the international experience will be reflected upon in this study and comment made in this regard. Critically, the study will reflect on the extent to which the concept of planning is utilised and the emphasis that is placed globally on establishing broader signals rather than on planning against actual numbers in the medium to long term. As indicated this is consistent with the policy statements made in South Africa though despite this, as will be shown in this section, emphasis continues to be placed on determining actual targets with respect to current shortages as well as medium to longer term.

### 3.1 LEGISLATIVE AND INSTITUTIONAL ARRANGEMENTS SUPPORTING SKILLS PLANNING IN SOUTH AFRICA

South Africa currently has multiple institutions that play a role in skills planning. These structures have evolved over time, and were originally conceptualised within the context of a Department of Labour as the Department that was responsible for skills development (NSA, NSF, SETAs and the implementation of learnerships and skills programmes). In addition, institutions within the Department of Education were also included within the conceptual picture of the skills planning landscape, as the Department of

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10 The Supply and Demand for Skills: Towards a framework for establishing a credible institutional mechanism for skills planning in South Africa, Professor Mike Campbell, November 2014. A paper prepared for the EU/South Africa Skills Dialogue on Skills Planning.

11 The responsibility for skills development – and associated structures – have since been transferred to the newly established (2009) Department of Higher Education and Training.

12 The Department of Education has since been reconfigured and has become the Department of Basic Education, which focuses on schooling, and adult basic education and training. The responsibility for FET and HET provision has since moved to the newly established (2009) Department of Higher Education and Training.
Education was responsibility for all public providers including FET and HET institutions. Since 2009 these responsibilities are all those of the Department of Higher Education and Training.

3.1.1 Institutional landscape for skills planning: 1998

The section that follows outlines those institutions that were put in place by the Skills Development Act (1998) to support skills planning.

The SDA (1998) introduced the Skills Development Planning Unit and stated that the function of the Unit would be to:

- Research and analyse the labour market in order to determine the skills development needs for; (i) South Africa as a whole; (ii), each sector of the economy; and, (iii) organs of state;
- Assist in the formulation of the national skills development strategy and sector skills development plans;
- Provide information on skills to the Minister, the National Skills Authority, SETAs, education and training and skills development providers and organs of the state, skills development forums in each province, the Quality Council for Trades and Occupations (QCTO) and other interested parties

This Unit was later removed in the 2008 Amendment Act; interviewees indicate that this decision took into account the fact that the Department of Labour already had a research unit and it was felt that it would be preferable to integrate the skills development planning unit’s research functions into the overall research work of the Department.

The Skills Development Act also instituted the National Skills Authority; to advise the Minister on:

- A national skills development policy;
- A national skills development strategy;
- Guidelines on the implementation of the national skills development strategy;
- The strategic framework and criteria for allocation of funds from the National Skills Fund; and
- Any regulations to be made.

The NSA was also tasked with the responsibility of liaising with SETAs on:

- The national skills development policy
- The national skills development strategy; and
- Sector skills plans.

The SETAs, are the other key structures that were established for skills planning. The Skills Development Act allocates the SETAs a number of responsibilities including: the development of a sector skills plan within the framework of the national skills development strategy. The SETAs were also allocated the responsibility for ensuring the implementation of this sector skills plan through a number of mechanisms including by encouraging partnerships between the public and private sectors of the economy to provide learning in and for the workplace; and enabled in part by a skills development levy-financing scheme as contemplated in the Skills Development Levies Act.

3.1.2 Emerging institutional landscape for skills planning: 2009 and beyond

In 2009 the Department of Higher Education and Training was constituted, and the possibilities associated with a Department that integrated skills development, FET and HET created the space to review the policies associated with post-schooling, including skills planning. The White Paper for Post-school Education and Training signals the emerging policy direction for skills planning (as referred to previously in this paper) and indicated the roles that key institutions would play in this regard.

The White Paper re-instituted the Skills Planning Unit suggesting that it would take responsibility for many of the functions that were part of the Skills Development Planning Unit. It indicated that, “DHET will establish a Skills Planning Unit which will work with key public institutions, such as universities and other research institutions, to develop an institutional mechanism for skills planning. Once established, this

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13 Skills Development Act, no. 97 of 1998, [assented to 20 October, 1998].
institutions and will conduct its work within the broad framework of the Human Resources Development Plan and the National Development Plan and will become the location for engagement with the key economic departments of government. The planned institutional mechanism will become a repository of labour market information, will develop skills demand forecasting models, and will promote and build labour market research and analysis skills for the country.\textsuperscript{15}

The White Paper also confirmed the continued need for SETAs, albeit emphasizing the need for greater focus and improved performance. It indicated that, "the SETAs as currently established will work with the Department’s Skills Planning Unit to develop the central planning mechanism. SETAs provide important workplace data, and will continue to conduct sector research and ensure that the sectoral implications of this economy-wide analysis are explored. They will engage stakeholders, test emerging research findings, and determine whether these are consistent with their understanding of where their sector is heading.\textsuperscript{16}

Further, the White Paper also confirmed the importance of the NSA, but stated that its role would change, and that a, ‘restructured and refocused National Skills Authority will concentrate specifically on monitoring and evaluating the SETAs. This implies that it will become an expert body with high-level monitoring and evaluation skills’. The White Paper also confirmed the importance of SETAs, though it signaled the need to focus on the improved performance of SETAs through focusing its roles and responsibilities. It indicated that it envisaged that the SETAs will play a continued role in skills planning.

In addition to the above mentioned institutions there are a number of other institutions that play a role in skills planning. This includes the National Planning Commission, which sets out the vision for 2030 and in particular highlights quantifiable targets for skills development based on an analysis of what is required. In addition, Cabinet established the Presidential Infrastructure Coordinating Committee (PICC), to coordinate, integrate and accelerate implementation of a National Infrastructure Plan. The Plan includes 18 strategic integrated projects and DHET is responsible for determining the skills requirements of these projects at a national level as well as at a local level. DHET has established Occupational Teams to map the skills demand and supply requirements. Further the Department of Higher Education and Training is a member of the economic cluster and as such this cluster plays a role in the coordination and planning of skills planning. The Human Resource Development Council (HRDC) is a multi-stakeholder body that has a number of responsibilities including the translation of the HRDSA into a plan which sets out the areas which will be investigated by Technical Task Teams consisting of key role players. The plan also sets out the indicators that will be utilised to determine the success of the interventions agreed upon though this Technical Task Team process. It is envisaged that the HRDC will take responsibility for the monitoring and evaluation of the plan and its contribution to the achievement of the HRDSA. In addition the quality assurance bodies (South African Qualifications Authority, Quality Council for Trades and Occupations, Council on Higher Education and Umalusi) all have responsibility for establishing which qualifications are most in demand so that these can be prioritised for development, and for monitoring the extent to which there is take up of these qualifications. Finally at a Provincial level there is a skills plan against the Provincial Growth and Development Strategy and at local level local government takes responsibility for an Integrated Development Plan and many local authorities then develop skills plans against these Integrated Development Plans. More recently the Department of Trade and Industry is also proactively working with the Special Economic Zones, many of whom are also actively developing skills plans.

There are also a range of structures that are specifically responsible for public sector skills planning as well as a number of employer associations that take responsibility for skills planning. These associations work with employers in their industry in order to understand their skills requirements and to consider ways that they can collectively address shared priorities.

These arrangements are given expression in the following diagramme\textsuperscript{17}. This attempts to capture the plethora of institutions, the multiplicity of planning processes and the complexity of reporting lines.

\textsuperscript{15} White Paper for Post-school Education and Training, Building an expanded, effective and integrated post-school system, As approved by Cabinet on 20 November 2013, Higher Education and Training pages 58 – 59.

\textsuperscript{16} White Paper for Post-school Education and Training, Building an expanded, effective and integrated post-school system, As approved by Cabinet on 20 November 2013, Higher Education and Training page 59.

\textsuperscript{17} Note that the diagramme includes existing structures and relationships though the inter-relationship between the Skills Planning Unit, SETAs and the NSA are outlined as per the description in the White Paper though this has not been given practical expression yet.
Further, it shows the number of structures that have stakeholder involvement which emphasises the demands on constituencies (discussed more below) and the possibilities for confusion as to where targets are determined:

### 3.1.3 Complexity of the skills planning environment

The formation of the Department of Higher Education and Training has created the space for a greater level of integration across skills development, FET and HET institutions. However, the myriad of structures and strategies that are in place continue to create an environment that is complex to navigate. Research undertaken suggests that as a result of these institutional arrangements the strategies and plans of national, provincial, and local government, as well as those of civil society, business and organised labour, are typically not aligned. A number of reports also talk to the problems relating to a lack of clarity about roles, responsibilities and functions of different role-players and agencies at different levels. Related to this there is still considerable confusion as to which players are responsible for driving the different elements of the various strategies. Finally it is suggested that insufficient attention is placed on the
measurement of progress in relation to intended impact\textsuperscript{18}. That is, there is little understanding of the employment outcomes of education and training (a key aspect of skills planning referred to previously). There is even less understanding of whether the analysis of skills demand is informing educational planning in a manner that is enabling a greater level of alignment between demand and supply.

Role players all argue that to effectively undertake skills planning there is a need to simplify the coordinating mechanisms. This also recognises that if a credible institutional mechanism is to be effectively put in place there is a need to address issues of technical capability, management and leadership and political commitment. In a 2004 report (Wilson, Woolard and Lee, 2004, co-authored by the HSRC) suggest that, ‘although the capacity to undertake multi-sectoral forecasting was considered to be high, there were very real concerns about the quality of the available data’. However since then there has been considerable debate about whether such capacity is in place with numerous articles raising concerns about the continued emphasis placed on ‘manpower planning’ despite policy statements that recognise the limitations of this approach. There is also considerable debate about whether skills planning should be national, sectoral and local or a combination of these levels.

The kind of capacity that will be required is being explored within the Department and, as indicated, the White Paper sets out proposals pertaining to possible roles that the unit will need to play and the kind of research activities that the unit would need to support to enable it to fulfil its functions. It also outlines the different role players that are critical to the ability of the unit to achieve its intended purpose. This includes, as outlined above, the Sector Education and Training Authorities (SETAs) and National Skills Authority. Into this picture is the need to determine how the National Skills Fund will support the implementation of these plans. There is also a need to understand how processes unfolding under the auspices of the PICC (and specifically the Occupational Teams set up to ensure that the requisite skills are in place for each of the SIPS), the Human Resource Development Council (HRDC), the planning processes that are taking place within the Special Economic Zones all relate to the work of the Skills Planning Unit. Further, there is a need to determine how the information that is collected and analysed in SAQA, the CHE, QCTO and Umalusi all feed into the work of the Skill Planning Unit.

\section*{3.2 KEY INITIATIVES TO SUPPORT SKILLS PLANNING IN SOUTH AFRICA}

The previous section emphasises the extent to which skills planning has received attention since the first democratic elections in 1994. It also highlights the institutional arrangements that are in place to support skills planning. Key initiatives to establish and support systems for skills planning and/or that articulate skills demand in South Africa are briefly outlined below.

\textbf{The key initiatives at a national level\textsuperscript{19}:}

\begin{itemize}
\item[a)] The first Human Resource Development Strategy (2001-2005/2006 and the Human Resource Development Strategy for South Africa 2010-2030 frame the HRD requirements of the country. Both indicate the priorities for human resource development with particular emphasis being placed in the second strategy on the types of skills required to support economic development and innovation. More recently the HRD Plan has been developed under the auspices of the HRDC, which provides an indication of the areas of focus for the first four years of the HRDSA;
\item[b)] The National Skills Development Strategy, which is a subcomponent of the broader HRDS and focuses on the skills priorities. It focuses on Professional, vocational, technical and academic learning (Pivotal) priorities as well as sector-based programmes;
\item[c)] The National Development Plan, Vision for 2013, outlines a set of quantifiable targets for 2030 including those related to the number of graduates from further education and training colleges, the number of artisans, increased university science and mathematics entrants and etcetera
\item[d)] The Skills Accord, which is a social compact, agreed upon by government, labour and employers sets out targets for skills development and identifies the actions that the players will undertake to meet these targets.
\end{itemize}

\textsuperscript{18} Drawn from a number of reports including those cited previously (Kraak, Allais) as well as Marock, C., Soobrayan, B. Draft Report: Study to Ascertain How Best to Plan, Coordinate, Integrate, Manage, Monitor, Evaluate and Report on the National Human Resource Development Strategy for South Africa. 2007. This study was commissioned by the Department of Education, under the auspices of a human resource development team which reported to a cluster of Ministers involved in economic development.

\textsuperscript{19} Note that these initiatives are framed by different pieces of legislation (notably the Skills Development Act and the Skills Development Levies Act and related).
e) Developing a List of Occupations in High Demand: 2014, 38174, Government Notice, Department of Higher Education and Training, November 2014. This provides a list of the top occupations in the country that are considered to be in short supply. The Gazette notes that the purpose of the list is to inform, inter alia: human resource planning and development; resource allocation and prioritisation; the development of relevant qualifications, programmes and curricula; and international recruitment strategies. It also highlights the need for this list to enable the Minister of Home Affairs to compile a "critical skills list" to facilitate the issuing of work visas (as per the Immigration Amendment Act of 2011 (RSA, 2011), which compels the Minister of Home Affairs to compile this list);

f) Addressing the skills requirements of the SIPs: The National Infrastructure Plan is made up of eighteen Strategic Integrated Projects (SIPs) each of which consists of a large number of projects drawn from a wide range of economic sectors and stretching across all nine provinces of the country. A plan has been developed with the purpose of ensuring that the skills demands of these projects are realised both in advance of (for), and on the site of (through), the Strategic Integrated Projects (SIPs). This with the intention of informing education and training planners of the occupations in demand for the SIPs and to direct the attention of education and training planners as to the specific interventions that will be required to attend to projected scarcities in the future, so that they can consider how best to begin to address these. To leverage resources in support of these priorities (Skills for and though SIPs, What has been done and still needs to be done to skill South Africans for SIPs and through SIPs, Pretoria, September 2014, Department of Higher Education and Training (DHET), 2014);

g) Further, the Department of Economic Development has, together with the DHET and Training, launched an initiative to understand the skills implications of key economic policies. This initiative is still in an embryonic phase although DHET is committed to working with these departments and taking the process forward;

h) The creation of an information database for supply-side information managed by the DHET. This has been built on a well-established Higher Education and Training Management Information System and a slightly more embryonic Further Education and Training Management Information System. It also integrates data provided by the SETAs;

i) The design and construction of a career advice information system; Support for the ‘Labour Market Intelligence Project’ (LMIP): This is a partnership that formally exists between the Department of Higher Education and Training and the Human Sciences Research Council (HSRC). HSRC is working with the University of Witwatersrand (through REAL) and DPRU. There is also research being conducted by the Education Policy Consortium (which is a consortium of research bodies whose main interest has been in the area of policy related research in education and training; this work is managed through the Centre for Education Policy Development (CEPD). This work is also intended to make a contribution to the growing understanding of skills development including, though not limited to, skills planning;

j) The South African Qualification Authority (SAQA) as well as the Department of Labour and the provincial administrations have also established ad hoc initiatives aimed at estimating the demand for various categories of skilled labour.

At a sector level:

a) SETAs have responsibility for sector skills planning: the Sector Skills Plans integrate the data from national databases such as the Quarterly Labour Force Survey as well as other relevant databases (for example in the public sector extensive use is made of PERSAL which is an electronic personnel system for the public service in South Africa). In addition the Sector Skills Plans (SSPs) includes data from the Workplace Skills Plans, and in some Sector Skills Plans, the views of key role players in the sector are also captured.

At a Provincial level:

a) There are Provincial HRD and Skills Plans, which articulate the anticipated demand in the Province and the implications for skills requirements. These take into account the Growth and Development Strategies of the Province.

At regional/local levels:

a) There are also initiatives at a local level – these are not systemic but many local authorities develop skills plans that align with their local economic development plans. In addition, there are
also initiatives within the Special Economic Zones to explore the skills required and the relationship between supply and demand in these areas;

b) In addition public education and training institutions (both higher education and training and further education and training) are required to undertake an analysis of demand in order to inform the plans that they submit to the Department of Higher Education and Training.

There are a number of initiatives within the private sector to understand skills needs and to plan accordingly.

These initiatives were preceded by a number of other initiatives to address skills planning. Notably this includes the Joint Initiative on Priority Skills Acquisition (JIPSA). JIPSA was widely seen as very successful at bringing together high-level stakeholders to focus on solving urgent and specific problems in the skills development ‘pipeline.’ This included a particular focus on identifying the demand for engineers, artisans and planners and then determining the implications of this for supply. For example, for the goal of increasing the supply of engineers, business allocated additional bursaries, and made workplaces available for both technicians and engineers to get work experience. The Department of Education increased funding for engineers, and gave universities funds to improve their facilities.

### 3.3 THE CHALLENGE OF, AND POSSIBILITIES FOR, ALIGNING DEMAND AND SUPPLY

Yes despite the considerable focus that has been placed on skills planning in South Africa, as evidenced by the number of initiatives listed above, there has been a consistent voice that has bemoaned the absence of relevant skills. The perceived need for the Joint Initiative on Priority Skills Acquisition (JIPSA), established in March 2006, was the belief that ‘while the economy had started to grow, education was seen to be experiencing problems’ The then Deputy President argued, “In a period of growth it is evident that we lack sufficient skilled professionals, managers and artisans, and that the uneven quality of education remains a contributory factor.” Similarly, the Business Trust argued that it was “the shortage of priority skills which was holding up economic growth and employment creation”. Recent research suggests there continues to be a strong voice of concern that there is an inadequate understanding of demand and there is not the capacity to translate the insights that have been developed in a manner that informs supply. A review undertaken under the auspices of the HRDC (Alignment of Sector Skills planning to the NDP, 2012, page 3) observes that ‘despite high levels of investment in skills development over the last decade, there continues to be a strong argument that South Africa suffers certain challenges with respect to the supply of skills as well as an absence of an alignment between national growth imperatives and skills development activities.

The explanation for the misalignment of supply and demand is often related to the challenges relating to the quality, relevance of, and access to, provision. These risks, associated with a poor supply of skills, are a common theme in the range of planning frameworks that govern strategies for economic growth including ‘The New Growth Path’ and IPAP2. The weakness of the schooling system, combined with limited opportunities for quality post-school education and training, places increasing risk on the country’s ability to generate a sustainable skills base and threatens to contribute to low levels of job creation and high unemployment. As a result, the economic growth strategies indicated above are, by implication, under threat’.

On the other side there are a number of concerns raised by those individuals that are responsible for the education and training provision about the absence of signals that enable them to effectively steer education and training. Individuals responsible for these areas highlight the absence of consistent information about what the priorities will be for the next 5 years (particularly for TVET programmes) and 10 years (for higher education programmes).

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21 Media Briefing by Deputy President Phumzile Mlambo-Ngcuka, 6 February 2006, Background Document: A Catalyst for Accelerated and Shared Growth-South Africa (ASGISA).

