

# THE B-BBEE Benefits of YES

An important amendment to the B-BBEE Codes of Good Practice has now made it possible for firms to move between one and two levels up on the B-BBEE scorecard whilst investing in South Africa's future by building youth employability.

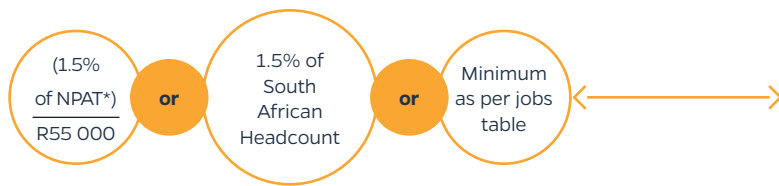
The Youth Employment Service (YES) officially opened for registration in November 2018 post the publication of a Practice Note, and helping business contribute towards creating opportunities for South African youth.

This fact sheet outlines the B-BBEE benefits and process considerations, including a detailed FAQ section and guidance on documents provided by YES for verification purposes.

## Calculate your YES Target

The YES target refers to the number of YES youth a company will need to provide a quality job experience for.

Calculate the higher of the following calculations to get a target headcount (number of YES youth to onboard):



\*average over last 3 years

Turnover (Rand Millions)	Minimum youth jobs	Turnover band (Rand millions)	Minimum youth jobs
50 - 75	6	250 - 299	11
75 - 99	7	300 - 349	12
100 - 149	8	350 - 399	13
150 - 199	9	400 - 449	13
200 - 249	10	450 - 500	14

## Check that you qualify

Companies need to meet certain criteria on the scorecard to be eligible for the YES programme.

### Companies of more than R50 million per year ('generic entities') are required to

- Meet sub-minimum requirements on the 'priority elements' of the scorecard
- Meet the 40% sub-minimum requirements of Ownership, Skills Development and Enterprise and Supplier Development (ESD) or by achieving an average of 50% across all three of these elements (at end of financial year when verifying YES)

### Companies with a turnover of between R10 million and R50 million annually (QSE's)

- Must achieve an average of 40% performance across two priority elements, one being ownership

### Companies with a turnover of less than R10 million per year (EME's)

- Need not comply with any of these pre-requisites

## Which YES package is right for you?

Under R50 m revenue Under R4 m NPAT	Over R50 m revenue		All revenue brackets
Place youth inside your business (In-House & In-House Assist)			Place youth inside a host business
<b>Small Biz Deal</b> Source your own youth  Non B-BBEE + B-BBEE  <b>R 1,700</b>  Once off management, monitoring & evaluation fee per youth	<b>In-House</b> Source your own youth  Non B-BBEE   B-BBEE  <b>R 3,000   R 5,000</b>  Once off management, monitoring & evaluation fee per youth	<b>In-House Assisted</b> Includes YES sourcing of youth  Non B-BBEE + B-BBEE  <b>R 7,000</b>  Once off management, monitoring & evaluation fee per youth	<b>Host Placement</b> Place youth inside a host or new business  Non B-BBEE + B-BBEE  <b>R 9,000</b>  Once off management, monitoring & evaluation fee per youth, of which R4,000 goes to implementation partner

# Meet **YES** targets



**1 x B-BBEE level up**  
Achieve YES Target



**1 x B-BBEE level up + 3 points**  
Achieve 1.5 times YES Target



**2 x B-BBEE levels up**  
Double YES Target times YES Target

**Move up one B-BBEE recognition level**

- Meet your YES target (by employing a minimum number of employees on a year-long contract) and absorb 2,5% of your YES youth (absorption only applicable in year2)
- Meet your YES target and absorb 5% of your YES youth and you will also three additional bonus points to the overall scorecard.

