



YOUTH EMPLOYMENT SERVICE

YES GAZETTE NOTE

Dear YES Partners

The Gazette relating to YES (The Youth Employment Service) was published on the 29 March 2018. This amendment refers to 12-month, work opportunities with fixed term or temporary employment contracts for black youth, between the ages of 18 and 35. The section which refers to YES can be found from pages 19 to 27, Section 11 and then page 31, Statement 300, The Skills Development Scorecard.

This draft Gazette, which relates to YES, enables B-BBEE investment to be spent on job creation for black unemployed youth. Youth unemployment in South Africa is an issue of grave economic importance, unemployment levels remain stubbornly high, with youth unemployment sitting at 5.9 million (Stats SA, Q4, 2017). This value is four times the Sub-Saharan unemployment rate.

A 60 day period of public comment on this Gazette now commences. The dti and YES welcome feedback on the details of the Gazette, implementation practicalities, challenges and how they apply to your company. Please let us have your concerns so they can be collated and referred to the dti. The dti have acknowledged that YES concerns can be addressed through the practice note which details implementation guidelines.

The amendment allows for a welcome move towards a broad-based focus, by allowing spend on this large and marginalised group, most of whom are Not in Employment, Education or Training and most of whom do not have matric certificates. Youth in this unemployed segment are sorely lacking economic pathways into the economy. The table describing the Youth Employment Service (Y.E.S) Initiative and BEE Recognition can be found below.

<u>B-BBEE RECOGNITION</u>	
Achieve Y.E.S Target and 2.5% Absorption	Move 1 B-BBEE Recognition Level up on the Scorecard
Achieve 1.5 x Y.E.S Target and 5% Absorption	Move 1 B-BBEE Recognition Level up on the Scorecard + 3 Bonus Points to the overall Scorecard
Double Y.E.S target and 5% Absorption	Move 2 B-BBEE Recognition Levels up on the Scorecard

QUALIFYING CRITERIA FOR MAKING A CHANGE IN THE LIVES OF YOUTH ARE:

- 40% sub-minimum in each of the priority elements of the scorecard (Ownership, Skills and ESD) or alternatively
- 50% average across the three priority elements
- YES is additive; therefore entities must maintain or improve prior years BEE Status level before participating in Y.E.S on YES
- Entities must score full points on 2.1.1.2 which relates to Bursaries for Black Students attending Higher Education Institutions.
- This target which is ring-fenced for scholarships and bursaries constitutes 2.5% of company payroll

SKILLS DEVELOPMENT SPEND FOR YES

Entities will be able to claim up to 50% of skills spend on YES Youth in the Category F and G on the Learning matrix. These categories refer to Informal Training (industry led, non-accredited programmes). The previous spend recognised was up to 15% on Informal non-accredited training.

CALCULATING YES HEADCOUNT TARGETS

The YES target for companies with over R50 million annual turnover is determined as the greater of:

- 1.5% NPAT/R55 000
- 1.5% of headcount
- the value in the company turnover band in Table 1 below

The YES target for companies with under R50 million turnover (QSEs) is determined by the headcount band in Table 2 below.

Table 1: Large Company Turnover-Based Targets

Turnover Band (Rand Millions)	Minimum Youth Jobs
50 – 75	6
75 – 99	7
100 – 149	8
150 – 199	9
200 – 249	10
250 – 299	11
300 – 349	12
350 – 399	13
400 – 449	14
450 – 500	15

Table 2: SMME Headcount-Based

SMME Head Count	YES Youth Target
1 – 19	1
20 – 39	2
40 – 59	3
60 – 79	4
80 – 99	5
100 – 119	6
120 – 139	7
140 – 159	8
160 – 179	9
180 – 199	10
200 – 219	11
220 – 239	12
240 – 259	13
280 – 299	15