22 Business Trust, Completion Report on the Joint Initiative for Priority Skills Acquisition (JIPSA), 31 March 2010, page 4

23 Marock, C., Yeowart, S., & Gewer, A, Singizi (2012), Alignment of Sector Skills Planning to NGP.
3.3.1 Challenges in translating demand to inform supply

An interviewee from higher education explains that they have a clearly defined process for reviewing plans for Higher Education, which includes an initial meeting with all Higher Education institutions to indicate national priorities. This is meant to inform the institutional planning processes that follow. However, the interviewee indicates that they do not have sufficient information to provide to these institutions beyond the broad areas of priority identified in the Ministerial Statement on student enrolment planning (2014/15 – 2019-20) for Universities. An interviewee from further education states that planning for TVET is in a more embryonic stage, as compared to higher education, and indicated that at this stage they review the institutional plans at a national level for coherence. The interviewee explained that the Department is not yet able to evaluate the extent to which these plans are aligned to demand within the Province. The interviewee indicates that they would like to be in a position to inform TVET colleges about the skills priorities but explain that the absence of reliable data also makes it difficult for them to provide this guidance or to steer planning and allocate funding such that they meet identified demand. Similarly those involved in career guidance highlight the absence of information to enable them to guide individuals effectively and this concern is echoed loudly by individuals in the Department of Home Affairs responsible for issuing visas relating to scarce skills.

An example of the above-mentioned challenges can be seen in the ways in which SETAs engage. A review of the SETAs (Minister Task Team on SETA Performance) suggests that there is insufficient translation of this analysis of skills demand into the supply sector: in many cases, SETAs are working with individual education and training providers in an ad-hoc manner on specific projects, and whilst a system has been put in place to formalize the relationship between SETAs and the public FET Colleges (including a person based in the colleges and a mechanism for SETAs to fund programmes in the FET colleges as well as lecturer development) there is still no system for articulating demand in a manner that enables FET and HET providers to understand the demand that is emerging and the implications for supply. Nor is there a clear distinction made between the skills that could be developed in the short term and those that require a 5-7-year time horizon.

3.3.2 Challenges relating to determining demand in the first place

These challenges relating to the misalignment between demand and supply relate in part to the inability of institutions of learning to respond to the demand in relevant ways. However, many of these challenges also relate to (i) the approaches to skills planning that are utilized in South Africa and (ii) the absence of focus and a failure to prioritize; and, (iii) emphasis on ensuring that skills meet demand without a concomitant focus on the imperative to create demand for skills.

One aspect of the challenges relating to the approach to skills planning that are utilized in South Africa pertains to the extent to which the data and methodologies for planning that are employed enable medium to long term planning. Wilson et al. list as the main approaches to skills forecasting: formal, national level, quantitative model based projects; sectoral studies; employer surveys; and focus groups or round tables and documents highlight the need for a clearer alignment of methodological choices and purpose of planning process, that is there is a need to refine the methodologies used to understand short term demand versus medium to long term. However in South Africa there is a notable absence of a process to align methodological choices with planning processes.

A key source of LMI is the routine data collected by StatsSA. There is also routine data collected by private organisations and by various associations. In addition there is data that is sourced from the Department of Labour that provides information about vacancies. There is also ad-hoc research undertaken. Further, one of the key sources of LMI in South Africa is that collected by the SETAs through the annual Workplace Skills Plan (WSP) and Annual Training Report (ATR) submission process.

With respect to determining national demand there are a number of challenges pertaining to the above-mentioned data sources. The Stats SA data does not include certain critical answers to key questions

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24 Drawn from several papers developed by Singizi for HRDC as well as for DPRU.
required to understand the details of the occupational profiles within the workplace or the training that has enabled individuals to access the workplace. Further, WSP and ATRs, which are also a key source of data, are currently collected on a sectorial basis and although there is a national template there is considerable variance in the manner in which these processes are implemented. For this reason it is difficult to effectively utilise this data in the national planning process. In addition much of this data shows historical patterns and current trends but does not provide a basis for future planning.

Arguably the level of planning that is the most developed is at a sectoral level as the SETAs have developed considerable experience in this regard. Daniels (2007) makes the point that the plans undertaken by SETAs provides essential information on the relationship between ‘micro (firm) level data, sectoral aggregation via the Sector Skills Plans, and the national aggregation’ and by so doing ‘represents a highly coherent framework for (firm-level) data collection that facilitates both the analysis and implementation of policy’ (Daniels, 2007: p.5). Powell provides an example of the value of the SSP data and points to the learnership study undertaken in 1997, which utilised the SSPs to provide an assessment of the training needs of early childhood development practitioners.

However the paper developed under the auspices of the HRDC (Singizi, 2012) notes that there are a number of challenges in this regard. SETAs are expected to develop 5-year Sector Skills Plans, which are reviewed and updated annually. While some SETAs undertake detailed labour market surveys and analyses, the capacity of most SETAs to adequately profile the skills demands (both current and future) in their respective sectors is limited. This is in part because the national data does not lend itself to a sector analysis as the classification systems used by StatsAS are not consistent with the sector boundaries of the SETAs. The absence of data collected at a national level that can used to support a sector analysis results in an over-reliance on employer-level data much of which is derived from the workplace skills plan and Annual Training Reports. As indicated previously, these limitations have adverse consequences as the available data only supports an analysis of immediate skills demand rather than skills demands for the future, a problem which is compounded in some sectors by the questionable accuracy and scope of this employer-level data. The data collected from these processes is aggregated and drives target-setting for occupational groupings within the sector and this informs the 5 year SSP. As a result, skills-planning is concerned primarily with meeting immediate scarce and critical skills shortages rather than future demand.

There are similar challenges at other levels of the system and an absence of data and a methodology to understand supply and demand at provincial and local levels. This is a particular challenge at a local level as the data typically cannot be drilled down to this level in a manner that allows for a clear picture of stock and flows in the geographic area. Further, across each of the levels there is the frequent concern raised that the data does not talk to the informal economy and that a methodology to address planning in the informal sector has not yet been conceptualised.

Wilson et al. list as the main approaches to skills forecasting: formal, national level, quantitative model based projects; sectoral studies; employer surveys; and focus groups or round tables and documents highlight the need for a clearer alignment of methodological choices and purpose of planning process, that is there is a need to refine the methodologies used to understand short term demand versus medium to long term.

3.3.3 The absence of focus and failure to prioritise

27 Research on Technical and Vocational skills facilitating integration into the labour market from reconstruction to deconstruction – the role of research in South African skills development, Lesley Powell, School of Education, The University of Nottingham, UK, Peliwe Lolwana, Director, Education Policy Unit, Witwatersrand U., RSA, February 2012, Norrag/ Rocare/ERNWACA.
28 This is reflected in the following definition: ‘scarce’ skills [refers to] those occupations for which employers cannot find or retain appropriately qualified and experienced people, i.e. with appropriate occupational competence and ‘critical’ skills [refers to] those occupations for which employers can find and retain qualified and experienced people who require some additional training or up-skilling to attain appropriate occupational competence (Guide for Identifying & Addressing Scarce & Critical Skills in the Mining & Minerals Sector, MQA, p. 11).
The absence of focus and a failure to prioritise is a challenge that emerges in relation to many of the initiatives outlined in the previous section. These national strategies provide an indication of the types of qualifications and/or skills that will be required in the longer term. However, this section raises questions about the extent to which these strategies provide a response to the on-going conundrum of supply and demand.

The first Human Resource Development Strategy aimed to aimed ‘to ensure that the various components of the state work together in a coordinated way to deliver opportunities for human development’ and the second states that it has adopted a short- as well as medium-term perspective. It observes that, ‘there are certain areas of priority economic growth that require us to overcome the skills shortages which are constraining growth and investment over the short term. But effective and credible HRD cannot depend entirely on short-term measures. The focus of this strategy is therefore equally on medium and long-term perspectives. The HRD-SA is therefore explicitly designed to respond to the imperatives of urgency and sustainability’ (HRDSA, page 8). The National Skills Development Strategy III,30 which is described as a sub-component of the HRDSA, states that, ‘the NSDS is the overarching strategic guide for skills development and provides direction to sector skills planning and implementation in the SETAs. It provides a framework for the skills development levy resource utilisation of these institutions as well the NSF, and sets out the linkages with, and responsibilities of, other education and training stakeholders’ (page 8). It indicates that the strategy is informed by the requirements of the New Growth Path, the Industrial Policy Action Plan, the outcomes of the Medium-Term Strategic Framework, the rural development strategy as well as the new environment strategy, amongst other priorities of government.

Yes despite these national strategies that articulate the imperatives for skills development those involved in planning the provision of education and training state that these strategies do not provide an adequate signal of what is required by the labour market. Individuals responsible for economic planning and strategies suggest that the lens continues to be one of supply. Other concerns that have been raised pertain to a focus is too broad and does not allow for a prioritisation and that it is on numbers to be reached rather than quality, that the institutions that are meant to drive the plans are not clearly articulated and that there was no basis for measuring progress against the intended impact of the strategies – that is, little sense of how one would monitoring and evaluate whether supply and demand were increasingly aligned (or not). The first HRDSA Strategy was strongly criticized by role players as part of the review that was undertaken prior to the development of the Second HRDSA31. This is captured well by Kraak32 who describes the first strategy as a disaster: ‘At best it remained a policy text with ambitious goals. At worst it was a non-event, having failed to become an effective instrument for improved coordination in the arena of education and training’. Similar concerns have been raised about the second strategy and in particular it is critiqued for its lack of focus and a view that it represents an aggregation of plans rather than provides an analysis of demand and it is therefore once again unable to indicate the priorities for supply. An article raising the question about why JIPSA was needed at all, given that there was already a National Skills Development Strategy (NSDS) under the Minister of Labour, which purported to address the identical issues observes that, ‘the short answer is that the NSDS was a closed system, whose implementation reach was circumscribed by the scale of levy funds collected and the inability of these funds to reach those public providers principally responsible for training in many of the critically scarce skill areas, such as engineers’.33 A further criticism of the NSDS that was raised relates to ‘the failure of the new regime to transcend its historical genesis as a ‘supply-side’ training system’.34 The article continues and states that, ‘the NSDS set several nationally-defined performance indicators which had to be met by each SETA. This obsession with meeting targets has produced certain unforeseen effects. Firstly, there is a definite performance indicator ‘fatigue’ as practitioners within the SETA system have had to chase these items at the expense of others areas of work. Secondly, Grawitzky (2006, 29) argues that the current mechanisms to measure SETA performance – which are all national targets – could inadvertently have led to a neglect of sectoral needs and activities. SETAs are required to deliver against the requirements of a national agenda – the NSDS – and are not measured as strictly with regard to

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33 Policy transfer or policy learning: interactions between international and national skills development approaches to policy making in South Africa, Adrienne Bird and Werner Heitmann (GTZ), Paper prepared for the NORRAG Conference, Geneva 25 - 26 June 2009.
Interestingly, these findings can be contrasted with those of JIPSA, which was set up to address a number of key priorities. These had been identified through a number of research processes and extensive engagement of role players at a very senior level – CEOs of companies and Ministers within government. The approach adopted in JIPSA was to focus on ‘unblocking’ particular areas that were seen to be hindering the development of the required skills within these priority areas. JIPSA was generally considered to be successful set of decisive interventions in a limited range of clear and focused priority areas. It further illustrated the value of bringing senior role players together to collectively determine the demand priorities where there were specific problems that affected them and develop a clear plan against which implementation could take place. This highlights an experience of planning, which albeit limited and short-term in nature, highlights an approach to addressing demand and supply at a national level.

These challenges are also exacerbated by the concern raised previously, which is that governments have done little to change employer demand for skill, by creating demand in the economy, or through creating mechanisms to increase employers’ utilization and development of workforce skills. Whilst there is an industrial strategy (multiple versions of IPAP) there is little evidence that government has the capacity to drive this strategy and it is instead reliant on the market to respond to incentives that are made available.

### 3.3.4 Emerging possibilities: chimera or real?

Despite these challenges, there are though - as highlighted previously – a number of initiatives past and present to the possibilities relating to skills planning and the approaches that could be built upon to develop the ability of the system to forecast demand in the medium to long term. This includes the learning from JIPSA as well as a number of possibilities emanating from current initiatives and research underway.

This paper has noted the initiation of the forum for Economic Departments coordinated by DHET that was established in terms of processes undertaken by the HRDC. Interviewees state that there have been real challenges in establishing traction with regards to this forum and highlight the difficulties encountered in generating a methodological approach to understanding the skills implication of economic policies and strategies. However the establishment of the forum is still considered an important step and could offer a space in which priorities for skills planning could be determined, and scenarios constructed that suggest the magnitude of the demand within these priorities and the possible implications for the skills required.

In addition the Presidential National Infrastructure Plan consisting of the eighteen Strategic Integrated Projects (SIPs) has been coupled with a process to understand the skills required for each of these projects. This analysis is undertaken in terms of occupations and reports produced from this process articulate the implications of this process for the occupational qualifications that will be required in the short, medium and long term. On the basis of this analysis of scarce skills SETAs have committed to fund training in these areas and colleges are now being approached to ascertain what role they can play. In addition interviewees explain that, linked to this, there has been work done to develop models of provincial and regional skills planning. This attempts to consider the growth areas within a province and in a particular region and to then plan supply to support these developments. This includes a pilot in Limpopo centred around SIPs (in Waterberg) and Medupi power station, as well as initiatives in the Western Cape that concentrate on the requirements of one of the SEZs. These processes also offer possibilities for the way in which skills planning could be approached.

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These initiatives all relate to areas where the state is directly responsible for the expenditure (in the case of the SIPS) or is attempting to drive development (as with the economic departments). This reinforces the point made previously that the ability to consider long term demand requires a centralised mechanism that is driving demand. The ability to develop longer term forecasts is, for the same reason, easier in the public sector than in the private.

- The LMIP, which is supported by DHET (and referred to previously), is undertaking extensive research to understand the possibilities associated with a skills planning mechanism for understanding current and medium to future term demand and the relationship between demand and supply. This research has focused on addressing a number of key questions, which provides a basis for considering approaches to skills planning and for developing options.\(^{38}\)

Further, the work being undertaken by DHET to revise the Workplace Skills Plan and Annual Training Report, which aims to improve the quality and credibility of firm level survey, could also allow for a greater understanding of current firm demand.

All of the above points to the vast amount of work that is being done to enhance skills planning at different levels of the system. It also demonstrates that the individuals responsible for planning the supply side and ensuring the effective implementation of provision are receptive to the concept of ensuring that supply aligns with demand. The description provided in this section suggests that the system has not yet managed to ensure that it embraces different methodologies in determining demand such that short term, medium term and long term demand can be understood in accordance with the multiplicity of purpose(s) associated with skills planning. Further, there has been a failure to focus on planning for priorities – the possibilities associated with focus is evidenced by the progress made with respect to the SIPS however beyond that the emphasis continues to be on planning across the system at all levels. The experience though suggests that this is very complex and costly.

### 3.4 STRATEGIC BUSINESS/EMPLOYER ENGAGEMENT

Employers feed into the process of understanding demand in multiple ways. At a national level they are involved in the Human Resource Development Council of South Africa and the National Skills Authority, which amongst other responsibilities agrees upon the National Skills Development Strategy. They are also part of SETA Boards, which finalise the Sector Skills Plans. In a few of the SETAs employers are interviewed to ascertain their current and projected demand. In particular, the Workplace Skills Plan (WSP) and the Annual Training Report (ATR) collects information from employers about skills priorities, current stock, vacancies, and training plans. The WSP seeks to understand how an individual employer intends to address the training and development needs of the workplace in the forthcoming year. The Annual Training Report then provides information on what training was conducted in the previous year. In terms of the Skills Development legislation, employers with more than 50 employees are required to submit a WSP/ATR by 30th June each year (until 2013 and changed to 1st April from 2014) if they wish to claim their mandatory grant, a portion of the Skills Development Levy (SDL) paid by all employers with more than 50 employees. Over and above these mechanisms, employers are also involved in shaping qualifications through the QCTO and in this way, where they actively participate; they have the space to indicate the kinds of occupations they envisage.

There are also concerted efforts to create partnerships between employers and institutions of learning, which would enable employers to articulate their needs to these institutions and institutions to adapt their programmes to meet these needs. However, whilst multiple partnerships have been developed employers continue to state that these learning programmes do not address their needs. Research has highlighted that one aspect of this challenge, which is one that persists and is global, is that employers' complaints about school-leavers and youth-as-labour points towards the reality that the 'needs of industry' in relation to youth labour have always been problematic 'for employers - in perpetual disharmony with the qualities and capabilities of actually existing young people. Such an endemic dysfunctionality puts the onus on employers to offer clear statements of their 'needs' regarding young

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38 Questions addressed through the LMIP include but are not limited to the following: What data and information needs to be collected for a Labour Market Intelligence system? What decision-making processes should be in place to prioritise skills development programmes? How do we deal with skills shortages? Who should be responsible for skills planning? What do we know about the quality and integrity of data needed for skills planning collected by government departments and other agencies?
workers in order that schools and training institutions can attempt to produce young people with the personal qualities, skills and competencies that employers require. Yet it is at this point that the house of cards collapses. Various studies and analyses - examined later - have indicated that employers’ statements regarding their needs in relation to youth labour are either ambiguous, or confused or downright contradictory.\(^\text{39}\)

On the other side of this equation, interviewees highlight the challenges that institutions experience in adapting curricula to meet the needs of employers – where they are articulated. This is particularly a challenge for FET institutions with respect to making adaptations to the NCV as the programme is already very full. Further, interviewees express a concern about the extent to which these colleges have the capacity to make these changes observing that it is in fact possible if such a capacity was in place.

The above highlights that there are multiple points at which employer involvement is secured. However despite this there continue to be concerns raised about the nature of this engagement and the extent to which this is enabling the system to understand demand (short, medium and long term) and respond to this demand through ensuring quality and relevant provision. Reports have highlighted the concern about the level of employer involvement as one concern in this regard, suggesting that given the extent of the requirements for stakeholder engagement employers are spread too thin and cannot effectively participate in all of these forums. Further, the challenges pointed to previously about the absence of a methodology for skills planning that is aligned with purpose may also feed into this challenge. For example WSPs/ATRs – even if improved – may be able to provide an analysis of current demand, but are unlikely to provide data that can support an analysis of medium to long-term demand. This requires alternative methodologies of engaging employers be sought, which allow for high level participation of employers at relevant points in the system. The extent to which this can be achieved across the economy or in sectors that are key to the economy still needs to be considered.

3.5 STEERING SUPPLY

This paper has highlighted the multiplicity of challenges relating to developing an understanding of medium to long-term demand. As a result education institutions are not able to consider how to meet these varied needs in a comprehensive manner and in terms of what is possible in the short, medium and long term. Consequently government is unable to build and support appropriate capacity development in providers and this fragmented, reactive approach to planning is not conducive to enabling providers (the suppliers of skills) to plan enrolment or develop strategies to meet the medium or longer-term skills supply demands necessitated by the various economic growth strategies.

Related to this concern, there is little understanding of the ways in which the different steering mechanisms relate to each other and how they enable provision to be supported and guided taking into account the different priorities and related time frames. A 2004 report (Wilson, Woolard and Lee, 2004, co-authored by the HSRC) suggests that, ‘there are a number of mechanisms to fund and thereby steer skills provision in South Africa. This includes funding from the fiscus which are applied to higher education, and are being phased in to further education, to guide the Programme and Qualification Mix (PQM) of these institutions’. They further emphasise the levy-grant system as a key mechanism to steer the system and in particular the role of the discretionary grant which is seen as a key way of encouraging employers to focus on training in priority areas. In interviews with DHET staff they agree that these are important steering mechanisms and indicate the processes that are in place to allow for this.

