PROPOSAL FOR SETA SECTOR BRIEFS

November 2021

RATIONALE FOR SETA SECTOR BRIEFS

SETAs are required to develop Sector Skills Plans (SSPs) in terms of the Skills Development Act of 1998 (as amended in 2008). To date, SETAs develop SSPs independently of each other, resulting in unnecessary duplication of research efforts, and more importantly, leading to the development of SSPs that do not adequately reflect an economy-wide perspective. In addition, the data and information used across SETAs for the development of SSPs are not necessarily comparable since the definitions, data sources and methodologies used by SETAs to calculate key indicators differ.

PURPOSE OF SETA SECTOR BRIEFS

The sector briefs will serve as a consistent and comparable source of data and analysis for use by the SETAs. The intention is not to replace the research that SETAs would ordinarily undertake for the preparation of their SSPs. Instead, the sector briefs are intended as one of a range of inputs that SETAs may draw on as they develop their SSPs. Thus, the purpose of the sector briefs is to avail a standard set of data and analysis, both at national and sectoral levels to SETAs to support the development of their Sector Skills Plans (SSPs).

PROPOSED FOCUS AREAS FOR SECTOR BRIEFS

Table 1 below shows the focus areas for the sector briefs, incorporating the suggested focus areas proposed by DHET. We indicate whether the data is available for each of these focus areas, as well as whether the data is available per SETA sector or only for the economy as a whole. We envision that the briefs compiled through this desktop research will draw on readily available evidence from a number of datasets, research undertaken through the Labour Market Intelligence Project (LMIP), other appropriate literature and official documents (from government and SETAs, for example)

Table 1. Proposed focus areas for sector briefs

Proposed content (Dimension)	Covers:	Sources		SETA-specificity	
		Quantitative data	Other sources	Common	Sector-specific
International context					
Overview	Covid-19; state of global economy; 4IR; climate change; demography		Review of literature	Same across all SETAs, aligned to Skills Supply and Demand report	
Key global economic indicators	GDP; GDP per capita; Inequality	World Bank Development Indicators		Same across all SETAs, aligned to Skills Supply and Demand report	
Middle income country comparison	Demographics; GDP; Inequality; Unemployment; NEET; Human Development Index; Life expectancy; Percentage of persons living in poverty; etc	World Bank Development Indicators		Same across all SETAs, aligned to Skills Supply and Demand Report	
South African economic context					
Covid-19	Covid-19	Department of Health Statistics, Stats SA statistics, DHET-NSA study	Review of literature	Largely same across all SETAs	Emphasis on how Covid-19 affects SETA sectors specifically
Macroeconomic context	Debt, investment and savings, interest rates, inflation	Stats SA and SA Reserve Bank economic indicators		Largely same across all SETAs	Investment in SETA sectors to be highlighted
Size and structure of the economy	National GDP, GDP per capita, shares of GDP by SETA sector, formal vs informal sector, size of businesses, top 5 sectors that are growing and that are contracting	Stats SA and SA Reserve Bank economic indicators		Largely same across all SETAs	SETA-specific GDP to be highlighted where possible (we note however that GDP data is not published at this level of detail so we may be limited in what can be provided here)
Exports	National exports, sector exports	World Bank, SARS export data		Largely same across all SETAs	Exports by SETA sectors to be highlighted where possible
The economic policy context	Government's economic strategies		Review of government strategies	Largely same across all SETAs	Strategies linked to particular SETA sectors to be highlighted
Skills Demand					
Drivers of skills demand	An outline of different factors affecting skills demanded across the economy and different sectors (will differ by SETA sector and relevant review per SETA sector)		Review of literature, review of other documents (from relevant sector bodie/organisations, relevant government departments)	Partially same across all SETAs (broad trends will be relevant to all SETAs)	SETA-specific trends to be highlighted
Employment	Employment (total; sector; sector by occupation - 2 digit level SASCO; ten	Stats SA QLFS data			SETA-specific

Proposed content (Dimension)	Covers:	Sources		SETA-specificity	
		Quantitative data	Other sources	Common	Sector-specific
	fastest growing occupations; ten fastest declining occupations)				
Wages	Wage trends by occupation (2 digit SASCO) for each SETA sector	Stats SA LMDS data			SETA-specific
Replacement demand	Vacancies in the sector – by occupation (data may limit the occupational level at which we are able to provide an indication) Expected vacancies due to retirement (by occupation) Emigration (by occupation) – using LMIP report on migration (data may be limited)	Sources such as Careerjunction may provide an indication (although this won't be representative of all vacancies and may have cost implications); Obtain data from other LMIP projects where possible (see OIHD) Stats SA QLFS data may be able to provide an indication of indivduals currently employed who may be expected to retire soon	Review of relevant literature and documents may provide indications of trends in vacancies		Ideally specific to SETA, however it may be difficult to obtain data at this level
Expansion demand	Government strategies; Demand Projections (expected to be undertaken in future)		Review of relevant literature and other LMI projects (see, for example, Ebrahim's report, information analysed by OIHD/CSL, LPO projects)		SETA-specific
Skills Supply					
Stock (1): Employed	Highest level of education of employed (workforce) by in the sector by occupation digit level 2 (SASCO)	Stats SA QLFS data			Specific to SETA
Stock (2): Labour force	Highest level of education of labour force (workforce + workseekers)	Stats SA QLFS data		Same across all SETAs	
Stock (3)a: Unemployed by level of education	Highest level of education (including field of study where possible) of unemployed (including graduate unemployment rates).	Stats SA QLFS data		Same across all SETAs	May highlight unemployment of individuals with education levels important to the sector
Stock (3)b: Unemployed by last occupation	Last occupation of unemployed (where available – and linked to	Stats SA QLFS data		Same across all SETAs	May highlight unemployment of individuals whose most recent

