

## UNDERSTANDING THE IMPLEMENTATION OF THE YOUTH EMPLOYMENT SERVICE INITIATIVE

### What is the Youth Employment Service (YES) initiative?

The YES initiative was gazetted under Code Series 000 of Statement 000 of the amended Codes of Good Practice (“the Codes”) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013. The YES initiative came into effect on 28 August 2018 and its aim is to advance job creation for unemployed black youth and provide elevated B-BBEE status for YES Measured Entities.

### What are the Key Measurement Principles?

The following must be achieved in order for a YES Measured Entity to receive recognition:

- (a) Registration with the YES Non-Profit Company in order to participate within the YES and entities cannot be recognised for B-BBEE if not registered.
- (b) Sub-minimums for priority elements for YES Measured Entities that are governed by a Sector Code will be calculated as per the principles within that Sector Code to qualify under the YES Initiative.
- (c) YES Measured Entities need to maintain the previous B-BBEE Status Level before participating in YES (i.e. Level 4, Level 5, etc.). Where entities do not maintain their previous B-BBEE Status Level due to any factor(s) and wish to participate within the YES Initiative, they may engage with **the dti** B-BBEE Policy Unit with justifiable evidence for participation. Factors may include, but not limited to:
  - Termination of an ownership deal;

- Sector Codes amendments which led in a drop in BBBEE Status Level;
- (d) Absorption can only take place after the 12-month completion of the workplace experience and the target is based on the YES Targets for YES Measured Entities. Where absorption is identified at the time of B-BBEE Verification, B-BBEE Recognition will be awarded.
- (e) The 12-month workplace experience is not a learnership, internship or apprenticeship programme.
- (f) Exempt Micro Enterprises (EMEs) and at least 51% and 100% black owned Qualifying Small Enterprises (QSEs) that participate within the YES Initiative will be verified against the applicable QSE Scorecard and the B-BBEE Certificate will be issued by an Accredited SANAS B-BBEE Verification Agency.
- (g) B-BBEE Recognition will only be applicable for the creation of jobs under the YES Initiative for Eligible Employees who are unemployed at the time of registering with the YES Initiative.

#### **Which entities are eligible to partake in the YES initiative?**

Generic entities that have an annual turnover of R50 million and above must achieve at least 40% sub minimum on the priority elements on the generic B-BBEE scorecard of the Codes. Alternatively, the said entities must achieve an average of 50% across the three priority elements identified in the Codes.

#### **AND**

QSEs which are entities that have an annual turnover of between R10 million and R50 million must achieve at least 40% sub minimum on two of the three priority elements of which Ownership is compulsory. Alternatively, a QSE must achieve an average of 40% across two of the priority elements of which Ownership is compulsory.

#### **AND**

EMEs which are entities with an annual turnover of between R0 to R10million and require no additional requirements

## **AND**

YES Measured Entities must ensure that they maintain or improve the B-BBEE Status Level and performance against the Targets of the overall Scorecard obtained in the previous year before participating in the YES initiative.

### **Which employees are eligible to participate in the YES initiative?**

The following persons are eligible to participate in the YES initiative:

- they must be between the ages of 18 and 35; and
- meet the definition of “Black People” as defined in the B-BBEE Act.

### **What are the YES Targets?**

The YES Targets are dependent on the size of the YES Measured Entity, the following are applicable to the various YES Measured Entities:

| <b>Generic entities</b> | <b>YES Targets</b>   |
|-------------------------|--|
| <b>A</b>                | 1.5% of the YES Measured Entity's headcount in the preceding year;   |
| <b>OR (B)</b>           | 1.5% of the YES Measured Entity's average Net Profit After Tax (NPAT) from South African operations in the immediately preceding three years, converted to a headcount number by dividing that NPAT number by R55,000; |
| <b>OR (C)</b>           | Total revenue band and minimum black you jobs created (more information can be obtained from the B-BBEE Commission or YES NPO).  |

## **QSEs and EMEs**

QSEs and EMEs targets per annum are based on headcount numbers (more information can be obtained from the B-BBEE Commission or YES NPO).

### **Recognition levels**

YES Measured Entities can enhance their overall B-BBEE status by two (2) levels as illustrated in the table below:

| Recognition groups | YES target achievements                        | B-BBEE Recognition levels obtained  |
|--------------------|--|---|
| Group 1            | Achieve 100% YES target and 2.5% absorption    | Move 1 B-BBEE recognition level up on the B-BBEE scorecard  |
| Group 2            | Achieve 1.5 X the YES target and 5% absorption | Move 1 B-BBEE recognition level up on the B-BBEE scorecard and earn 3 bonus points on the overall scorecard |
| Group 3            | Achieve double YES target and 5% absorption    | Move 2 B-BBEE recognition levels up on the B-BBEE scorecard   |

### **Informal Skills Development spend for the YES initiative**

Informal Skills Development expenditure for YES employees will be recognised during the Verification Process of the Skills Development element under Amended Code Series 300, Statement 300. YES Measured Entities will be able to only claim up to 50% of their Skills Development Spend as Informal Training (Category F and G of the Skills Development Matrix) against the Skills Development Scorecard.

### **Employment Conditions a YES Measured Entity must meet**

A participating YES Measured Entity must comply with the South African legislation governing basic conditions of employment and working conditions which includes signing a fixed term or temporary employment contract with all eligible employees filling the new positions within the entity.

Where an employee/s does not complete a full 12-month period due to unforeseen circumstances the YES Measured Entity needs to ensure that at least eight (8) full months have been completed in order to be eligible for B-BBEE Recognition and where an employee ceases to participate due any other circumstances, the YES Measured Entity will have one (1) month to replace them in order to be eligible for B-BBEE recognition.

The Yes Measured Entity must ensure quality work experience is provided; must create new jobs additional to existing headcount and may sponsor new jobs if it cannot create a sufficient number of jobs.

For more information or clarity, entities may contact the B-BBEE Commission and may contact YES entity regarding registration.

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