The levy-grant scheme is central to the steering of skills development. The National Skills Authority utilises the National Skills Development Strategy to determine the allocation of funds from the National Skills Fund. Further, the SETAs utilise the levy-grant scheme to steer supply through the discretionary grants.

In Higher Education specifically they have the, Ministerial statement on student enrolment planning 2014/15 – 2019/20 for universities, which provides the cycle for planning, which flags when demand data

\(^{39}\) Why Employers Can’t Ever Get What They Want. In fact, they can’t even get what they Need. A paper presented at the School of PCET Staff/Student Seminar, University of Greenwich, Queen Anne’s Palace, 30 Park Row, Greenwich, London, on 27th March 2000, Glenn Rikowski, Faculty of Education, University of Central England, Birmingham, UK.
is required. The document states that, ‘Planning, funding and quality assurance are still the three key steering mechanisms necessary to transform the higher education sector and to contribute towards the establishment of an integrated and effective post school system’ (June 2014, page 2). The statement emphasizes that, ‘... attention needs to be paid to those skills areas where there is a clear demand in the labour market. In addition to the general priority areas identified in the Minister’s Performance, Monitoring and Evaluation (PME) targets, namely engineering sciences; human and animal health; natural and physical sciences; and initial teacher education, there is also a need to take account of specific market trends and priority state interventions’ (June 2014, page 5). It highlights the importance of the work that has been done under the auspices of the Presidential National Infrastructure Plan (referred to previously), and indicates that this has led to key decisions to be made. This includes the building of two new universities and twelve new Technical and Vocational Education and Training (TVET) college campuses, as well as various dams, roads, railway lines, energy generation, transmission and distribution facilities, and broadband. The student enrolment planning statement notes that the research that has been done within this process has assisted to identify the priority managerial and professional occupations that are needed to direct design and construct these major infrastructure projects. They indicate that the focus has now shifted to understanding the precise nature of the demand so that institutions of learning can consider how best this demand might be addressed. Occupational teams have therefore been established for each of the identified occupations, consisting of representatives drawn from relevant employers, professional bodies and university faculties and it is anticipated that this will enable universities to ‘gain a better insight into the demands of the eighteen SIPs and the contribution that can be made to enhance successful implementation – both through targeted enrolment planning, improving throughput and enhancing the subsequent placement of learners or graduates in relevant workplaces for the attainment of full qualification and professional registration with professional bodies in key occupational areas’ (June 2014, p. 6).

The enrolment planning document states that with respect to the other strategic economic areas there is not yet a mechanism in place to support the alignment between supply and demand and it therefore encourages universities to explore the possibilities related to these economic sectors (such as maritime). It further proposes that ‘universities are also encouraged to explore regional imperatives in terms of the national skills needs and develop niche programmes to support the training of graduates in relevant and scarce skills areas’ (June 2014, p. 6).

Discussions with members of the FET Branch indicate that they wait for plans from the colleges and then review these against national priorities. They indicate though, as discussed previously, that they would ideally require this demand data so that they can use this to inform the colleges about priorities. They explain that this data would also be important to guide the allocation of funds, both in terms of new infrastructure – alluded to previously – but also critically in terms of additional NSF funds to gear colleges up to meet key demand areas.

They also highlight the need to support planning at a provincial and regional level and observe that, ‘there is a disconnect between provincial needs and what the colleges provide’. The interviewee states that what they need is a process whereby they review what the colleges are delivering in a Province and then compare this with the economic areas in that Province. This should also take into account what SIPs projects are planned for this region. This would allow for DHET to work with the colleges to consider which programmes should be reduced and which should be increased. DHET interviewees suggest that with this increased understanding of skills demand it would be possible to utilise the NSFAS to provide bursaries to students enrolling in priority programmes. However they indicate that this needs to be agreed to with the TVET colleges who have been responsible for much of this decision-making (a point also made by an interviewee from higher education).
However, when reviewing the mechanisms for steering the system interviewees emphasise that the demands in the economy cannot be the only arbiter for what is offered. There is also a need to take into account the knowledge related to particular disciplines that go beyond specific outcomes related to workplace requirements. Further there is a need to consider other needs in terms of a well-balanced society.

4. INTERNATIONAL RESEARCH: FORECASTING SKILLS NEEDS AND SHORTAGES, THE MACRO PERSPECTIVE

This section presents labour market monitoring and skills planning models and methods developed by multinational organisations like the EU (Cedefop), OECD, ILO, World Bank and UNESCO. Also the African Union has developed guidelines on labour market monitoring; however, these are considered of less relevance for the South African discussion, as they mainly focus on basic mechanisms and rules for data collection. Especially Cedefop and the OECD have developed rather sophisticated methods for data collection, forecasting and data analysis. The section therefore mainly focuses on these.

4.1 CEDEFOP

EU consider assessment and anticipation of skills and labour market needs a key instrument for the efficient functioning of labour markets and the mobility of labour within the EU, for a better match between labour supply and demand to reduce bottlenecks, and for a better definition of the content and structure of education and training systems as they seek to develop human resources, skills levels, creativity and entrepreneurship. Most EU member states carry out such activities, but until recently little has been done at the pan-European level. Given the increasing interdependency of European labour markets and the growth in cross-border mobility, the case for a pan-European assessment has strengthened. Therefore, the EU has launched a number of initiatives to harmonise skills forecasting and sharing of labour market intelligence. These include the Skills Panorama: Achieving National and Regional Impact (ARLI) project, the EU Skills Panorama and the European Network for Labour Market and Monitoring (ENRLMM), all coordinated by Cedefop.

Cedefop, a semi-autonomous EU agency based in Greece, supports development of European VET policies and contributes to their implementation. Cedefop undertakes various European level research activities in order to identify and anticipate future skill needs and potential skill mismatches. Among other things, Cedefop produces regular skill supply and demand forecasts for Europe and analyses the potential labour market imbalances. Cedefop also investigates skill and competence needs in selected sectors and explores a common European approach to enterprise surveys on changing skill needs. Cedefop also animates Skillsnet, a network of experts in the field of early identification of skills needs. However, Cedefop is relatively silent on how to translate the information on skill forecasts and labour market imbalances into specific action as these are considered political issues to be dealt with by the individual EU member states. Instead the agency focuses on dissemination of information on lessons learned and best practices among the countries.

Examples of useful Cedefop publications include research papers on 'Quantifying skill needs in Europe. Occupational skills profiles: methodology and application' (Research Paper No. 30, 2013), on 'Skills supply and demand in Europe. Methodological framework' (Research Paper No. 25, 2012) and on 'Future skills supply and demand in Europe' (Research Paper No. 26, 2012). All three publications draw on a combination of national statistical data, data from Eurostat, the EU labour force survey (EU-LFS), as well as additional data on flows of qualifications. Compilation and harmonisation of the best possible data available for measuring employment was one of the purposes the project. The strength of the reports is their contribution to development of methods for measuring skills and employment trends at sector level and the level of individual occupations and clusters of occupation. However, the publications do not deal with the complex issue of how to translate this information into specific skills planning actions and how to address issues of skills imbalances.

40 The EU statistical service, Eurostat, is the body which provided guidance on collection of labour market data.
Another illustrative example of Cedefop’s research and experience-sharing activities is the ARLI project. The main objective of the project is to support the implementation of the EU Skills Panorama (EUSP) – the EU portal providing information about recent and future trends in labour market and skill needs - by utilising the expertise of both project partners and members of the ENRLMM, interrelating the EUSP with existing skills forecasting provision, achieving greatly enhanced impact and added value for the EUSP. The second objective is to use a good practice approach to explore how existing regional and local provision of skills forecasting can be enhanced for stakeholders through interrelation with the EUSP. As part of the ARLI project, Cedefop has published a series of country reports dealing with ‘demand side (users of LMI) analysis’ to facilitate experience-sharing. For each of the participating countries, regional stakeholders were interviewed by national project partners to identify examples of practice that they perceived as ‘good’ or ‘successful’ and that may be worth repeating in other contexts. In the project compendium 38 examples of good practice – innovative and/or well-implemented labour market intelligence (LMI) tools (or policy/action which is based on the LMI) that help establish balance between demand and supply of skills within particular region were presented. Through projects like ARLI, Cedefop helps to identify good national (regional) practices and facilitate experience-sharing among member states.

Cedefop’s strength is its theoretical and empirical research on TVET intended to provide policy makers with evidence and information on possible policy implications. It also produces regular skills supply and demand forecasts for Europe and analyses potential labour market imbalances.

4.2 OECD

In 2012 OECD published a comprehensive report advocating a ‘strategy that helps countries transform skills into better jobs and better lives’. The key message is that all countries should develop national skills strategies. The report also acknowledges that the key challenge is putting such strategies into practice and adopting a holistic approach that includes all relevant actors at the national and local levels. In short, the key elements of the strategy are:

- **Prioritise investment of scarce resources**: It is costly to develop a population’s skills; therefore skills policies need to be designed so that these investments reap the greatest social and economic benefits. An approach to skills policies that considers how demand for, activation of and the effective use of skills influence each other can improve efficiency in spending;

- **Strengthen the case for lifelong learning**: The Skills Strategy advises countries on how to assess the relative impact of different institutional and informal settings for skills development – from early childhood education through formal schooling to formal and informal learning throughout a lifetime – with the aim of balancing the allocation of resources to maximise outcomes;

- **Foster a whole-government approach**: If skills are to be developed over a lifetime, then a broad range of policy fields are implicated, including education, science and technology, family, employment, industrial and economic development, migration and integration, social welfare, and public finance. Creating linkages between different policy fields is essential for ensuring efficiency and avoiding duplication of effort;

- **Combine short- and long-term considerations**: Skills policies cover both ad hoc policy responses to emerging or cyclical challenges, such as rapidly rising numbers of unemployed people when economies contract, or acute skills shortages when sectors boom, and longer-term strategic planning for how an economy and society should evolve and the structural changes that might be required;

- **Align different levels of government**: Considering significant local variations in the demand for and supply of skills within a country, it is important to integrate national, regional and local dimensions of skills policies;

- **Include all relevant stakeholders**: Designing effective skills policies requires that a broad range of non-governmental actors, including employers, professional and industry associations and chambers of commerce, sector councils, trade unions, education and training institutions and individuals are involved;

- **Provide a global perspective**: Given the growing interdependence among countries’ economies, a global perspective on how the talent pool of skills is developing and deployed is essential;

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42 [http://www.regionallabourmarketmonitoring.net/arli_public.htm](http://www.regionallabourmarketmonitoring.net/arli_public.htm)

43 The country experience to be discussed in the next section draws, among other sources, on this information.

Developing relevant skills: Ensuring that the supply of skills is sufficient in both quantity and quality to meet current and emerging needs is a central goal of skills policies. Supply can be ensured by developing the right mix of skills through education and training, and influencing the flow of skills by attracting and retaining talent. Supply is not only responsive to demand, it can also have an important influence on demand.

Based on this approach, the OECD has published a series of country reports reviewing the performance of the national TVET system and dealing with topics such as Adult Skills\textsuperscript{45}, i.e. literacy, numeracy and problem solving skills of the adult population, which is, among other things, seen as an indication of the effectiveness of the vocational education system. The results have been published in the OECD Skills Outlook from 2013\textsuperscript{46}, which evaluates the skills of adults in 24 countries. Among other things the report discusses how the demand for skills has been changing over the past decades and the ability of the labour force to meet this situation. Recently, OECD has published a number of Skills Strategy Diagnostic Reports, which identify skills challenges faced by selected member countries. The findings of the country studies have been synthesized in the report ‘Skills beyond School’\textsuperscript{47} looking at how OECD countries are responding to this growing demand for skills, and the further steps they need to succeed. The report found that the investigated countries face many challenges: while some countries have thriving post-secondary vocational sectors, others have found it difficult to find a place for shorter (one- or two-year) programmes in competition with better known academic qualifications. The engagement of the social partners – employers and trade unions – is as vital as it is sometimes elusive. Vocational training qualifications are sometimes outdated or lack currency in the labour market’.

Another topic that has attracted attention by OECD is employment and job creation\textsuperscript{48}. Also in this case the dominating way of guidance has been best practice studies and topical papers. Topics covered include ‘local job creation’, ‘green skills’, ‘skills for entrepreneurship’ and ‘youth employment’. Through the LEED (Local Economic and Employment Development) programme OECD offers cross-country comparative

\textsuperscript{45} http://www.oecd.org/site/piaac/#d.en.221854
\textsuperscript{48} http://www.oecd.org/employment/
projects and peer reviews drawing on the expertise of experienced practitioners and senior policy analysts.

4.3 ILO

The International Labour Organisation is particularly strong when it comes to issues such as the decent work agenda, social protection, labour standards, gender equality and youth employment. The ILO arranges an annual ‘Academy on Skills Development: Skills and TVET for improved productivity, employment growth and development’ at its training centre in Turin. The objective of the Academy is ‘to strengthen participants’ capacities to improve the relevance, effectiveness and efficiency of their skills development systems, policies and related programmes to respond to the needs of the individual, the society and the economy’ (http://apskills.ilo.org/events/academy-on-skills-development-skills-and-tvet-for-improved-productivity-employment-growth-and-development). Among other things, the training course is dealing with the issue of how to ensure that the skills acquired match the skills valued in the workplace. 'The purpose of the Academy is to stimulate learning and knowledge exchange on policies, challenges and options for building effective, responsive and inclusive skills development systems and to analyze some of the latest trends in Skills Development and TVET. The programme reflects the principles and recommendations of the ILO-G20 Training Strategy ‘A Skilled Workforce for Strong, Sustainable and Balanced Growth' (another ILO initiative).

4.4 WORLD BANK STEP

The Skills Towards Employability and Productivity program (STEP) is a recent World Bank initiative intended to build comparable country databases on skills that can be used for country-level policy analysis. STEP consists of two survey instruments that collect information on the supply and demand for skills. They were developed, piloted and fine-tuned over a period of one year before being implemented in a first wave of seven countries in 2012 and a second wave of six countries in 2013. An important aspect of the STEP surveys is the use of a multi-dimensional concept of skills that goes beyond educational attainment to capture human capital more comprehensively. STEP uses three broad types of skills for measuring skills efficiency: cognitive skills, socio-emotional skills and job-relevant skills.

STEP’s goal is to measure human capital stocks, that is, skill supply. All adults, whether they work or not, are therefore asked a similar set of questions to measure labour force potential as well as skills used. The STEP household survey therefore collects background information on a participating household as well as detailed information on a randomly selected individual within the household (ages 15 to 64) regarding his or her skills acquisition history, educational attainment, work status and history, family background, and health. The household survey includes three unique modules to measure different types of skills: (i) an assessment of reading literacy designed to identify levels of competence at accessing, identifying, integrating, interpreting, and evaluating information; (ii) a battery of self-reported information on personality traits and behaviour (conscientiousness, extraversion, self-control, decision making, and aggressive behaviour) as well as risk and time preferences; and (iii) a series of questions on task-specific skills that the respondent possesses or uses in his or her job. On the employer’s side, STEP measures both work requirements and reported skill difficulties as indicators of the demand for skills, potential skill shortages, and work performance for sampled sectors of activity. National economic well-being is the outcome of the relative quality of the levels and match between the population and employment opportunities. The employer survey gathers information from a random sample of employers on hiring, compensation, and termination and training practices, as well as enterprise productivity. The survey includes questions to identify (i) employers’ skill needs and utilization; (ii) the types of skills employers consider most valuable and the hiring mechanisms; and (iii) the tools used to screen prospective job applicants. The survey uses the same skills concepts and definition as those used in the household survey, a feature intentionally designed to facilitate analysis of skills gaps and mismatches. The simultaneous measurement of skill stocks and job demands on both household and employer surveys is designed to give some indication of the levels of skill utilization and mismatch using comparisons of parallel measures.

relating to persons and jobs. Thus, both the household and employer surveys contain detailed measures of required education and experience and of the required skills in reading, writing, math, problem solving, interpersonal/socio-emotional traits, technology use, and manual work required by jobs. Comparing the worker- and job-side results will give some indication of the extent of any mismatch between the skills workers possess and those demanded by employers.  

4.5 UNESCO

In recent years, UNESCO has given a lower priority to issues related to skills planning and TVET. Except for a recent regional workshop on 'Equipping Youth with Skills to Meet Future Demands in Labour Market' dealing with skills forecasting in the Mediterranean region, UNESCO has not lately been involved in any significant skills planning initiatives. However, the organisation maintains a useful database on the features of the member countries' national TVET system. In connection with the ongoing post-2015 Development Goals, UNESCO has prepared a paper titled 'Towards indicators for a post-2015 education framework. Post-2015 Education Indicators Technical Advisory Group of the EFA Steering Committee'.

4.6 SUMMARY

Especially the experience of Cedefop, OECD and the World Bank STEP initiative may be of interest for the South African discussion. Drawing on European experience Cedefop has developed a number of methods and instruments for measuring especially demand side trends and occupational profiles. Cedefop has less to offer in terms of how to translate the labour market information into specific skills planning, as this is an issue for national consideration. OECD is primarily engaged with measuring the competencies of the labour force of different member countries, in order to assess their preparedness for the globalisation of economy, and strategies for improvement of the competencies of the labour force. STEP has developed two survey instruments that collect information on the supply and demand for skills. Rather than focusing on educational attainment, STEP measures three broad types of skills, cognitive skills, socio-emotional skills and job-relevant skills.

5. approaches to AND TOOLS FOR LMI

Marcus Powell & Vijay Reddy have in their excellent paper 'Information Systems for Skills Planning: Lessons and Options for Reform in South Africa' identified four distinct approaches to skills planning:

The education or 'market based' model: ‘This approach uses the formal education system as the main mechanism for skills development and is reactive in that it tends to respond to what the market requires (as opposed to anticipating what the market might need in the future). The countries that have adopted this approach include the: United Kingdom, Hong Kong and former Anglo-Saxon colonies. One of the characteristics of this approach is the key role played by the formal education systems in producing skills, and the high value placed on the collection of labour market data. However, this resource is often not translated into labour market intelligence or used by those involved in planning’. The US and Australia also fall in this category.

As mentioned by Mike Campbell, the market based model puts emphasis on competition to improve quality and choice. Mismatches tend to be viewed as supply-side (rather than demand-side) weaknesses, with providers not fully adapting to labour market/employer requirements. Information, advice and guidance are key to choices and matching and there is limited ‘shaping’ of employer demand, with a focus on meeting existing skill needs as articulated by employers.  

The ‘social partnership’ or ‘employment approach’ ‘which emphasises workforce development... Social partners are assumed to play an important role in managing the supply and demand for skills. This approach has been applied in the Netherlands, Scandinavian countries and the Republic of Ireland’.

Mike Campbell further distinguishes between Social partner-led co-ordination systems, as for example in Germany, Austria and Switzerland, which tend to exhibit more active co-ordination of supply and demand, especially through initiatives managed by social partners – employers and unions/workforce representatives, and State-led social partnership systems, as for example in Scandinavian countries, where the state also plays an important role in funding and regulation, using social partnership approaches to achieve wider governance objectives54.