		Sources		SETA-specificity	
Proposed content (Dimension)	**Covers:**	**Quantitative data**	**Other sources**	**Common**	**Sector-specific**
	sectors where possible)				employment was in occupations important to the sector, noting though that individuals who have not previously been employed (of whom a large proportion are youth) will have no "previous occupation"
Pipeline	Number of graduates by field of study and qualification	Department of Higher Education data: HEMIS and TVET exam data		Same across all SETAs	Particular graduates/fields of study important for the sector may be highlighted
Immigration	Number of individuals entering SA by occupation and education level (data may be limited)	Department of Home Affairs data (if available)		Same across all SETAs	Particular occupations important for the sector may be highlighted (if the data is available)
Imbalances between demand and supply					
Unemployment	Unemployed individuals by qualification (field of study) and last occupation (where available)	Stats SA QLFS data		Same across all SETAs	Unemployment rates by fields of study relevant to the SETA will be highlighted. Where possible, may also highlight unemployment of individuals whose most recent employment was in occupations important to the sector (noting though that individuals who have not previously been employed (of whom a large proportion are youth) will have no "previous occupation")
Occupational shortages (including Hard To Fill Vacancies (HTFVs))	Extraction of relevant occupations from other work on occupational shortages	Obtain from OIHD, CSL work (DNA Economics), inputs from SETAs (WSP/ATR analysis, possibly)	Review of relevant work on occupational shortages	Partially same across SETAs. (Some shortages may be relevant across multiple SETAs and/or occupational shortages may not be able to be neatly allocated to specific SETAs)	Particular occupations that are important in the sector may be highlighted
Skill Gaps	Skill gaps in the sector	OECD database	ERRP Skills Strategy (which includes review of relevant literature; SETA	Same across all SETAs	Particular skills that are important in the sector may be highlighted

Proposed content (Dimension)	Covers:	Sources		SETA-specificity	
		Quantitative data	Other sources	Common	Sector-specific
	Skill gaps in key occupations (if data is available)		surveys (see Rasool study)		
Mismatch (1): Field-of-study mismatch	Comparison of occupation to field-of-study of employed in the SETA sector	Stats SA QLFS data			Specific to SETA
Mismatch (2): Qualification mismatch	Extent of overqualification and underqualification in occupations at 1 digit level (SASCO) for each sector. (Comparison of requirement for occupation to qualification of employed in the SETA sector)	Stats SA QLFS data			Specific to SETA

It should be noted that the content proposed in the table includes items that will not necessarily be relevant for later iterations of the sector briefs. For example, Covid-19 may not require specific analysis in future iterations. At the same time, some of the content listed is included due to the availability of the data or research conducted as part of the LMI. Thus, for example, for the first set of sector briefs we may be able to make use of the Careerjunction data procured as part of the research into the Critical Skills List and Occupations in High Demand; however, incorporating this type of data in future iterations of the sector briefs would mean purchasing this data, which may not always be feasible. Thus, the content proposed here may differ slightly from the content that is covered in subsequent iterations of the sector briefs. We will also produce and update the briefs making use of inputs available from the SETAs where possible and appropriate. For different SETAs then, the content of the briefs may differ slightly based on the inputs that we are able to obtain and use from each SETA.

The table makes clear that we envision each sector brief containing both information relevant for each SETA specifically, and information that will be relevant to all SETAs and representative of the economy as a whole. Given the extent of the overlap, we propose producing a single report that covers the abovementioned items and includes separate sections for each of the 21 SETAs that would incorporate relevant SETA-specific data and analysis. This report could include an introductory section on the international and South African context, followed by separate sections for each of the 21 SETAs in which skills demand, supply and imbalances relevant to a given SETA will be discussed.

A tentative structure of one report which includes a section for each SETA may be the following:

Part 1: This part of the report contains information that is relevant and applicable to all sectors.

Section 1: International context

Section 2: The South African economic context

Part 2: This part of the report will contain 21 separate sections, one for each SETA. However, we note that, where sector-specific data is not available or appropriate, particular content within these different sections will be the same for each SETA. This is particularly true for the skills supply and skills imbalances sub-sections for which we will not be able to isolate unemployment and qualified

individuals to specific SETAs. In these cases, we may highlight specific occupations and qualifications that are important for a particular SETA, while emphasising that the supply of skills cannot neatly be allocated to specific SETAs as individuals in the labour market supply their skills across different sectors in the economy, with particular types of skills being more in demand in certain sectors. This part of the document will include a discussion of skills demand, skills supply and skills imbalances (using the sources indicated in Table 1) for each SETA, with each SETA having its own section in the document. Part 2 will also include comparative data across sectors so that a SETA can assess how it "sits" in relation to other SETAs. For example, a SETA may find it useful to see the number of HTFV associated with its sector compared to that of other SETA sectors.

Part 2 of the report would therefore consist of a section for each SETA (sections 3 to 23), with the following sub-sections for each SETA:

A. Skills Demand (incorporating a discussion of employment and wages in the sector, and indications of expansion demand and replacement demand for the sector)
B. Skills Supply (incorporating a discussion of the education profile of individuals employed in the sector, as well as a broader discussion of the availability of important skills for that particular sector in the broader labour force and population)
C. Skills Imbalances (incorporating a discussion of key occupations in shortage in the sector (where possible) and mismatches between the occupations of individuals employed in the sector and the qualifications of those individuals)

In this section, for each SETA, we also propose sharing examples of SETA research in as a way of diffusing best practices, approaches and research ideas across SETAs. Here we will draw on work done by the SETAs to complement the discussions of skills demand, skills supply and skills imbalances for each SETA.