

Foreword

In publishing this, the third National Master Scarce Skills List for South Africa, the Ministry of Labour is able to give a comprehensive account of the skills that lie at the heart of the “binding constraint” on economic growth and development¹. This List reflects the skills that are most needed in our country and on which we need to focus efforts on acquiring and developing.

The National Master Scarce Skills List brings together a number of labour market demand side identification processes and represents a growing coherence across government and economic sector actors in identifying and forecasting skills demand.

There is a twin foundation for the National Master Scarce Skills List. The first lies in the adoption of a clear definition for Scarce and Critical Skills, initially drafted and developed between the Department and its skills development sectoral intermediaries, the SETAs. These definitions were then negotiated and amended with relevant line departments in the Skills Committee of the Government’s Economic Cluster, i.e. between the Department of Labour and the Departments of Education, Home Affairs, Public Enterprises, Science and Technology, and Trade and Industry.

The second lies in the adoption by the Department of Labour of the Organising Framework of Occupations which SETAs have utilised in the drafting of their five-year Sector Skills Plans and the annually submitted Sector Skills Plan updates. This Framework allows different economic sectors to identify and forecast skills shortages at a sufficiently detailed and meaningful level of the occupation for a variety of strategies to be designed to address the scarcity.

Defining ‘scarce’ and ‘critical’ skills

In respect of the agreed definition it refers to an absolute or relative demand: current or in future; for skilled; qualified and experienced people to fill particular roles/professions, occupations or specialisations in the labour market. Scarce skills are usually measured in terms of occupation or qualification. Both ‘occupation’ and ‘qualification’ have the merit of being relatively straightforward to measure and readily understood. While ‘critical’ skills refer to particular capabilities needed within an occupation, for example, general management skills, communication and customer handling skills, team-work skills and communication technology skills.

The Department of Labour has also included a differentiation between absolute and relative scarcity of skills in the definition:

(a) **Absolute scarcity** refers to suitably skilled people who are not available in the labour market. Specific contexts in which absolute scarcities may



*Acting Director-General
of Labour
Les Kettledas*

¹ Deputy President at launch of the JIPSA initiative, March 2006.

arise include:

- A new or emerging occupation, i.e. there are few, if any, people in the country with the requisite skills
 - Firms, sectors and even the national economy are unable to implement planned growth strategies because productivity, service delivery and quality problems are directly attributable to a lack of skilled people
 - Replacement demand would reflect an absolute scarcity where there are no people enrolled or engaged in the process of acquiring skills that need to be replaced (Department of Labour, 2006c).
- (b) **Relative scarcity** refers, for example, to the context where suitably skilled people are in fact available in the labour market but they do not exhibit other employment criteria, for example:
- High-level work experience, for example project management of large construction sites such as dams or power plants
 - Geographical location, for example, people are unwilling to work outside of urban areas
 - Equity considerations, for example, there are few if any candidates with the requisite skills from specific groups available to meet the skills requirements of firms and enterprises (Department of Labour, 2006c).

To accommodate the focus to the priority areas identified by the Joint Initiative for Priority Skills SA (JIPSA); it was agreed that priority skills refer to the scarce and critical skills that are needed at a point in time; and that will be established through the scarce and critical skills identification processes.

Process of developing the National Scarce Skills List

The National Master Scarce Skills List was prepared by the Department of Labour drawing relevant data from SETA Sector Skills Plans. Contributions were received from several other government departments, including Home Affairs and the Departments of Trade and Industry, Public Enterprises, Minerals and Energy, Environment and Tourism, Education and Science and Technology. Additional data obtained from other government departments was used largely to validate the scarcities identified in the SETA Sector Skills Plans that had been highlighted in the National Master Scarce Skills List.

SETAs identify “scarcity” using the above definitions and through a process of research, analysis of workplace skills plans and annual training reports submitted by employers in their sector and stakeholder consultation. The scarce skills information reflected in these plans and mechanisms for identifying scarcity have been improved through the experience and lessons learnt during the development of the first and second lists and it is the intention of the Department to assist SETAs to ensure that the scarce skills signalling processes and data are substantively updated, reliable and serve their sectoral and national purposes.

Given that the purpose of the list is to identify trends and appropriate interventions, the relative “amount” of scarcity is indicated as a rounded, aggregate figure. This method has been used to ensure that the National Master Scarce Skills List remains a central device reflecting the



Department of Labour's approach to labour market trends analysis for skills development and not a device for uncritical human resource planning.

It must be noted that the rounded, approximate figures reflect an order of magnitude and not the potential negative impact on growth and development. For example, the magnitude of scarcity for economic development policy and planning skills may be less than 50 while the inability to address this scarcity may result in unsustainable local economic development accompanied by increased poverty and unemployment in the particular locality.

It is also important to note that the approximate figures reflected in this National Master Scarce Skills List cover the period 2008-2010 and include Infrastructure Investment and Build Project Demand as well as projected demand for the Nuclear Energy Sector.

Purpose of the National Master Scarce Skills List

The List is intended to serve several purposes:

1. For the Department of Labour and its statutory skills development intermediaries, the national list provides a set of indicators for skills development interventions.
2. For the Department of Education and public education and training institutions, the national list provides a set of indicators for course development and career guidance that should be provided to learners and communities, including schools, FET Colleges, Universities, Universities of Technology and learners across these institutions.
3. For the Department of Home Affairs, the national list provides a basis for establishing the Work Permit Quota List and for evaluating employer-sponsored applications for work permits.
4. For government and national initiatives such as JIPSA, the national list provides a platform for targeted interventions and the development of mechanisms to monitor and evaluate both the success and impact of measures aimed at redressing particular scarcities.