The ‘integrated economic’ approach or ‘developmental state model’. This model gives emphasis ‘to demand side policies and their role in the generation of higher level skills. The best example of the developmental state model can be found in Singapore which has successfully generated synergies between trade and investment strategies, and those for skills development.. The developmental state model is also much more interventionist and anticipates change, as opposed to responding to change’. South Africa also falls in this category.

The ‘catch up countries’: It refers to those developing or middle income countries attempting to leap-frog stages of development using skills. These countries normally adopt a more holistic approach to skills and human resource development. Emerging examples include Sri Lanka and Botswana. One of the key lessons from this approach is the importance of ensuring synergies between national macro policy frameworks and those for skills development, as well as linking skills to employment and wider human resource development issues’.

The different approaches are discussed in more detail in Section 8 below.

Tools applied by the EU member states for labour market monitoring can be divided into three broad categories: comprehensive tools, occupation-based tools and sector-based tools55.

- **Comprehensive tools** usually use a wider range of methodologies concerning how to gather, analyse and publish labour market information. They often combine qualitative and quantitative techniques, sectoral and occupational view on the labour market, forecasting with recent trends analysis and are also strongly linked to policy actions. Although these tools provide some level of regional information, they are mostly focusing on the national level;

- **Occupation-based tools** are often developed with (or by) the Public Employment Service and drawn on administrative data such as information on job vacancies and job seekers. Forecasting is not always available and where it is present, it is usually of a short-term nature. Occupation based tools following ISCO classification (or its national equivalent). The statistical office is usually also involved in providing relevant labour market data (from Labour Force Survey – the LFS). They can cover up to several hundred of occupations. The occupation-based tools serve primarily for career guidance and for individuals;

- **Sector-based tools**: The focus on one sector allows deeper analysis of the labour market balance and skills needs; and there is also an even stronger connection between labour market intelligence and actions aimed at matching jobs and skills within the sector. Sector approaches to LMI combine various methodologies in order to provide a reliable basis for labour market actions by stakeholders. However, the impact and use of sector based tools is not so different from occupational based tools. There is still a strong link to the education and training sector and to policies trying to improve balance between supply and demand of skills. What is different is the role of employers - in some cases they are leaders of LMI activities and even finance them.

There are relative few differences among the countries in terms of the specific tools used for forecasting and measuring skills imbalances. The dissimilarity is mainly with regard to the data available, the quality (reliability) of these data and the level of disaggregation, which in turn is a reflection of the capacity of various institutions to deal with data collection, the responsibility assigned to different levels of the government system and the target audience.

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54 Ibid.
55 Branka J. Good Practice Synthesis Report. Achieving Regional and Local Impact through Labour Market Intelligence. ARRI EU Progress Project. 2014
In their paper ‘International comparative analysis of skills planning indicator systems across national contexts’\(^{56}\) (2013) Cuen Sharrock and Sybil Chabane have identified 8 types of information generated by the various monitoring systems (p. 23):

1. **Industry/Sector Reports.** Essentially all LMI systems include detailed sector or industry reports. The content of the reports vary but they are usually related to employment, vacancies and other key trends specific to the skills landscape within the sector. In countries such as Australia where the training environment includes Sector Skills Councils (SSC), the level of detail available at sector level is notably higher. SSCs conduct research relating to the context and industry specific drivers of change which augments the quantitative data supplied by the LMIS;

2. **Regional Reports and Small Area Reports.** All investigated LMIS systems enabled the data to be broken down to specific geographic regions. How small a region that can be drilled down to is dependent on the nature of the data collection methodology. Australia and California can go down to small municipal level whereas the EU data on the Skills Panorama can only be viewed at national level of member states;

3. **Labour Exchange Portal.** A labour exchange portal is an online service where job seekers are able to register their CVs and apply for positions that are advertised by various employers. LMI Systems may be built around this as a central purpose;

4. **Occupational data.** Usually derived from dedicated employer surveys, LMI systems are able to provide very detailed information about trends relating to specific occupations. This has two significant implications for skills mismatches: a. Individuals are able to make better decisions about their career path and the associated education/training and therefore are, in theory, more effective in generating skills that the future labour market will need; b. Regular employer listing of specific skills and competencies associated with an occupation over time will reveal if the requirements for that occupation are evolving. This can be used by training providers to better match the contents of programmes to the requirements of the market making future graduates more effective;

5. **Vacancy reporting and scarce skills.** Vacancy reports are greatly enhanced by an effective labour exchange portal but it is not a prerequisite. In Europe for example, the European Vacancy Monitor (which feeds into the EU Skills Panorama) is based primarily on Labour Force Surveys;

6. **Migration/Immigration of labour.** The vacancy and skills mismatch reports assist in identifying areas where there are specific skills shortages. Ideally this will lead to a list of occupations where distinct shortages are being experienced and therefore a country can augment its labour supply with highly skilled workers from abroad without disrupting the balance of domestic labour and training markets;

7. **Skills demanded, skills supplied and skills mismatch.** This is a key element of skills planning, according to the authors. Ideally the nature of the skills supplied and demand needs to be understood for both the current and future environments. The supply and demand of skills is a strong area of focus for the EU Skills Panorama;

8. **There are many other examples of reports** that can be and are derived from the data collated in a LMIS on a regular basis. Such examples include workforce ageing and access to the labour market for people with disabilities. Another use of the output of skills related labour market information mentioned in the literature relates to the state funding of education programmes.

There is significantly more difference between the countries when it comes to the information generated and the way this is presented to the public. Especially countries applying the ‘market-based’ approach and the ‘social partnership’ approach pay a lot attention to the ease of access to labour market information and educational statistic as this is seen as an important tool for decision-makers at different levels of the TVET and job-creation system.

### 6. SELECTED EU LMI AND SKILLS PLANNING PRACTICES

This section summarizes the skills forecasting and planning practice of a selected number of EU and non-EU countries. Consistent with the ToR, the summary focuses on the institutional aspects with special attention to experience considered relevant for the South African discussion.

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6.1 FOCAL POINT FOR LMI

**United Kingdom**
The UK has a complex and robust system for collecting and making available a variety of labour market data, with both general and field specific labour market information, at national, regional and local levels. Much of the labour market information available in the UK is produced at national level. This type of information is expensive to collect and so is more likely to be updated every two or three years.

One of the focal points for analysis of labour market data is the UK Commission for Employment and Skills (UKCES). Being an industry-led organisation the principal role of the UKCES is to provide strategic leadership and evidence-based advice on skills and employment issues. One of the roles of UKCES is to provide pertinent LMI to both businesses and individuals. As part of its mission to drive vocational training provision UKCES has facilitated the establishment of 22 business-led Sector Skills Councils (SSC) to represent the learning needs of employers in their industry sectors. SSCs’ the key role of LMI is to provide the evidence that informs decision-making and action planning. To the SSCs there are three major components of LMI: economic and labour force information (e.g. numbers in employment/unemployment across industries/sectors, salary information), occupational information (e.g. descriptions of occupations and job roles), demographics (e.g. age, gender, ethnicity, location of general population in relation to employment).

Besides the UKCES, LMI-related information is gathered from a wide variety of sources. For example, the Office of National Statistics (ONS) provides comprehensive national, regional and local snapshot statistics for the economy, environment, education, health, crime, labour market, population, society, and travel. Furthermore the ONS compiles the most detailed and up-to-date official UK labour market statistics and trends on a service called the National Online Manpower Information System (NOMIS).

Although the UK government is responsible for overall employment policy and employment rights, the Scottish Government is active in regional economic development initiatives and setting job creation goals, as well as heavily involved in training and skills development. A key Scottish regional agency is Skills Development Scotland (SDS). The Evaluation and Research Team of the SDS produces Labour Market Information and Intelligence (LMII) reports that brings together relevant information from a variety of sources at Scottish regional and sub-regional levels. The SDS LMII includes both labour market information (descriptive data such as statistics or survey results) and labour market intelligence (analysis, interpretation, conclusions and policy recommendations). To ensure that the LMI-based data products remain current, they are reviewed on a regular basis via consultation with Career Information Advice and Guidance (CIAG) practitioners.

**Ireland**
At the national level in Ireland, the Department of Jobs, Enterprise and Innovation (DJEI), a department of the Government, is responsible for implementing and developing government policies in the areas of enterprise, innovation, regulation of businesses and the protection of workers. The DJEI oversees a large number of crucial bodies and agencies that deal with employment issues such as the National Employment Rights Authority (NERA) and Fosfás. Forfás is the most important of these agencies as a focal point for gathering and disseminating LMI, and for the use of skills forecasting is policy decisions at the government level.

**The Netherlands**
The most important source for LMI in the Netherlands is the Central Bureau for Statistics (CBS). This organisation processes a large amount of data on several social themes such as the labour market, education and inhabitants. A second important source of LMI is the ‘UWV WERKbedrijf’, the national employment service. The task of this organisation is to develop and publish labour market statistics, both at national and regional level. The Labour Force Survey of the CBS provides information on the number of working people, analysed by economic sector, occupation, training, age, sex and working hours. It also collects information on students in various types of education. Statistics Netherlands does not deal with forecasting.

Netherlands Bureau for Economic Policy Analysis (CPB) conducts on economic and social issues either on its own initiative, or at the request of the government, parliament, and individual members of Parliament, national trade unions or employers’ federations. CPB works at the crossroads of the economic sciences
and public policy. CPB is not dealing with planning issues but analyses the effects of current and future government policies.

The Research Centre for Education and the Labour Market (ROA) is a research institute of the Maastricht University School of Business and Economics. The institute aims to improve the understanding of the relationship between education and the labour market. The overarching research theme of ROA is the acquisition and depreciation of human capital over the life course in relation to the dynamics of the labour market.

Czech Republic
LMI is based on surveys carried out in the business sector as well as among individuals. The second key source is represented by the Public Employment Services that collect and publish data on vacancies and job seekers. It is a national system but it offers detailed outcomes on regional and even local levels, which fall within the purview of relevant regional branches of the Labour Office. The Information System on Average Income is a complementary source. Surveys on salaries and wages are carried out on a large sample of employers allowing analysing the labour market situation in particular regions of the country. These sources are based on primary data analysis. Part of this LMI is formed by analyses that are carried out on regular basis, the rest are ad-hoc analyses carried out for a specific purpose.

Analyses carried out on a regular basis include primarily surveys on employability of new graduates. These analyses are carried out by the National Institute of Education and used as an important basis mainly for setting up support for secondary schools, which, in the CR, falls within the purview of the regional administration. Analyses focusing on employability of new graduates are published on a specialized portal. Specific ad-hoc analyses are within the region processed primarily by the regional administration.

Sweden
Statistics Sweden has the main responsibility for monitoring labour market performance; there are different sources that are used for that purpose. Like all European countries the Labour Force Survey (LFS) plays a large role for international comparability. However, the LSF is seldom used in evaluations of labour market policy. Normally data from the Public Employment Service (PES) is used for this purpose. The objective of the Labour Force Survey is to describe the current employment conditions for the entire population aged 15-74 and to give information on the development of the labour market. The survey is conducted regularly every month during the whole year. The results are presented as monthly, quarterly and annually statistics, with focus on both the number and the percentage of employed and unemployed persons.

Labour statistics from administrative sources aim to offer annual information on employment, commuters, employees and industrial structures and also to illustrate occurrences and flows on the labour market. The statistics are based on total population surveys and can be broken into smaller regional areas.

The main responsibility of labour market policy evaluations is concentrated in one Swedish governmental agency, IFAU (the Institute for Labour Market Policy Evaluation under the Ministry of Employment). The advantage with this is capacity building. From external evaluations of IFAU it is clear that the research and the evaluations conducted by the institute reach a very high standard. A disadvantage is mainstreaming e.g. that almost all evaluations are focusing on ex-post impacts.

Denmark
Statistics Denmark compiles data on essentially all important aspects of the labour market, including number of job seekers (unemployed) by education, occupation, age and gender, vacant positions, income, sick leave, up skilling, and number of new entrants to the labour market.

At the level of the Ministry of Employment, one section (the ‘analytical unit’) is responsible for general labour market monitoring and forecasts and for economic impact assessments of different policy proposals. However, the most important actor with respect to conducting systematic evaluation activities is the National Labour Market Authority, where two sections cooperate in designing and implementing evaluations of the various programmes (counselling, wage subsidies, labour market training, etc.). In addition evaluation activities take place at the regional and local level.
6.2 FORECASTING DEMAND SIDE TRENDS

United Kingdom

Many UK examples of skills development focus on a more sectoral view of the labour market. For sector specific information there is the National Guidance Research Forum (NGRF), which provides labour market trends for 30 different sectors, and interprets and summarises future labour market and skills changes for sectors. It is also a portal to national, regional and local data for the sectors from government departments, SSCs and professional bodies. There is also past information from the Learning and Skills Councils, who produced information on levels and types of training in demand and skills shortages in the various regions. Together, SDS (28 sectors) and UKCES (which involves Working Futures in 22 sectors) offer a wide range of sectoral analysis with detailed qualitative skills focus and rich additional cross-sectoral, occupational and regional information.

In Scotland, SDS works closely with industry groups, SSCs and other employer representative bodies to develop Skills Investment and Action Plans that aim to maximize skills opportunities in local sectors offering the most growth potential (as a part of Sectoral Platform for Growth reports). The Skills Investment Actions Plans are by sector and provide a very clear framework for action to address skills development at all levels – from school, through modern apprenticeships and college to university and beyond.

Ireland

The SLMRU in SOLAS produces the frequent Vacancy Overview on behalf of the EGFSN, drawing upon data from newly advertised job vacancies. The analysis focuses on the occupations and job titles of vacancies advertised with the objective of identifying skills for which there is currently a demand in the Irish labour market. The report gives insights for job seekers, graduates, career guidance professionals and those who are looking at education and training choices for career progression. Furthermore it is a valuable input to inform the training and education provision especially in the context of matching provision to employer needs.

Box 1. Ireland - very strong and clear link between labour market research and LMI, and policy/decision making and skills planning

The comprehensive labour market data provides analytical information about labour market development which is used for a wide variety of purposes in Ireland:

- Imbalances between the demand and the supply of skills. These imbalances are often used by the Expert Group on Future Skills Needs (EGFSN) as the basis for recommendations for increased VET provision in certain key areas, such as software engineering.
- Employment prospects for various occupations. The analysis from the model is used to inform school-leavers and job seekers about the relative employment prospects associated with different occupations and qualifications.
- Regional skills imbalances. Data on the supply of skills is often used as an indication of the availability of skills in certain local areas. This information is very valuable to industrialists who are deciding on where to locate a particular plant.
- Monitoring of targets set in the National Skills Strategy regarding the qualifications of the workforce in 2020.
- For immigration from outside the European Economic Area (EEA). Ireland’s immigration policy is primarily based on the skills needs in the economy. One of the key functions of Skills and Labour Market Research Unit research outputs is to identify which skill sets cannot be sourced within the EEA, and provide this information to those who advise the Government on immigration policy.
- Evidence for active employment policy measures. The analysis provides a major input into the design of active labour market measures, especially the portfolio of training courses offered to the unemployed. The analysis identifies which training interventions are most likely to achieve good employment outcomes for the participants.

Source: The Skills Panorama: Achieving National and Regional Impact, 2014

The data from which the SLMRU produces their skills monitoring reports comes from the NSD. The NSD has been developed in order to collate all available data about the Irish labour market, which is relevant to the issue of the demand and supply of skills. All of the Public Authorities who gather relevant data supply
that data to the SLMRU in a format that allows for its inclusion in the database. Such data includes data on the salient characteristics of the employed population, the student population, immigrants and jobseekers. The SLMRU also collect data on vacancies from the Public Employment Services (PES).

The Netherlands
All provinces have labour market monitoring systems of some sort. They differ in set-up, contents, and availability. They are usually the result of an evolving process in which information created within the organisation are combined with information that is incidentally or structurally generated outside of the organisation. All provinces and municipalities share the responsibility to contribute to the so called ‘LISA database’ in which the number of employed workers is counted per establishment. In addition information of the gender, full-time or part-time status of the employee, and the sector is recorded. Many municipalities and all provinces use the current and historical LISA counts for their labour market monitoring.

The regional accounts give a quantitative description of the process of economic regions in the Netherlands. The basis for regionalisation is the national accounts. Commonly used sources are the regional accounts by Statistics Netherlands and Netherlands Business Survey (COEN). COEN is a partnership between the Chamber of Commerce, the Economic Institute for the Building Industry, SME Netherlands and VNO-NCW and maps four times a year the main developments and expectations in the Dutch business, via cyclical relevant variables such as production, occupancy, orders, inventory, pricing, profitability and economic environment.

For determining the size of regional employability several businesses establishment registers are important. ‘LISA’ is the collection of regional employment records which per company also presents data on the number of employees including flexible workers. The employment by industry and region in terms of occupied jobs (specified by jobs, years of employment, amount of workers, etc.) is available in a detailed manner. For the determination of the numbers of jobs, there are several sources, LISA and CBS being the most important ones. The composition of employment by personal characteristics is regionally available. The main sources of insight herein are derived from Statistics Netherlands. An important source to map the ongoing dynamics at business level is the Chambers of Commerce. All business and, since 2008 also all institutions, are required to register their activity in the Commercial Register of the Chamber of Commerce. Business has to indicate their scope of employment. These registrations make it possible to regionally map the amount of start-ups, new offices, closures, bankruptcies and movements.

An important source for predicting future developments is the ‘social statistical database’ (S-SB), that is combined with other data from Statistics Netherlands, such as the employment survey, data about education and also the general business register (ABR) for business characters. With the use of this information, prognoses are set up for sectoral and sometimes regional employment.

Expansionary demand is estimated using the regional sector forecast. They are based on changes of employment over time. These forecasts are combined with the occupational composition of sectors. It is mostly done using a national matrix, again for a lack of sufficient observations on a regional level. Additionally, we correct for shifts in the occupational (or educational) structure of the workforce and the substitution across occupations. This correction is based on the national correction and estimates. Both replacement and expansionary demand constitute the labour demand. The demand is confronted with the predicted supply: the unemployed and the predicted school leavers by education.

Germany
The German Federal Employment Agency (Bundesagentur für Arbeit (BA)) is mandated to observe and analyse the situation and development of employment and the labour market in general as well as by occupations, sectors and regions. The required data has traditionally been generated from the notifications of employers (employment, vacancies) and the unemployed by the Statistical Department of the BA. In 2009 the labour market monitoring system was further refined and a ‘Labour Market Monitor’ under the BA established. The LLM focuses on the regional labour market situation. The purpose of the LLM is to enable experts to discuss and analyse regional issues. The core data part of the LLM is the ‘estimation of employment chance and risk’ (chance refers to increase of jobs, risk to contraction of jobs). After specialist shortage has become increasingly important issue in Germany, the LLM was augmented with a ‘Specialist Radar’ in 2011. It supports the analysis of the shortage status of skilled labour (700
occupations with up to three different levels of skill requirements at the most disaggregated level) in 96 regions.

In addition, each Federal State has its own LMI system, as indicated by the Federal States of Hessen. Here, the main sources of LMI are: the Arbeitsmarkt-monitor by the Federal Employment Service, the IAB Enterprise Survey by the Institute for Employment Research, a department of the Federal Employment Agency, the Integrated Reporting on Vocational Education and Training by the Statistical Office of Hessen, Regional Demographic Accounts by the Federal Statistical Office and the Statistical Offices of the Federal States, and ‘region pro’ and Hessen Care Monitor, both by Institute for Economics, Labour and Culture (IWAK) of the Goethe-University. Apart from this, there are other surveys placing a stronger focus on regional units cross-cutting the borders of administrative units. Administrative bodies collect additional data in their area of responsibility at various geographical levels. In some instances, it is actively fed into the official statistics of the Statistical Office of Hessen and finds its way into the monitoring systems (e.g. the data on participation in (vocational) education and training collected by regional administrative authorities. However, most of the data is analysed internally and used for planning purposes only.

Czech Republic
Skills forecasting is implemented primarily at national level in the Czech Republic. The forecasts are based on medium-term, macro-level quantitative forecasting which incorporates some qualitative elements of sectoral projections. In parallel, qualitative sectoral surveys covering several selected sectors are now planned to be linked to a more permanent system of sector councils. Time horizon of skills forecasting represents five years in case of professional groups and ten years in case of industries (however, projections are updated on an irregular basis due to lack of consistent source of funding).

The National Training Fund plays an important role in terms of skills needs forecasting. The main instrument is the National Observatory. The observatory applies two methodological approaches for forecasting of skill needs. The quantitative one is represented by the mathematical forecasting model. The model measures, at the national level, the friction on the labour market between demand for, and supply of, skilled labour for defined education groups in the next five years. The model forecasts the demand and supply side of the labour market separately for 27 educational and 30 occupational clusters, matches them and indicates future shortages and surpluses at the labour market. The main outcomes of the model are: expansion demand, replacement demand, substitution demand, shift-share analysis, labour market indicators and Coefficient of Attractiveness of Fields of Study. All the projections are at the moment for national level only but extensions to regional level are planned in the near future.

Sectoral studies are another method of forecasting developed by the National Observatory. These studies are qualitative and thus allow drawing conclusions and making adjustments in education programmes to adapt them to future demands of the labour market. They make it possible to capture the development of new occupations and principal changes in the existing ones. This type of study is at the initial stage. There were only three studies elaborated. These studies are carried out by the National Observatory in cooperation with experts in the relevant field. The results of sectoral studies are interconnected with the outputs of the ROA-Cerge quantitative model in order to get a quantitative/qualitative view of the development of occupations and qualification requirements. There are plans to conduct at least two sectoral studies per year and gradually to feed them in the information databank. The resulting information is presented to the general public in a coherent and comprehensible manner at www.czechfutureskills.eu.

Pilot information products are currently being developed within the project Koncept. In 2010 so-called Qualification Cards for Occupations (Kvalifikační karty profesí) and Educational Field Analyses (Analýzy vzdělávacích oborů) were proposed. They are designed, above all, to serve the needs of experts involved in the development of the National Register of Vocational Qualifications.

Sweden
The Forecast Institute at Statistics Sweden works with analysis and forecasts in the areas of demography, education and employment. The main task of the Forecast Institute is to produce long-term forecasts of the supply of and demand for persons with a particular educational background. The Ministry of Education uses the forecasts as one of many inputs in deciding whether to recommend an increase or decrease in the number of educational places funded. Other inputs include the opinions of professional organisations, data from the Agency for Higher Education, opinions from private employers and employer
organisations, and other economic forecasts. The Forecast by Statistics Sweden is published as a report entitled *Trends and Forecasts*. *Trends and Forecasts* has been published approximately every third year since 1972. The report describes the development in the areas of population, education and employment, and long-term prospects. Forecasts of supply and demand for labour are related to the whole labour market and all forms of regular education. Some 50 educational groups are studied in more detail. The purpose of the calculations is to show in what education groups there may in the future be imbalances between supply and demand for skilled labour, if the development continues along the current lines. This is not about trying to predict the future, but rather to highlight areas that may need policy changes in order to influence the future. The calculations can be characterised as a mix of consequence and needs analyses. The total number of employed persons in the calculation is a consequence of assumptions about participation in employment by different groups of the population (by age, sex and born in Sweden or abroad). Employed persons are broken down into different industry sectors in such a way that the requirement of a balanced economic development is met by using certain assumptions about world trade and product development. Finally, assumptions are made about occupational development by industry sector and about the development of educational requirements for each occupation. The actual calculations thus do not take into account the effects of imbalances arising from the educational choices people make, central governmental and municipal steering of educational resources and the demand of the labour market for different categories of education.

Short-term demand side trends are identified by the Job Vacancy Survey, which is an enterprise-based survey covering both the public and the private sector. The purpose of the survey is to contribute information about the labour demand. The results are published quarterly. The number of job openings follows Eurostat’s definition of vacancies. Unmet demand is measured by vacancies, defined as unoccupied job openings to be filled immediately.

**Denmark**

The anticipation and the qualitative forecasting of the demand and supply for labour, divided by skills has a long tradition in Denmark. One reason for this is probably the introduction in the 1970s of macro-econometric models as tools for producing economic forecasts and policy assessments. The forecasts of employment are combined with information about the demand for labour by educational level and composition in the different sectors, allowing assessment of the future demand for persons with different educational background. This information is merged with forecasts on the future outflow from the educational system hereby providing information on potential imbalances on the labour market. In addition to the quantitative forecasts, there are also examples of more qualitative assessments of the kinds of skills that will be needed in the labour market in the future. The Ministry of Finance and the Ministry for Economic Affairs and the Interior are the national bodies responsible for economic prognoses.

**6.3 IDENTIFYING SUPPLY TRENDS**

**United Kingdom**

As is the case for most of the investigated countries, the national statistical office, the Office for National Statistics, collects data related to graduates from the various streams of the education system as well as those entering the labour market without any formal qualification. Furthermore, UKCES, based on forecasting models developed in collaboration with Cedefop and Warwick University, publishes frequent supply side scenarios.
Box 2. Scotland – A Regional Model

Skills Development Scotland (SDS) supports people and businesses in Scotland to develop and apply their skills. SDS was formed in 2008 as an executive non-departmental public body of the Scottish Government that combines careers, skills, training and funding services. SDS also plays a critical role in economic development in the region, by working with partners to drive the Scottish Skills Planning Model focused on improving skills and learning systems so that they respond to the needs of the local industry, as well as support individual workers to reach their potential. A primary driver of SDS is government policy that links skills with economic growth strategies in Scotland.

At the ‘national’ level in Scotland, since SDS jointly manages the Skills Committee with the Scottish Funding Council, and is part of the Strategic Forum of the Scottish Government, it has opportunities to both inform and shape the skills and learning system in Scotland. The SDS Chair is also part of the Scottish Employability Forum, which supports the developments in employability of youth in Scotland. SDS also works with local townships and Community Planning Partnerships (CPPs) to develop CPP Single Outcome Agreements (priorities to be addressed and outcomes achieved in each local area), and Youth Employment Activity Plans.

SDS works with their partners ‘nationally’ and locally to deliver key services to Scottish workers:
1. Building Career Management Skills (CMS) through all-age career information, advice and guidance
2. My World of Work, (http://www.myworldofwork.co.uk/) a SDS web service offering a unique mix of tools, features and job information to help workers discover more about themselves and the future world of work
3. Modern Apprenticeships provide a way for businesses to train new entrants and existing employees to industry-recognised standards
4. The Skillsforce (https://www.ourskillsforce.co.uk/) facility offers support for employers to recruit, develop and plan a skilled workforce through a dedicated employer team and a skills web service
5. Leading delivery of PACE (Partnership Action for Continuing Employment) support for those dealing with redundancy
6. Supporting individuals to secure and sustain employment through the development of employability and vocational skills through a local delivery model - the Employability Fund
7. Individual Learning Accounts - providing financial support for individual learning.

Source: http://www.skillsdevelopmentscotland.co.uk/

Ireland

Monitoring Ireland’s Skills Supply: Trends in Education and Training Outputs is a series of annual publications produced by SLMRU in SOLAS on behalf of the Expert Group on Future Skills Needs (EGFSN). Its companion publication is the National Skills Bulletin, an annual series of reports also produced by the SLMRU. The aim of Monitoring Ireland’s Skills Supply is to provide a comprehensive overview of the inflows and outflows from Ireland’s education and training system according to qualification level and field of learning, while the National Skills Bulletin analyses information gathered and maintained in the NSD, to provide an overview of the Irish labour market at occupational level. The overview of trends in education and training statistics provided in these two reports, contributes to the EGFSN’s role in advising the Government on the current and future skills needs of the economy. It also serves as a tool to decision makers, policy makers and other stakeholders in aligning skills supply with labour market demand and with the needs of society.

The Netherlands
School leaver forecasts are based on the counts of students by the Ministry of Education, Culture & Science on the basis of data received from various categories of institutions of education. The data are consolidated by Statistics Netherlands.

ROA provides biannual forecasts for more than a hundred different occupation and educational degrees. For several years these forecasts have also been used to develop a regional model of occupational and education labour market forecasts. The model is built to provide medium term, 5 year, forecasts on a detailed occupation and educational level. It allows for changes in the occupational structure over time (e.g. skill upgrading), as well as substitution processes. The regional forecasting model is based on the national methodology. The same components as in the national model are used for demand, expansion and replacement demand, and for supply, the short term unemployed and school leavers. Whenever possible, data and estimates are done on the regional level. The model is developed to make efficient use of the regional information available, and by using national input whenever necessary. The current labour force’s educational composition is used to predict the precise composition of the inflow of new graduates on the regional labour markets. The replacement demand represents the outflow or turnover of workers within an occupation or education that needs to be replaced. While not all outflows will be replaced, because the composition of the occupational or educational structure on the labour market is changing, an estimate of the replacement demand is conducted. The estimation procedure is based on the age-gender structure of an occupation or educational group.

**Germany**

The Federal Ministry of Education & Research collects and publishes data on all aspects of education enrolment and outputs, including TVET and higher education. Furthermore, the Federal Statistics Office published information and data on various labour market aspects, including earnings, labour costs, employment and enterprises. In addition all federal states have their own statistical offices collecting data used, among other things, for labour market forecasting. In addition, each federal state has its own labour market intelligence structure.

**Czech Republic**

LMI focusing on future availability of graduates are available at the national level but at the moment just for a limited number of fields of education, which cannot satisfy current demand. On the other hand, it has been reported that employers are rather sceptical about the benefits of forecasting the trends in employment; according to them, such information is determined by a large number of hardly predictable factors and reliability of projections of employment for more than 1 year in advance is therefore rather low. The representatives of institutions providing adult education appear to be of the same opinion. These institutions, in most cases, plan and implement their business activities on the basis of assessment of the existing situation and the feedback from their clients. Only the absolute minimum of these institutions have long-term development strategies where the use of LMI would be of certain importance. In addition, available LMI on future development is not regarded by them as particularly beneficial.

**Sweden**

Estimates of the future supply of different education groups are based on data from Statistics Sweden’s register of the education level of the population. To these data a forecast of study completion and immigration are added. Total supply is reduced by emigration and death. The availability of labour is calculated by multiplying the total supply by so-called participation rates of each education group (by sex and age). The estimated supply of labour is then compared with estimated demand for different educational groups. Demand forecasts are based on a population and employment forecast, together with future economic outlook. This provides data on the demand for labour in different industries. Assumptions are made about occupational structure change by economic activity, and how skills requirements will be developed in various occupations.

The long-term forecasts are one of several tools used to make adjustments to the educational system in Sweden. Hence, the results of ‘Trends and Forecasts’ are used by the Swedish government in the budget process. The forecasts are used as background information in discussions on increasing or decreasing the number of educational places that the government finances.

### Box 3. Sweden – Translating Forecasts into Budget Allocations

The Forecast Institute at Statistics Sweden works with analysis and forecasts in the areas of demography,
education and employment. The main task of the Institute is to produce long-term forecasts of the supply of and demand for persons with a particular educational background. The Ministry of Education uses the forecasts as one of many inputs in deciding whether to recommend an increase or decrease in the number of educational places funded. Other inputs include the opinions of professional organisations, data from the Agency for Higher Education, opinions from private employers and employer organisations, and other economic forecasts.

The Forecast by Statistics Sweden is published as a report entitled *Trends and Forecasts*. *Trends and Forecasts* has been published approximately every third year since 1972. The report describes the development in the areas of population, education and employment, and long-term prospects. Forecasts of supply and demand for labour are related to the whole labour market and all forms of regular education. Some 50 educational groups are studied in more detail. The purpose of the calculations is to show in what education groups there may in the future be imbalances between supply and demand for skilled labour, if the development continues along the current lines. The calculations can be characterised as a mix of *consequence and needs analyses*. The total number of employed persons in the calculation is a consequence of assumptions about participation in employment by different groups of the population (by age, sex and born in Sweden or abroad). Employed persons are broken down into different industry sectors in such a way that the requirement of a balanced economic development is met by using certain assumptions about world trade and product development. Finally, assumptions are made about occupational development by industry sector and about the development of educational requirements for each occupation. The actual calculations thus do not take into account the effects of imbalances arising from the educational choices people make, central governmental and municipal steering of educational resources and the demand of the labour market for different categories of education.

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The Swedish Ministry of Education uses the results of the ‘*Trends and Forecasts*’ as background information in its recommendations for changing the dimensioning of the higher education system. These recommendations go to the Department of Finance, where if approved, get incorporated into the annual budget which is approved by parliament. With some exceptions (namely medical and dental school and psychology education), the recommendations are presented in the form of ‘maximum number of spaces’ financed. It is important to note that Sweden does not ‘dimension’ the higher education system in the sense of mandating the exact number of students that will attend. The dimensioning that is done is rather a decision regarding the ‘financed maximum’. Educational institutions are free to accept more or fewer students than the financed maximum. The parliament makes decisions on the maximum number of educational places it will fund, but the actual number of places (and number of students) is decided by the educational institutions themselves. These institutions have access to important information necessary to make the decision, including the number of applicants, the parliamentary decisions regarding the ‘maximum’ number of places that are financed, knowledge about the interests of current faculty, potential availability of new faculty, and information about the local and national labour markets. The results of ‘*Trends and Forecasts*’ are also used by the Swedish government in the budget process. The forecasts are used as background information in discussions on increasing or decreasing the number of educational places that the government finances. In particular, the forecasts are used in this process by the Ministries of Education, the Ministry of Finance, the Agency for Higher Education, the Parliament, and universities, and higher education institutions themselves. Additionally, the forecasts are used by the Swedish Public Employment Agency. Finally, the Ministry of Education use ‘*Trends and Forecasts*’ on a regular basis to inform and update Sweden’s political leadership on the current and future state of the educational system and its connection to the labour market. For example, the Ministry of Education recently used ‘*Trends and Forecasts*’ as background support for a recommendation to increase the financing of adult education.

Source: *Russell Schmieder: Trends and Forecasts from Sweden: How does Sweden do its forecasts for the*
6.4 MATCHING DEMAND AND SUPPLY

United Kingdom
TVET in the UK is centrally governed by the Department for Education (DfE), responsible for schools and university technical colleges, and the Department of BIS, which is responsible for training, further and higher education. These departments are responsive to economic pressures and driven by - and closely monitored against - statistical performance targets.

At regional/local level, there are two agencies address regional variations in needs for skills training and business support: the Skills Funding Agency (SFA) and the Education Funding Agency. The SFA is an executive agency under the Department of BIS, and funds skills training for further education by supporting over 1,000 colleges, private training organizations and employers. The SFA operates regionally in six regions with corresponding Local Enterprise Partnerships (LEP). The agency also operates National Apprenticeship Service and National Careers Service. The National Apprenticeship Service supports, funds and co-ordinates the delivery of apprenticeships and traineeships throughout England and provides a dedicated, responsive service for both employers and learners. National Careers Service (NCS) provides professional advice on careers, skills and training.

Box 4. UK – the Role of Sector Skills Councils
At the business-sector level there is the Federation for Industry Sector Skills and Standards, which covers the Sector Skills Councils (SSC), employer-led organizations that cover specific industries in the UK. There are 18 SSCs and 5 Sector Skills Bodies who work with over 550,000 employers to define skills needs and skills standards in their industry. The federation also covers:
- Certification of Apprenticeships - Working with over 7,500 training providers and c. 500,000 Apprentices in England, Scotland and Wales to provide them with their final Apprenticeship Certificate
- Quality Assurance of the Apprenticeship process with and on behalf of the SFA, the National Apprenticeship Service and Employers
- Professional Standards development through sharing best practice and developing a code of practice
- Driving growth through skills by ensuring through the SSCs that skills development supports productivity and profitability growth and that the views of employers are articulated and heard by those making skills policies.

Ireland
The social partners have always played a role in VET in Ireland. The setting up of the National Training Fund (NTF) in 2000 gave the social partners, and in particular employers, a policy consultation forum regarding the allocation of funding for skills training for the employed. Employers and unions are represented on the Board and sub-Boards of the main vocational training providers and both employers and unions are also represented on the EGFSN to assist in the identification of specific skill and qualification needs.

An advisory group under Forfás, the EGFSN, advises the government on current and future skills needs of the economy and on other labour market issues that impact Ireland's enterprise and employment growth. Established in 1997, the EGFSN reports to both the Minister for Jobs, Enterprise and Innovation and the Minister for Education and Skills and has the central role in ensuring that labour market needs for skilled workers are both anticipated and met.

The DJEI in conjunction with SOLAS (the Further Education Agency) provides the EGFSN with research and secretariat support. The SOLAS Skills and Labour Market Research Unit (SLMRU) provides the EGFSN with data, analysis and research and manages the National Skills Database (NSD). The NSD has been designed to collate all available information about the supply and demand of skills in Ireland. It provides a platform for the timely analysis and forecasting of the labour market at occupational level. The EGFSN's
work programme is managed by the Head of Secretariat based in the DJEI, and their budget comes from the National Training Fund (NTF), which is operated by the Department of Education and Skills. The fund provides for expenditure on training for those seeking employment, training for persons in employment, literacy and numeracy, training for those in the community and voluntary sector and also provides funding for the identification of existing and future skills needs for the economy.

The Netherlands

The TVET sector in the Netherlands is characterized by strong partnerships which include educational institutions and the social partners. Both the institutions and social partners can take the initiative to introduce, within a dialogue between parties, new occupations or qualifications or renew existing qualifications. The Ministry of Education Culture and Science only determines the basic rules whereas vocational schools and Centres of Expertise (Sector Skills Councils) operate autonomously. Since 2012 VET and the labour market are organised in one organisation called the Foundation for Cooperation on Vocational Education, Training and the Labour Market (S-BB). Their main task is to set up a new revised, flexible qualifications structure for VET with significantly less qualifications than the existing one. The S-BB brings together senior secondary vocational education (‘VMBO’- technical colleges) and the organised labour market. S-BB is responsible for cross-regional and cross-sector management and harmonisation of themes relating to the compatibility between vocational education and industry. This foundation unites 17 sectoral Centres of Expertise. These centres of expertise are organised according to the different branches of industry and function as sector councils for TVET. The centres support over 220,000 accredited work placement firms in their responsibility for the supply of training places over 500,000 students on the level of senior secondary vocational education and training. More specifically, the centres are carrying out the following legal tasks for the Ministry of Education: a) Accreditation and assistance of work placement companies; b) Development and maintenance of the qualifications structure; c) Labour market research.

Germany

State ministries are responsible for guidance of public TVET institutions and supervision through public administration bodies. Their leverage is mainly through their funding, and approval of personnel based on the policies in force and forecasts about social and labour market demand. For all TVET public institutes and their financing (facilities, personnel) the state Ministers of Education and Culture (name may change from state to state) are responsible, coordination on post-secondary TVET level; as such they create capacity; their utilization depend on the demand.

At the regional (state) level, the forecasts of ‘regio pro’ are used to start negotiations on labour market development strategies in the administrative districts. At the round table, the relevant labour market stakeholders are gathered with the aim to interpret and analyse the data and develop a common strategy on the basis of the deliberations. The experience has shown that if the stakeholders are involved at an early stage of data interpretation and strategy development, it is easier to commit them to further participation in the process where their concrete contributions to the regional labour market developing strategy in their specific field can be negotiated.

Czech Republic

The skills agenda at the national level is divided into the individual agendas of different ministries (the Ministry of Education, the Ministry of Labour, the Ministry of Interior, and the Ministry of Trade & Industry) as is usually embedded in the human resource development aspects of different sectoral policies, often emphasising the need for better skills matching with the labour market. At the national level, there is no representative advisory body concerned with human resource development that could serve as platform for information-sharing, and the coordination of all relevant actors.

Sweden

The Swedish National Agency for Higher Vocational Education (NAE) has responsibility for all matters concerning Higher Vocational Education (HVE) in Sweden. NAE analyses labour market needs for qualified workforce, decide which programmes are to be provided as HVE and allocate public funding to education providers. The HVE programmes are tailored to respond to a real labour market need and be in concert with employers and industry. Education providers may be universities, local authorities or private training companies. HVE is tailored to suit an evolving market place situation. Contents and specialisations will change over time. It is a characteristic of HVE that the companies and organisations tied to the programmes take an active part in the planning as well as the implementation of the programmes. Employers and industry representatives take part as members of the programmes’ steering
committees. They may also take part through giving lectures, joining in projects or by offering work placements. Programme length varies, although most are between one and three years in duration. They span over a number of different fields. All programmes are at a post-secondary level, free of charge and qualify for student financial aid from the Swedish National Board for Student Aid.

The National Programme Councils are advisory bodies and a permanent forum for dialogue between the NAE and stakeholders concerning the quality, content and organisation of TVET. Each vocational programme offered at upper secondary schools has a National Programme Council to advice and support the NAE in its tasks. The councils also perform other duties such as collecting data on students’ entry into the labour market, and enhancing cooperation between school and the business sector. The Councils have representatives from the industry sector and employee organisations and authorities.

**Denmark**

The Ministry of Higher Education & Science deals with all post-secondary education (short cycle, medium cycle and long cycle) and research. It sets the annual maximum intake for all university-based education. For this purpose the education programmes are clustered into related professions targeting the same labour market segment. At present there are 58 education clusters. The clusters are sub-divided into short, medium and long cycle tertiary educations. For education programmes and clusters of education programmes with above average unemployment rates, the intake is reduced in order to address the imbalance. Data providing the basis this decision are the number of graduates reported to Stats Denmark by the higher education institutions and the number of unemployed over the last 2 years for each profession reported to Stats Denmark (both data set are pretty accurate and up to date). The ceiling for the maximum intake is based on the average intake over the last 5 years. The model is evaluated and adjusted every 3 years.

In Denmark (as in the rest of Scandinavia), skills planning and employment policies are closely interrelated. A central employment council has been established to advise the Minister of Employment (and the National Labour Market Authority). The employment council comprises representatives from the social partners, the municipalities and the Danish Council of Organisations of Disabled People. The council advises the Minister about major employment policy initiatives as well as the Minister's annual goals for employment policy. The council also advises on following up regional employment measures, pilot projects and proposals for new legislation. At regional level, four central employment regions play a central role in ensuring accountability as well as supporting flexibility in employment policy in Denmark. Employment regions fall under the National Labour Market Authority. Each region has set up an advisory regional employment council consisting of the social partners, the municipalities, and the Regional Council.

**Box 5. Denmark – Tripartite Skills Planning**

The social partners play an institutionalised role at all levels of VET, from the national advisory council on vocational upper secondary education and training (Rådet for de Grundlæggende Erhvervsrettede Uddannelser) advising the Ministry of Children and Education on principal matters concerning VET to playing an advisory role at local level through local training committees, comprised of representatives from the social partners who advise colleges on local adaptation of VET. Their most important role is to ensure that provision of VET is in line with the needs of the labour market. The above advisory council consists of 31 representatives from the social partners. In its advisory capacity, the council monitors developments in society and highlights trends relevant to VET. The council makes recommendations to the ministry regarding establishment of new VET programmes and adaptation, amalgamation or discontinuation of others. National trade committees (faglige udvalg) constitute the backbone of the VET system. Approximately 50 trade committees are responsible for 109 main courses. The committees normally have 10 to 14 members and are formed by labour market organisations (with parity of membership between employer and employee organisations).

Among their core responsibilities, the national trade committees (a) perform a central role in creation and renewal of VET courses by closely monitoring developments in their particular trade and have a dominant position in formulating learning objectives and final examination standards, based around the key competences deemed as required in the labour market; (b) conduct relevant analyses, development projects, etc., and maintain close contact with relevant stakeholders; (c) decide the regulatory framework for individual courses within boundaries set by the legislative framework – they decide which trade is to provide the core of the training, the duration of the programme, and the ratio between college-based
teaching and practical work in an enterprise; (d) approve enterprises as qualified training establishments and rule on conflicts which may develop between apprentices and the enterprise providing practical training; (e) function as gatekeepers to the trade as they are responsible for issuing journeyman's certificates, both in terms of the content, assessment and actual holding of examinations. Trade committees and their secretariats are financed by participating organisations.

Local training committees, meanwhile, are affiliated with each vocational college and ensure close contact between vocational colleges and the local community, improving responsiveness to particular local labour market needs. They consist of representatives from local employers and employees, appointed by national trade committees, as well as representatives of staff, management and students appointed by colleges. Training committees work closely alongside colleges in determining the specific curriculum at colleges, including which optional subjects are available. They assist and advise national trade committees in approving local enterprises as qualified training establishments and in mediating conflicts between apprentices and enterprises.

Source: Cedefop: Vocational education and training in Denmark, Luxembourg 2012; http://eng.uvm.dk/(Ministry of Education)

6.5 SHORTAGE LISTS

Essentially all the researched EU member states publish official skills shortage or 'positive' lists. The lists typically summarise professions experiencing a shortage of qualified professionals and for which it is less difficult to obtain a work permit. Usually are only limited numbers of occupations are open to foreigners and in many instances these are in the engineering and health sectors. Mostly the lists are generated by the immigration service based on information received from the employment service.

In Australia the Department of Employment carries out research to identify skill shortages in the Australian labour market. The research results provide information about skill shortages at the state, territory and/or national level. The methodology is applied consistently across occupations and locations to provide information about employers' ability to recruit the skilled workers they need. The research does not identify skill gaps in an employer's existing workforce. The research aims to identify shortages in the Australian labour market in skilled occupations where long lead times for training mean that shortages cannot be quickly addressed. Results are considered in a range of education, training, employment and migration policies and programmes, and are publicly available at http://deewr.gov.au/skill-shortages.

The main feature of the skill shortage research is the Survey of Employers who have Recently Advertised (SERA). The SERA provides useful, relevant information about employers' experiences recruiting skilled workers, collecting two different kinds of intelligence (discussions with employers and recruitment professionals which provide qualitative information, enabling the identification of key labour market issues for each occupation; and quantifiable data about employers' recruitment experiences, including the proportion of vacancies filled, number of applicants, number of qualified applicants and suitable applicants). The methodology is considered cost effective and targeted and, although it is not based on a statistically valid sample and does not enable the compilation of quantitative estimates of skill shortages, the sample is sufficient to provide appropriate information for its purpose. The Skill Shortage research is undertaken for selected occupations defined in the Australian and New Zealand Standard Classification of Occupations (ANZSCO). The research is generally conducted at the six digit level of ANZSCO, although for some labour markets, six digit codes are combined. The research focuses on relatively large occupations (usually those with national employment of at least 1,500 as at the 2011 Census) which are skilled (that is, they generally require at least three years of post-school education and training). Most are professions and technicians and trades, although a small number of other occupations are also included. In 2013-14 the research program includes around 120 occupations. While occupational coverage varies from year to year, there is a core of around 80 occupations which have been assessed annually in recent years.

In the UK, the Migration Advisory Committee (MAC) is the body dealing identification of skills areas and occupations that are eligible for visa and employment permit in the country. MAC is a non-departmental public body comprised of economists and migration experts that provides evidence-based advice to the Government on migration issues. The questions of the committee are determined by the Government. The MAC publishes an annual occupation shortage list with focus on Tier 2 occupations (professionals,
Most of these are in the health and engineering fields. The purpose of the list is primarily to guide issuance of UK work permits.

6.6 SUMMARY

First and foremost it is important to understand that there is nothing like one international best practice model for skills planning. Different countries have developed different practices suitable for their specific needs and priorities, and the resources available. Hence, what is a well-functioning model in one country may not work in another. Especially in the north European countries (e.g. Denmark, Sweden, the Netherlands) LMI is used not only for forecasting of future demand for various occupations, but plays an equally important role when it comes to prioritisation of employment measures, for instance re-skilling of job-seekers. Finally, the skills planning practices are influenced by the balance between public and private provision of education and training. For instance in Germany where basic vocational training is widely under the auspices of the private sector, little coordinated skills planning is practiced. Sweden is an example of the opposite extreme, as mentioned above.

LMI production

There is significant similarity in terms of data collection instruments and methods. However, differences exist especially in terms of the disaggregation and quality of data. Detailed forecasting is most suited to countries with comprehensive individual registers, which is the case for most EU member states. The LMI data sets typically include (regular) labour force surveys, vacancy registration, educational statistics, demographic statistics, enterprise registrations, employment/unemployment statistics and sector statistics (e.g. volume of production and export). Hence, demand side forecasting based on a general equilibrium model of the economy can be applied to any country with reliable data on the national accounts. Most countries already use such a model in their analysis and policy making. The supply side of the model, based on registers, is most applicable to countries with adequate individual data. Most countries have individual-based data on the education system; however, not all have adequate individual data on the labour force. Labour force data for most countries comes from labour force surveys. Since it is based on samples, statistical uncertainty will limit the accuracy of the model and the detail of the forecasts that can be made.

LMI use

Although most EU member states have developed rather sophisticated LMI systems these are in most instance used with considerable caution when it comes to long-term national skills forecasting. The main reason is the uncertainty of the forecasts due to factors such as external economic factors, technological innovations, aspiration of new entrants to the labour market and the resources involved in fast-tracking of changes of the education system. Another factor is the fact that has thus far proved quite difficult to make exact estimates not only for the private labour market; also the public labour market has experienced serious mismatches despite considerable effort to balance supply and demand. For instance, many European countries are experiencing a shortage of engineers and specialised medical technicians, while unemployment is marked among graduates within social science and the humanities. However, the main challenge faced by most European countries is the relatively low standing associated with vocational training and the corresponding preference for tertiary education. Notwithstanding considerable endeavour by governments to modify the youth’s preferences, this is only changing very slowly.

Moreover, there are considerable differences as regards the way the information is being translated into specific skills planning and employment initiatives, reflecting the level of decision-making and the relatively autonomy of each educational institution. The relative weight of private and public education and training provision also matters. Obviously large countries like the US, Germany and the UK leave more leeway to regional or provincial authorities (in the case of US and Germany the federal states) to set educational priorities, but also the Czech Republic, the Netherlands and Denmark all have decentralised skills planning practices for TVET.

Especially in Denmark and the Netherlands, employment policy and skills planning are closely interrelated. Short-term skills training is a key ingredient of effort to keep people active in the labour market and to reskill people who do not meet contemporary skills requirement. Employment measures intended to secure reintegration of job-seekers to the labour market are usually dealt with by regional/provincial authorities.
Institutional arrangements
All examined EU member states have a prolonged tradition for involving stakeholders in the different steps of the skills planning process. This is typically done in the form of Advisory Committees or Sector Skills Councils. They are in many cases industry-specific or regional. Often the advisory bodies have a tripartite nature involving representatives for government, private sector and labour.

Table 1. EU member state LMI and skills planning focal points

<table>
<thead>
<tr>
<th>EU Member State</th>
<th>Focal point for LMI/forecasting</th>
<th>Focal point for TVET</th>
<th>Focal point for Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>Forecast Institute of Statistics Sweden</td>
<td>National Agency for Education (under MoE)</td>
<td>Ministry of Education (MoE) in consultation with HE institutions</td>
</tr>
<tr>
<td>Denmark</td>
<td>Statistics Denmark/ Ministry of Employment</td>
<td>Ministry of Children and Education advised by the National Advisory Council on Vocational Upper Secondary Education and Training</td>
<td>Ministry of Higher Education &amp; Science based on forecasting model and stakeholder consultations</td>
</tr>
<tr>
<td>The Netherlands</td>
<td>Central Bureau for Statistics - The Research Centre for Education and the Labour Market (ROA)</td>
<td>Foundation for Cooperation on Vocational Education, Training and the Labour Market (S-BB) - Centres of Expertise / Sector Skills Councils</td>
<td>Ministry of Education, Culture and Science with considerable autonomy to the individual higher education institutions</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>National Training Fund - Sector bodies - Employment Service Regional authorities</td>
<td>Ministry of Education, Youth and Sports - The National Institute for Education (NÚV) under MoEYS</td>
<td>Ministry of Education, Youth and Sports</td>
</tr>
<tr>
<td>England (UK)</td>
<td>UK Commission for Employment and Skills</td>
<td>Department for Business, Innovation and Skills the Skills Funding Agency in consultation with Sector Skills Councils</td>
<td>Department for Education</td>
</tr>
<tr>
<td>Scotland (UK)</td>
<td>Skills Development Scotland</td>
<td>Skills Development Scotland in consultation with Sector Skills Councils</td>
<td>Department for Education and Lifelong Learning</td>
</tr>
<tr>
<td>Ireland</td>
<td>Department (Ministry) of Jobs, Enterprise and Innovation</td>
<td>Training and Employment Authority (accountable to the Minister for Education and Skills) in consultation with among others the Expert Group on Future Skills Needs</td>
<td>Higher Education Authority (accountable to the Minister for Education &amp; Skills)</td>
</tr>
</tbody>
</table>

Skills planning challenges
One of the challenges in the regional/provincial context is the availability of sufficiently detailed data allowing disaggregation to the regional/province level. While general employment trends seem easy to
extrapolate, given sufficient information on both the historical development in a region and the national economic development as a whole, there are several challenges in terms of a consistent and regular update of regional forecasts. A sophisticated forecasting model that incorporates the general employment trends, demographics of the workforce, and the changing structure and composition of occupation and the education within the workforce is important in the context of early identification of skills needs, but also requires availability of sufficiently accurate data and capacity to analyse these. Some countries such as Sweden have the advantage of comprehensive registers capturing input and output data even at the regional/district level. Countries with similar registers are able to produce regional/provincial forecasts at a similar level of detail. Those who base their forecasts on survey data generally have larger statistical uncertainty in the results.

Another challenge concerns the freshness of the data. Long-term forecasts are usually based on past data and therefore notoriously inaccurate. Economic change happens quickly, countries are more interdependent than they were in the past, and the future is hard to predict. In general, the shorter-term forecasts (2-3 years) provide more valuable data for job seekers than the long-term forecasts. However, long-term forecasts can capture long-term demographic trends better than short-term forecasts. The current and coming shortage of personnel in the healthcare and services sectors is a good example.

7. EXPERIENCE FROM NON-EU COUNTRIES

This section presents the labour market monitoring and skills planning practice of a number of non-EU countries considered of potential relevance for the South African discussion. The countries can either be classified as applying the ‘market economy’ (USA, Canada and Australia) model or the ‘developmental state’ model (Singapore, India and Malaysia).

7.1 USA

A distinct difference between Europe and the US is that forecasting and anticipation of skills needs in order to inform the content and the dimensioning of skills or education programmes at a post-secondary level is not perceived a government responsibility in the US. A core value in the US is institutional autonomy. In fact, the institutional culture in the US is such that it is not the role of public policy to intervene in the planning of the educational programmes from post-secondary institutions. In fact, it is a common public belief that a dynamic and responsive post-secondary education system is first and foremost developed through strong market forces, and consequently public policy plays a minor role in post-secondary education compared to the situation in the EU. Hence, even though numerous forecasting studies and labour market projections are undertaken as part of labour market policies at the federal level in the US, federal and state role in developing or regulating tertiary education is quite minimal compared to Europe.

At the national level, the US Department of Labour (DOL) is a cabinet-level department of the federal government that deals with employment and skills, and has the overall responsibility of administering and enforcing labour law among other tasks (e.g. wage and hours standards, unemployment benefits, and occupational safety). The US Secretary of Labour oversees US labour policies and has also the overall responsible for the collection of pertinent labour market information. The DOL and other agencies at the federal, state, and local level have made impressive strides in consolidating, organising, and reporting comprehensive LMI is a way that is easily accessible to the public on the DOL or corresponding agencies websites.

**Box 6. Planning curriculum content – an EU/US perspective**

Experts and project managers from both sides of the Atlantic have some words of warning about how and to what extent skills forecasting studies are used when planning curriculum content. The main argument is that by nature it is impossible to predict the future and that past studies have more than once contained forecasts that turned out to be wrong. Another point raised by project managers and some experts as well is that the nature of many anticipation and forecasting studies tends to contain information at a highly aggregate level with little information specific to subsectors, occupations, and geographical locations.
Another explanation regarding demand orientation is the perceived rigidity in accreditation systems and the processes through which new programmes and courses are approved. Some European and USA interviewees suggest that government authorities or committees who set up to approve new courses or programmes often have little or no specialized knowledge of the specific content which is proposed for a new course or programme. This, according to some respondents, has led to a ‘play-it-safe’ mentality on the part of the approving authorities and the institutions seeking approval, which has substantial negative impact on innovation in content and methods: *The best way to get a programme approved is to do it exactly the way it was done last time. I have been through new programme approval processes where, step-by-step, innovations were crossed off because they were ‘risky’... because they might prevent the programme from getting approved*. – American guest-professor in the EU73

Source: Hanne Shapiro, John René Keller Lauritzen, Pat Irving; EU © DG EAC 2011

It should be noted that compilation, analysis and projections of labour market data in the US are primarily undertaken to help inform individual labour market participants and in turn contribute to making labour markets function more efficiently (i.e. not to conduct centralised, top down planning). At their root is the idea that that there is a very strong public good argument for providing detailed labour market information, explicitly, transparently, systematically and centrally. Thus, despite the primacy given to unforeseeable market forces, projections are seen as a valuable, and indeed essential, element in making markets work better. Additionally the thought is that a very detailed analysis of changing occupational employment structure is both valuable and necessary in order to provide labour market participants with the information they need to operate efficiently and effectively in a market economy. So for the most part labour market data is aimed at supporting informed ‘decision-making’ for individual users (general public), and to inform policy and investment decisions leading to creation of jobs and economic growth for institutional (congress, federal agencies, state and local governments) and private sector users (businesses and labour unions).

At the federal level, the US DOL has developed a very comprehensive searchable database on labour market projections, and it also manages O*NET, the nation’s primary source for occupational information. O*NET is dynamically updated and contains information on hundreds of standardised and occupation-specific descriptors as well as career exploration tools. For example, several organisations and regional authorities use O*NET to project changes in occupational profiles. One project involving the US DOL and several other organisations has linked O*NET data with BLS occupational projections in order to project future skill demands and potential skill gaps in different states. Likewise many studies have also been published within the O*NET framework, thus providing a knowledge-sharing platform. State or city authorities have often used these published studies as the basis for local economic development initiatives where workforce development is one of the components.

Central to the project is the O*NET database, containing information on hundreds of standardised and occupation-specific ‘descriptors’. The database, which is available to the public at no cost, is continually updated by surveying a broad range of workers from each occupation. Information from this database forms the heart of O*NET OnLine, an interactive application for exploring and searching occupations. The database also provides the basis for Career Exploration Tools, a set of valuable assessment instruments for workers and students looking to find or change careers. The Occupational Information Network (O*NET) is being developed under the sponsorship of the US Department of Labour and Training Administration (USDOL/ETA) through a grant to the North Carolina Employment Security Commission. Every occupation requires a different mix of knowledge, skills, and abilities comprising a variety of activities and tasks. These distinguishing characteristics of an occupation are described by the O*NET Content Model, which defines the key features of an occupation as a standardised, measurable set of variables called ‘descriptors’. This hierarchical model starts with six domains, describing the day-to-day aspects of the job and the qualifications and interests of the typical worker. The model expands to 277 descriptors collected by the O*NET programme, with more collected by other federal agencies such as the Bureau of Labour Statistics. Across industries it is also possible to access online relatively detailed information about occupations within an industry.

**Box 7. O*NET Use**

O*NET is used by a wide range of different individuals and organisations, including:

- Students
Young people and other labour market entrants
• Job seekers
• Employers in general
• Business analysts
• Workforce and economic development specialists
• Organisational consultants
• HR professionals
• Training specialists
• Careers counsellors
• Government officials and policy makers
• The military
• Education and training providers
• Teachers and lecturers
• Researchers.

Amongst employers, O*NET is used for:
• Job matching, recruitment and training activities (including writing job descriptions, identifying competencies skills gaps and training needs)
• Developing training programmes and curriculum
• Other human resources planning and related activities
• Business forecasting and analysis.

It is widely used in large organisations and corporations, in both private and public sectors, but its availability via the net also makes it accessible to small and medium size enterprises and individuals.

Individuals use O*NET for career exploration and development, job search and employment transitions. O*NET enables people to learn what jobs might fit their personal interests, skills and experience as well as highlighting the different skills required for different jobs and which occupations and industries are in demand based on the latest workforce information. The system identifies success factors associated with different occupations, including the types of qualifications and competences need to enter and advance in that particular job.


In addition, at the state and the regional level there are many examples of anticipation of skills embedded in broader economic development initiatives. The Michigan Works Association and the Michigan Skills Alliance are just two examples of how public policy makers, employers, educators, and other types of organisations at the state level join forces to ensure the availability of a qualified workforce matches emerging demands.

The US Department of Education in recent years engaged in a public private partnership to improve the relevance of the K-12 (primary, elementary, and secondary) education system, including teachers' education in the context of emerging 21st century skills. The term 21st century skills are defined as the skills needed in the 21st century workplace, and the reforms that are required to enable education systems to support the development of those skills. The skills were identified through a process involving educationalists, business leaders, and employer organisations in the US.

7.2 CANADA

Employment and Social Development Canada (ESDC), known as Human Resource and Skills Development Canada (HRSDC) until 2014, is the fourth-largest department of the Government of Canada, and responsible for developing, managing and delivering social programmes and services. ESDC is the major supplier of LMI at the federal level. Most of Canada’s LMI, including both analysis of current labour market conditions and labour market forecasts by industry and occupation, is currently produced and generated by the federal government, provincial governments, and sector councils. In addition to ESDC, government agencies such as Service Canada, Statistics Canada, Citizenship and Immigration Canada, and Industry Canada are primary sources of Labour Market Information.

Statistics Canada is the major source of information on the general labour market (as opposed to information on actual job vacancies and persons seeking work) in Canada. The agency provides high
quality, unbiased information on a wide range of labour market indicators. But in recent years, LMI data have emerged from other sources, many in the private sector.

The quality of the labour market information currently available in Canada is very high, largely due to the efforts of Statistics Canada. In addition to high quality, the extent of this information has been considerably expanded in recent years, with much more information now available, for example, incorporating immigration and Aboriginal Canadians.

Canadian LMI can be divided into two basic types of information. The first is data on actual job vacancies offered by employers and data on the characteristics of individuals seeking jobs. The second is aggregate data on the number and characteristics of jobs and job vacancies and the number and labour market characteristics of the employed and unemployed. The first type of data is used by both persons looking for work and employers in their decisions related to the labour market. The second type of information, while also used directly by individuals and employers in their labour market decision-making, is more widely used by policy analysts and educators for labour market policy development and research as well as educational planning purposes. The private sector has done a very good job in the development of information for matching actual job vacancies and persons looking for work through the internet. The private sector has largely ignored the second type of data because of the greater cost of collecting these data and the limited market for such data. The main supplier (and user) of this second type of data is the public sector.

An important LMI product produced by ESDC at the national level is the publication *Looking Ahead: A 10-Year Outlook for the Canadian Labour Market*, prepared by the Strategic Policy Research Directorate. The Canadian Occupational Projection System (COPS) is used to generate these forecasts. The document uses forecasting models to identify likely trends over the medium-term in the level, composition and sources of labour demand and labour supply, and in the industrial and occupational distribution of employment. A key objective is to identify occupations where the current and projected states of supply and demand suggest that imbalances could develop or persist over time. The second key LMI product produced by HRSDC, jointly with Service Canada, is *Job Futures*, touted as ‘Canada’s national career and education planning tool’. *Job Futures* provides a one-word summary descriptor of employment prospects (limited, fair, good) for the ‘current’ labour market and for the perspective of the jobseeker for 265 occupational groups. It also provides forecasts of employment opportunities for 155 areas of study and information on the nature of work in the occupation as well as educational requirements.

LMI is both developed and used by many different governmental agencies, and the responsibilities are decentralized among national, province, and local areas. To provide useful information and convenient access to citizens, business, education, and policymakers, many different public and proprietary parties often handle the dissemination of LMI. Traditional users of detailed labour market forecasts by industry and occupation include: government policy makers for decisions related to the allocation of resources for education and training, and decisions related to immigration; post-secondary educators for decisions related to program allocation; employers for the development of in-house training programs for occupations expected to be in short supply as well as for compensation decisions; and of course individual Canadians for decisions related to career paths and relocation.

### 7.3 AUSTRALIA

In Australia, the traditional labour market indicators and analysis of the supply of and demand for skills is collected by different bodies. The Labour Market Information Portal (LMIP) is owned by the Department of Education, Employment and Workplace Relations (DEEWR). Its purpose is to provide information for the labour market, schooling, higher education, skills development, international education and workplace relations. Indicators include unemployment, job seekers, indigenous workers, indigenous unemployment, etc.

The collection of information that is focused on the supply and demand of skills in Australia is conducted by the Australian Workforce and Productivity Agency\(^57\) (AWPA) formerly known as Skills Australia. The agency provides the Australian Government with recommendations on skills needs, to assist in the

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\(^{57}\) AWPA’s functions were transferred to Department of Industry in July 2014.
development of effective policy and better outcomes for the community in terms of participation, productivity and the efficient use of resources. Of particular relevance to this study is AWPA’s approach to measuring skills imbalances. The approach is based on the basic tenet of economic analysis that observing disaggregated changes at the margin provide a stronger signal of underlying forces than observing the stock. The series of indicators included in the methodology were selected to take advantage of this insight. In practice, this means that instead of trying to identify changes in the whole stock of qualifications and skills in the labour market, focus is placed on those parts of the market where the change happens more sharply.  

Each year, the Department of Employment produces employment projections by industry, occupation and region for the following five-year period. These employment projections are designed to provide a guide to the future direction of the labour market, however, like all such exercises, they are subject to an inherent degree of uncertainty. These projections are based on ABS employment data for November 2014 and the Government’s forecasts and projections in the December 2014 Mid-Year Economic and Fiscal Outlook (MYEFO).

Annual Regional Education, Skills and Jobs Plans are developed by Regional Education, Skills and Jobs (RESJ) Coordinators through close engagement with local communities. The Plans incorporate views from young people; parents; employers (e.g. Industry Skills Councils and Training Boards); educators; service providers; peak bodies; community leaders; government organisations and agencies; and other interested individuals and organisations. The Plans draw strongly upon existing strategic plans in each region, including the local Regional Development Australia regional plans. Each RESJ Plan reflects community priorities and goals and includes local strategies to achieve those goals for the four key themes expressed in each RESJ Plan; namely:
- early childhood education and care
- school education
- tertiary education and training
- jobs, skills and workforce development.

The Plans build on the range of services and programmes already offered by the Department of Employment (the department) and the strategies also draw on the programmes of other government agencies as well as the opportunities arising from major local projects.

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**Box 8. Australian Workforce Development Strategy**

The strategy outlines how Australia can develop its knowledge economy and workforce to meet current and future needs. Key ingredients include:
- Increasing the pool of tertiary qualifications by 3% per annum to 2025 with higher qualifications needing to grow faster
- Driving improved productivity in workplaces by providing greater access for industry to government funding for workforce development and by gaining a better understanding of the capabilities of Australia’s managers
- Adopting a range of measures to lift the participation rate, including focusing on marginal and older workers and men and women in non-traditional occupations
- Stepping up to the challenge of raising language, literacy and numeracy levels as a critical national priority, through five-yearly sampling of performance, better marketing of existing programmes and targeted funding
- Ensuring the tertiary sector is adequately funded by lifting investment by at least 3% per year with contributions from individuals, organisations and governments
- Continuing to lift the quality of the tertiary sector, by introducing external assessment of selected VET courses.


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7.4 SINGAPORE

The Manpower Research and Statistics Department of the Ministry of Manpower conducts surveys to collect national statistics on the labour market. The statistics help the Government in shaping manpower policies and programmes, and facilitates employers, workers and job seekers in making informed decisions on HR and career matters. The Department conducts two surveys:

Labour Force Survey: The survey seeks to collect data on unemployment, which is one of the most closely monitored indicators of the Singapore labour market and economy. The survey covers a sample of 10,200 households every month. Respondents are encouraged to complete the survey online via the internet. Alternatively, they can provide the information through a phone interview or a face-to-face interview.

Labour Market Survey: The survey seeks to gather manpower-related information such as job vacancy, labour turnover and redundancy. The survey covers about 16,500 private sector establishments with at least 25 employees and the public sector. Respondents can complete the survey online via the internet. Alternatively, respondents can return the completed questionnaires by post, email or fax. Data clarifications are made through phone. The survey is conducted annually.

The Workforce Development Agency\(^{59}\) is mandated to enhance the competitiveness of the workforce by encouraging workers to learn for life and advance with skills. WDA collaborates with employers, industry associations, the Union and training organisations, to develop and strengthen the Continuing Education and Training (CET) system that is skills-based, open and accessible, as a mainstream pathway for all workers - young and older, from rank and file to professionals and executives - to upgrade and advance in their careers and lives. Furthermore, WDA aims to help workers advance in their careers and lives by developing and strengthening skills-based training for adults. WDA works with various partners - including employers, industry associations, the Union and training organisations--to develop relevant skills-based training that is accessible to all in the Workforce, whether young or old, from rank-and-file to professionals and executives. WDA also manages Singapore Workforce Skills Qualifications (WSQ), the national credentialing system.

7.5 INDIA

In February 2009, the Government announced the new Skill Policy. As an integral part of the policy, the National Skills Development Corporation was mandated to set up Sector Skill Councils. The Councils were to have the following functions: setting up Labour Market Information Systems to assist planning and delivery of training; identifying skill development needs and preparing a catalogue of skill types; developing a sector skill development plan and maintaining a skill inventory; developing skill competency standards and qualifications; standardising affiliation and accreditation processes; participating in affiliation, accreditation, and standardisation; planning and executing training of trainers; and promoting academies of excellence. This was a significant departure from the past and will mark a new era of skill development in India.

Given that India followed an elaborate planning system, and as part of the process of development of the five-year plan, inputs were sought from various organisations as to the need for different levels of manpower in the country over the five years that the plan sought to address. These were diverse, dispersed and perhaps un-coordinated efforts. While it is clear that these efforts were useful when they were conceived – in the current scenario, and given the fact that the needs of the country were now different, it was felt that there was both a need to review/revamp the existing systems as well as attempt something new. Hence, in the National Skills Policy of 2009, there was a specific focus on LMIS and Sector Skill Councils.

The first multi-sectoral Human Resources and Skills requirements study in multiple sectors was carried for the NSDC in 2009/10. These studies were carried out in 20 high growth sectors and the unorganised sector in India. The sectors covered included: Textiles & Clothing; Building & Construction; Auto & Auto Components; Transportation, Logistics; Real Estate Services; Food Processing; Organised Retail; Health

\(^{59}\) http://www.wdagov.sg/content/wdawebsite/
care services; Education and skill development; Banking, Financial Services & Insurance; Gems and Jewellery; IT & ITES; Tourism & Hospitality Service, Travel Trade; Leather & Leather goods; Furniture and furnishings; Electronics & IT Hardware; Media & Entertainment; Chemicals & Pharmaceuticals; and Construction Material, Building Hardware. A study for the unorganised sector was also carried out. The study of the unorganised sector was important, because over 93% of employment in India is in the unorganised sector, with the balance in the organised sector. An important aspect of all these skill gap reports, or LMIS, was that in almost all cases this research was funded by state governments directly or through an industry association. The impact of these studies released in 2009-10 was multifold. First, many job seekers realised that there were opportunities in various sectors and for many, this resulted in a new resolve to train themselves to be able to participate in the growth story. Industry and employers also realised that the gap was so large that this could not be resolved by individual CSR efforts.

Government used these as indicators of where intervention was required, and also to focus on the top five sectors to review curriculum. For training providers, it was a clear indication of the opportunities available and encouraged them to set up large-scale training ventures. In fact, the demand supply gaps identified have led to an understanding and belief that skill development could be carried out in a sustainable manner and need not be dependent on aid, charity, or subsidy. Many training organisations have used this information to set up large-scale ventures that could generate a surplus to enable them to sustain this over a period of time.60

**Box 9. India towards a new skills development policy**

The Modi government is set to launch a new skill development policy by March 2015 that would bridge the gap between educational institutions and the labour market. The new scheme is expected to move beyond the target of skilling 500 million youth by 2020 that was set by the previous government. The purpose is to promote the revival of the country’s manufacturing sector ‘as a cornerstone of the economy’. However, India faces serious challenges in order to achieve this noble goal.

First, according to the 11th five-year plan, only 10% of the Indian workforce has formal training in the form of higher education, technical education or vocational training. India currently has an annual training capacity of 4.3 million, which is less than 20% of the industry requirement of 22 million skilled workers a year. Second, the existing institutional structure consists of a plethora of agencies with overlapping and conflicting priorities. The government estimates that currently skill development efforts are spread across approximately 20 separate ministries and 35 state governments and union territories. A National Skill Development Agency was created in 2013 to consolidate efforts in this sphere, but it mainly has a coordination role and lacks any effective powers and remains significantly under-resourced. Third, the training infrastructure for imparting technical and vocational skills is inadequate. In terms of current capacity, it is estimated that various publicly funded organisations produce 3.5 million trained personnel per annum against the 12.8 million new entrants into the workforce each year. In addition, the infrastructure in the skill development sector today is largely government-owned while private sector investment hasn’t been incentivized. Fourth, the focus of vocational training offered in India is badly mismatched with the needs of casual workers who constitute 90% of the labour force, resulting in a shortage of skilled workers at the national level. Casual workers, such as construction workers, often comprise workers from rural areas with little or no education and need support and training. The Central government’s findings estimate that the construction sector is likely to create over six times more jobs than the information technology and related services sectors by 2022. Yet the policy focus — particularly at the state level— has generally prioritized ICT.

It is clear that the domestic skill development policy needs to be urgently overhauled. The institutional structure needs simplification with greater investment in training infrastructure and an emphasis on supporting a casual labour force. That needs to be accompanied with incentives for private sector participation too.

*Source: Rishabh Bhandari: Need to reboot the skill development policy in India; in: LiveMint Nov. 18, 2014.*

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60 International Network of Sector Skills Organisations: International Perspectives on Labour Market Intelligence. Toronto (no year).
Labour market monitoring is in the hands of the Institute of Labour Market Information and Analysis (ILMIA). ILMIA is an independent, national centre of excellence under the direct purview of the Ministry of Human Resources for the analysis of labour market trends and emerging human capital issues which will contribute to better human capital planning and effective labour market policies formulation. The mandate of ILMIA includes development of key LMI and benchmarking with other countries, analyses of labour market supply demand gaps, analyses of the trend on labour productivity and its implication, analyses of the job requirement of different occupation consistent with the needs of the industry, analyses of future training and skill requirements to meet demand and potential high-growth sectors, analyses of the impact of foreign workers on the labour market and analyses of wage trends and benchmarking with other countries.

In the formal education sector, the Ministry of Education (MOE) is the agency responsible for establishing and setting in place a comprehensive schooling system from pre-school to secondary education, including technical education. TVET programmes at the secondary school level have taken a broad-based and non-terminal approach. The delivery system allows the opportunity for students to progress to tertiary education level and acquire a Certificate, Diploma or a Bachelor’s degree qualification.

The ministry has been strengthening the TVET within the schooling system by introducing TVET skills stream at all national secondary schools under the 10th Malaysia Plan. The purpose is to equip the students with the Sijil Kemahiran Malaysia (SKM)-level skills to make it easy for them to obtain employment even if they do not do well in the Sijil Pelajaran Malaysia (SPM) examination. At the same time, technical secondary schools have been turned into vocational secondary schools which focus on the vocational and skills stream. It is expected the number of Form Four students undergoing the skills training programme at technical secondary schools nationwide will rise dramatically. Earlier, the ministry had introduced 22 vocational subjects to national secondary schools to allow students to obtain SKM. Other strategies include boosting enrolment in the vocational and skills stream at technical secondary schools, strengthening the technical and vocational education curriculum and enhancing ties with the industry, professional bodies and higher education institutes both local and overseas. The government has also reviewed the curriculum to introduce vocational subjects that can be studied as early as the upper-primary and lower secondary levels.

Outside the formal sector, the Ministry of Human Resources is spearheading the training sector with fourteen industrial training institutes (ITIs). It has been the target of the ministry to have a pool of knowledge workers, building to more than 35,000. Knowledge workers are expected to have three key sets of competences – technical, social and learning. The ministry believes that one of the best ways of workers and potential workers obtaining these competencies is through apprenticeships which, by definition, should combine all three skill sets. These ITIs offer industrial skills training programmes at basic, intermediate and advanced levels for pre-employment or job entry level. These include apprenticeship programmes in the mechanical, electrical, building and printing trades as well as programmes to upgrade skills and train instructors. The Ministry also operates the Centre for Instructors and Advanced Skills Training (CIAST), the Japan-Malaysia Technical Institute (JMTI) and four Advanced Technology Centres (ADTECs).

The Ministry of Higher Education, supervises polytechnics and community colleges to prepare skilled manpower for industries. At the post-secondary level, the formal training conducted in polytechnics and community colleges aims to produce trained manpower at the semi-professional level in engineering, commerce and services sectors. More polytechnics and community colleges are being planned.

The Ministry of Education runs 90 technical schools offering technical and vocational courses. School leavers from the technical schools can either seek employment at entry level or pursue their post-secondary education at certificate or diploma level in Polytechnics or Community Colleges under the purview of Ministry of Higher Education or other training institutions under the supervision of other ministries. Ministry of Youth and Sports provides basic, intermediate and advanced levels of industrial skills training through its seven youth skills training centres and the Youth Advanced Skills Training Centre. Short-term courses and skills upgrading programmes are also being conducted.
Majlis Amanah Rakyat (MARA), or the Council of Trust for the Indigenous People under the purview of the Ministry of Entrepreneur and Cooperative Development, operates twelve skills training institutes in different parts of the country which offer programmes at basic, intermediate and advanced levels. MARA also coordinates the operations of three advanced skills training institutions, i.e. the German-Malaysian Institute (GMI), British Malaysian Institute (BMI) and Malaysia France Institute (MFI). Since the year 2004, two reforms to the training sector has been introduced, namely, 1) a new curricula that will integrate academic studies and vocational training, and 2) directly involving industry or the private sector in the development and implementation of the new national curricula for the training sector.

The National Dual Training System (NDTS) was introduced in 2005 with an initial batch of 500 trainees, in response to recommendations made by German consultants. The NDTS is based on the German method of training in both training institutions and the workplace. The system stresses the combination and interrelation of hands-on training at the industry workplace with classroom training in specialised training institutions established by the Government. Training is two years in duration, with trainees spending 70-80% of their time in workplaces and the remaining 20-30% in selected training institutions. A very important aspect is the need for close cooperation between the Government and private industry in which the latter must be encouraged and convinced about the importance of investing in training of the young to ensure continued industrial development of the country.

Besides the dual training scheme, training institutions are encouraged to collaborate with industries to enhance the effectiveness of their training programmes. This approach is a combination of work-based training and attendance of part-time vocational training. For this purpose many vocational and technical training institutes are offering part-time programmes for technical employees with relevant working experiences. The focus of this system is hands-on training at the workplace whereas the training institution provides the theoretical foundations. By acquiring work-related experiences, a school leaver with Sijil Pelajaran Malaysia can be trained to be a certified skilled worker to meet the needs of industries.

National Occupational Skills Standards (NOSS) was introduced in 1992 as the basis for the accreditation standard of the national skills certification system in Malaysia. Later, NOSS became the legislative framework of the vocational training system in the country with the enactment of the National Skills Development Act in 2006. The act contains special provision for the establishment of NOSS, its review and variation as well as the use of NOSS for curriculum development, assessment and certification. Today, all skills training curricula is based on NOSS and is offered by a wide variety of public and private training institutions.

### 7.7 SUMMARY

The selected examples of non-EU LMI and skills planning practice are highly diverse. While the collection of LMI in the US is primarily considered a service provided to citizens and people dealing with planning of educational and skills training activities, the Canadian and Australian authorities similar to most European countries perceive labour market intelligence an important planning tool used for setting educational and training priorities and thus decision-making on resource allocations. Singapore and Malaysia are the classical examples of a ‘developmental state’ approach’. Addressing specific skills gaps, the WDA in Singapore manages a number of skills development and training schemes, all funded through a combination of government grants and a mandatory skills levy. Malaysia has focused on early vocationalisation of the education system as a strategy for increasing the employability of new entrants to the labour market, while leaving relative much space for the market forces to set the direction of skills training. Finally, India is an example of a country which, despite substantial investments in skills training, is still suffering from serious labour market imbalances and skills shortages.

<table>
<thead>
<tr>
<th>Country</th>
<th>Focal point for LMI/forecasting</th>
<th>Focal point for TVET</th>
<th>Focal point for Higher Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Department of Labour</td>
<td>The individual federal states</td>
<td>Doesn’t really apply to the US</td>
</tr>
<tr>
<td>Canada</td>
<td>Employment and Social Development</td>
<td>The individual province or federal territory</td>
<td>The individual province or federal territory</td>
</tr>
<tr>
<td>Australia</td>
<td>Department of Education, Employment Australian/Workforce and</td>
<td>Standing Council for Tertiary Education, Skills and Employment</td>
<td>Department of Education &amp; Training</td>
</tr>
</tbody>
</table>
8. Study tour recommendations

Based on a consideration of different approaches and practices in relation to labour market monitoring and skills planning, the following EU member states are considered of particular interest for the SA-EU Dialogue on skills planning:

**Sweden, Denmark or the Netherlands:** All are practicing sub-national labour market monitoring and skills planning, and combine these with elements of employment measures. Tripartite consultations are a key element of skills planning. The government (state) is the principal provider of TVET in all three countries. Denmark and the Netherlands both have well-developed dual training systems.

**United Kingdom (including Scotland) and Ireland:** Have developed very sophisticated mechanisms for labour market intelligence and information combined with strong national bodies for skills planning. Both subscribe to a market-led skills planning approach, based on strong private sector involvement through Sector Skills Councils. Scotland should however be treated as a special case due to the relatively strong state regulation of TVET.

**Germany:** Has developed a comprehensive skills planning system combining federal and state level forecasting mechanisms. While labour market monitoring and forecasting is widely a federal level task, provision of TVET is primarily dealt with by the federal states or sector-based chambers (the dual system).

**Czech Republic:** EU member state which has more recently started to apply the EU LMI and skills planning guidelines. LMI in the Czech Republic tends to focus on regional (sub-national) trends.

*See attached matrix for further information.*

It is assumed that key issues for further investigation in connection with the study tour would mostly relate to the practical dimensions of skills planning in these countries, including tasks and responsibilities of different levels of decision-making, the resource implications of different practices and specific skills planning measures and incentives.

9. What can SA learn from the international experiences?

This document has reflected on the experiences in South Africa, the challenges that have been encountered in implementing skills planning and the policy and research processes that have been put in place to address these challenges. A summary of the key issues highlighted by the South African component of this document includes:

- The term 'skills planning' has a very particular meaning in the South African context. Few other countries use the term the way it is understood in South Africa. The main reason for this is a widespread scepticism, elsewhere in the world, regarding the extent to which forecasts can be translated into specific skills development plans. As will be discussed below experience show that even the most sophisticated forecasting models have not been able to foresee the effect of external factors beyond the control of the individual governments and the educational preferences of young people. Furthermore, in many countries, especially higher education is only partially under the government’s control. Instead, the tendency is towards constant and
extensive stakeholder consultations combined with continuous adjustments of the supply of training and education offers based on the known demand for various professions and skills;

- South Africa has undertaken a number of initiatives to support skills planning at a national as well as sectoral levels;
- There are credible routine national data sets available to support planning. These are the responsibility of StatsSA and provide valuable insights into the labour market. However, the occupational and sector classifications utilised by StatsSA are not consistent with those utilised in the skills development system, and there are gaps in the data. There is also firm level data collected through the WSP/ATR though the credibility and quality of this data is very variable;
- There has been extensive research undertaken to conceptualise a skills planning mechanism: this includes work that was undertaken by the HRDC, the Department of Higher Education and Training, SIPS and the LMIP;
- There is agreement among decision-makers in South Africa about the importance of a skills planning mechanism that focuses on the collection and analysis of labour market intelligence and information on the supply of and demand for skills, and to the use of such data and analysis for the purposes of planning, resource allocation, and interventions to address both current and anticipated skills requirements;
- The kinds of labour market information that is required to support such a system and the nature of the data that is available against these requirements;
- The ways in which key players in South Africa wish to utilise this data to inform education planning (in terms of enrolment, institutional infrastructure and capacity requirements) as well as to inform other processes such as those related to career guidance and the allocation of scarce skills visas;
- That this has implications for the planning horizons that are required and emphasises the importance of understanding current demand as well as medium and long-term demand. Thus there is a need to understand current demand to inform immigration processes (and some short skills development priorities as well as curriculum change in institutions of learning), and to understand possible future demand (5–10 years) to inform education planning (including steering the Programme Qualifications Mix in public institutions and the priorities for the development and funding of programmes against occupational qualifications, allocating funds to support infrastructure development in institutions of learning (such as workshops, etc.), allocation of bursaries). Further, an understanding of both short and long-term demand is required to ensure that there is information available to support career guidance;
- There is a need to consider planning from an economy-wide perspective – using an occupational lens at a national level as well as provincial and regional levels;
- There is an increasing understanding of the capacity requirements to operate an effective skills planning system. Efforts have started to tease out the roles and responsibilities of different players.

The international learning highlights the need to: utilise different methodologies to determine current shortages and medium to long-term demand. It emphasises the importance of identifying key sectors – rather than trying to focus on all sectors - that are considered important for the economy and determining what the demand is in these sectors and then developing intervention strategies to address these and establishing steering mechanisms to support the implementation of these strategies.

There is also a need to understand how this national picture takes into account supply and demand at a local level, which both requires plans to be made at a local level (matching supply and demand and addressing imbalances) and also takes into account more organic relationships that are formed between employers and institutions of learning. These local initiatives are critical for creating the space for a local skills ecology to develop that can support growth in an area.

International experience also suggests that the accuracy and freshness of data is critical for the reliability of the prognoses and the possibility for disaggregation to the regional/provincial level. In most EU member states, one agency has the overall responsibility for the compilation of the different source of data into a comprehensive national prognosis, while regional authorities prepare decentralised prognoses matching their specific information needs. At both levels, labour market forecasts are used with considerable caution, particularly in relation to planning of vocational training and lower level tertiary education, due to the uncertainty associated with estimation of future economic and social development.
Instead, most countries have developed rapid response mechanisms allowing relatively swift adjustments in terms of enrolment and course content, based on consultative processes. This is possible due to the existence of well-function advisory stakeholder bodies such as Sector Skills Council and, not least, the empowerment of the management of the individual training institution to make the necessary adjustments of the teaching staff and to acquire the necessary equipment and learning material. In most instance, the management is accountable to a private sector dominated stakeholder board.

As regards translation of labour market intelligence and prognoses into specific skills development plans, for vocational training and institutions that teach specific capacities of higher learning (nursing schools, colleges etc.) this takes places either at the regional level or at national level through a consultative process involving key stakeholders with private sector (employer) dominance. For higher education, the process varies considerably among the EU member states, depending on the relative weight of public and private tertiary institutions and the autonomy of each institution, but for public owned (and financed) higher education institution the Ministry of Higher Education usually has the final say on the intake.

These findings suggest the following:

1. Skills Planning needs to take place at a national economy wide level, in key sectors and at a local (provincial) level;
2. The current process that has been put in place by DHET and EDD should be strengthened and a methodology developed to analyse the implications of the economic policies with respect to areas of anticipated growth and the kinds of skills that will be required to support these. This should focus on the development of scenarios that consider the anticipated trajectory of the economy based on economic policies and incentives as well as the ways in which industry leaders anticipate their sectors will grow and the skills implications of this;
3. At sector level it is proposed that a number of key sectors be identified and a group of key role players (employers and labour unions) and experts should be convened for each sector and an analysis of the trajectory of the sector and their skills needs should be undertaken. This should be linked to a clear strategy of working with learning institutions to establish how they can support the identified skills needs and what enabling mechanisms are required to allow for these changes to take place. This could include funding for changes to the curricula, infrastructure and bursaries. This would also need to be coupled with a career guidance process that encouraged learners to enter these sectors;
4. At a regional/local level there is a need for planning that takes into account the current stock within the area, the demand for labour, the institutions of learning that can support the requisite supply as well as determine other strategies for addressing any gaps. This should be coupled with strategies to work with employers to consider other labour market strategies to create greater levels of stability of employment and a continuous application of skills;
5. Moving from an analysis of skills requirements to the development of skills to meet those requirements is difficult. This move is easier to make if the forecasting analysis defines the key occupations required at a broad level, so that decisions can be taken as to what should be prioritized for development, or review, as required. This assumes that there is a process to define occupational families and that decisions are taken about the number, title and scope of the occupations per family;
6. Different procedures are required for the translation of forecasts into skills plans for higher education and TVET/higher learning institutions. The time horizon is shorter for the latter and requires more flexible responses. The role of different stakeholders in this process should be clearly defined;
7. Further, there is a need to ensure that feedback about demand is provided to TVET/HE institutions and that this is complemented through mechanisms that enable institutions to revise curricula where required and enrol additional students and for students to access the programmes (through, for example, bursaries that support students to access priority programmes). It also means supporting education institutions, as they need time and resources to conduct research and have up-to-date knowledge of occupational areas. Setting of standards and targets alone does not ensure that the graduates possess the knowledge and skills required by different occupations.

The DHET Planning Unit should enable the above through supporting the economic departments to develop the methodology for participatory skills planning. Further, they should enable this process – both national and sectoral – through undertaking an analysis of national data and utilizing a combination of qualitative and quantitative techniques, which focus on broad areas in which skills will be required. This
could include an analysis of nation-wide data pertaining to the economy, surveys as well as key interviews and focus groups with relevant role players. In addition, it is anticipated that the discussions underway to review the purpose and templates of the WSP and ATR and to standardise these across sectors will support the quality of data. Interviews with individuals from the SETAs also indicate that they support the idea of their data being pulled into a national database to allow this analysis to take place. The White Paper on post-schooling education and training suggests that in order to improve the quality of data in the WSP, there is a need for the mandatory grant to be paid to employers to enable them to develop a system for more effective reporting of data (both plans and reports). It is anticipated that this will require individual unit data, which will ultimately make reporting easier for employers (given the multiple reports that require this data including employment equity plans and reporting against the BBBEE code) and improve the quality of analysis that is possible. These further points aim to the possibility of using WSP data to support an economy wide analysis. Further, DHET officials state that there is a process in place with StatsSA to consider whether there is a need for additional questions (or refining existing questions) to improve the quality and availability of data available against key indicators.

All of these interventions need to consider the ways in which demand is driven and that recognises that skills development the way it is presently practised, will not, in the absence of changes to the economy, enable effective utilisation of the skills within the labour market that many individuals have acquired. Further, there is a need to consider the other labour market factors that impact on demand – and result in shortages – such as wages, security of employment and progression possibilities.

10. Conclusion

The observations and ideas outlined in this report should be seen as an input to the ongoing discourse on how to improve the skills planning practice in South Africa. The ideas are supposed to be refined further during the next phase of the EU-SA Dialogue Programme taking into account the insights obtained from the study tour and the continuation of the dialogue process. In short, the key messages we have tried convey through this study report can be summarized as follows:

- The accuracy, freshness and detailness of the data used for labour market forecasting and skills planning are important for the success of the planning process. This is particularly important under circumstances where there are big local (provincial) differences and the economy is undergoing rapid change, which is the case in South Africa. Strengthening of the provincial labour market monitoring capacity is an element of this;
- The capacity of potential users to analyse the data and translate these into action-oriented prognoses is critical for the ability of the TVET system to respond to the steady changing labour market. Lessons from the EU show it is essential that all levels of the skills planning system and all direct users have access to reliable labour market data, that they are capable of understanding these and, not least, that they are empowered to make the necessary adjustments to their organisations in response to the data;
- The point of departure for forecasts on future trends is usually data reflecting recent developments. Therefore, the ability to estimate the effect of future economic and demographic trends including the effect of external factors into the forecasting models is essential for the usefulness of the prognoses. Cedefop and OECD as well as several EU countries have put considerable resources into the development of macro-economic models aimed at facilitating forecasting of future skills scenarios. This is one of the focus areas of the LMIP and probably an area where South Africa has relatively little to learn from the EU;
- The accuracy with which future demand for different occupations can be estimated varies considerably, depending on the impact of external factors. For instance, the demand for education and health sector staff is easier to forecast than that for workers in the construction and manufacturing industries;
- Not even the most sophisticated forecasting models can substitute for consultative processes involving the social partners, based on mutual trust and respect. Especially for short and medium-term skills planning, consultative bodies as sector skills councils play an important role. All EU countries have such consultative mechanisms at both national and local (regional) level. In most instances the individual TVET/HE institutions also have boards (advisory committees) with private sector – and often trade union – participations. Especially in the TVET sector these consultative process play a key role in all skills planning; While the central government plays an
important role in terms of conducting labour market forecasts and setting the framework conditions for TVET and HE, it is essential that the individual education institutions are empowered to respond to skills needs and opportunities within their domain in order to allow flexible and quick responses to skills imbalances;

- There is nothing like one size fits all. A multitude of skills planning tools and mechanisms are available such as quotas, budget ceilings, bursaries, incentives schemes etc. At the end of the day, the most adequate combination of tools and mechanisms to be applied is a political decision which should reflect the resources available and the institutional capacity of the TVET and HE subsystems;

- Labour market prognoses are indicative only and should be used with considerable caution. First, skills planning deals with human beings, and their expectations and aspirations may not necessarily coincide with those of the policy-makers and planners; second, skills planning involves a multiplicity of actors the behaviour of which is difficult to predict; third, many TVET and HE provider and outside of the government's control and may therefore not respond to the applied skills planning tools. The youth unemployment challenges and skills shortages experienced by several European countries illustrate the difficult of skills and education planning;

- It requires more than labour market relevant education and skills training, even when based on solid prognoses and planning process, to overcome structural factors causing a mismatch between demand and supply. Without healthy economic, employment and social policies the structural imbalances tends to remain. For instance most European countries combine employment measures with skills measures as means to regulate labour market imbalances – on top of financial and economic instruments.

In conclusion, European and other international experience suggest that there is no single factor determining whether the skills forecasting and planning leads to the desired result. Rather, it is a combination of several elements including availability of updated reliable data allowing disaggregation by trade and locality, strong analytical capacity of key decision-makers, solid and elaborated consultative mechanisms based on mutual trust, and flexible TVET and HE structures allowing smooth adjustment to changes of the labour market.
## EU-South Africa Skills Planning Dialogue
### International Study Visits: Decision Matrix

<table>
<thead>
<tr>
<th>Country</th>
<th>Issue</th>
<th>UK</th>
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<td>Enterprise/Firm Survey</td>
<td>National Employer Skills Survey (UKCES)</td>
<td>Stats Denmark conducts frequent enterprise surveys</td>
<td>Job Vacancy Survey</td>
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<td>Foundation for Cooperation on Vocational Education, Training and the Labour Market (S-BB)</td>
<td>CEDEFOP, Thessaloniki Greece</td>
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<td>KIS/DHEL (Destinations of HE Leavers) FE Choices</td>
<td>Economic and Social Research Institute (ESRI)</td>
<td>Destination studies by Stats Denmark and Min. of Education</td>
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<td>QUBE project (BIBB)</td>
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<td>Provider responsiveness</td>
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### Country Issue

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**Note:** 1/Green shading indicates preferred (a) desirable visit *location* and (b) desirable *issue* to examine 2/To develop in the light of Study Interim Report in mid-February e.g. Sweden