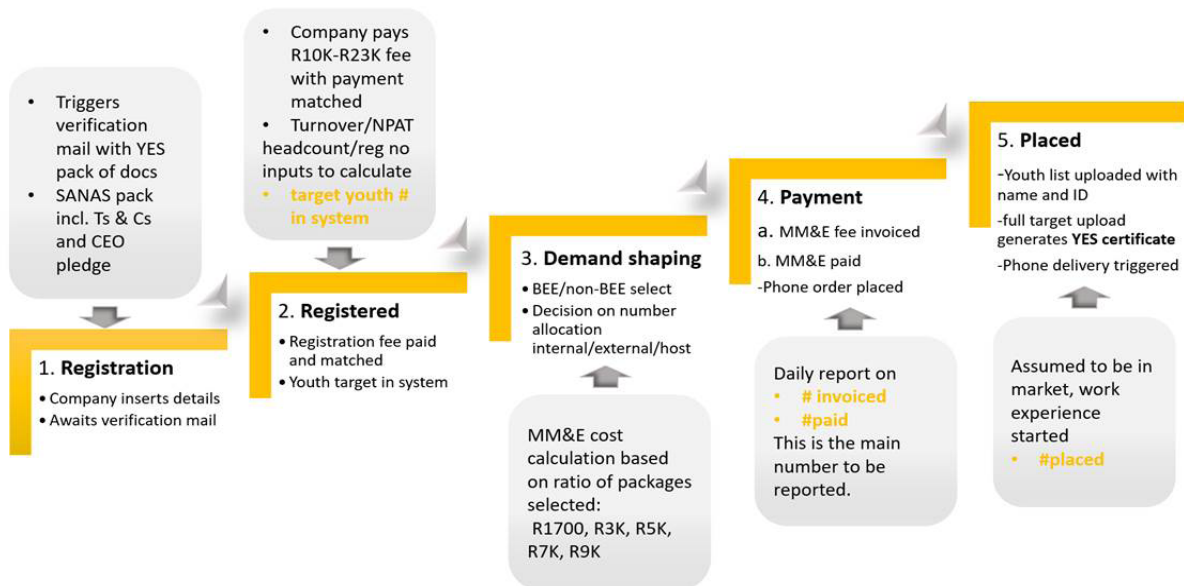
**Move up two B-BBEE recognition levels**

- Double your YES targets and absorb 5%\* of your YES youth.

YES allows for an increased recognition of informal spend on the Skills Development scorecard. Companies involved with YES can now claim up to 50% of their Skills Development spend on informal training (categories F and G on their SD scorecard).

\* Companies will not need to absorb youth in the first year that you implement YES. They will receive their points regardless. From second year onwards, absorption will become a requirement.

## From registration to **youth** placement



## **YES** verification checklist for B-BBEE

<b>Youth checklist</b>	Youth affidavit of unemployment
	Youth 12 month fixed term contract
	Replacement YES youth supplementary list
	· for replacement of target youth who discontinued the 12 month programme
<b>Company registration pack checklist</b>	CEO pledge signed
	YES/Corporate signed T&Cs doc
	YES certificate of registration and youth target achievement
	· only granted through YES NPC with unique identifier no. and only available once full youth target list has been uploaded
<b>Contract checklist for:</b> Companies YES Implementation partners Youth	YES SLA contract with corporate for sponsored host placements
	YES SLA contract with implementation partner-for sponsored host placements
	1-YES dual employment contracts between youth and implementation partners
	2-YES tri-party employment contracts between youth, implementation partners and corporates -mainly for ETI

\*sponsored host placements means youth recruited, contracted and managed by a vetted and approved partner

# YES Q&A

B-BBEE GAZETTE AND PRACTICE NOTE QUESTIONS AND ANSWERS 23 JANUARY 2019  
FINALISED IN CONSULTATION WITH THE dti

QUESTION	ANSWER	GG / PN	STATEMENT 000 / PRACTICE NOTE
1. Is YES NPC the only entity that a company can register with for B-BBEE recognition for job creation?	Yes. In terms of the Practice Note for B-BBEE recognition, this is explicit.	GG 1.1	The Youth Employment Service (YES) is to provide for, and institute, broad-based black economic empowerment (B-BBEE) recognition for YES measured entities and qualification criteria applicable to the B-BBEE recognition for job creation.
		PN 1.1	YES measured entities will need to register with the YES non-profit company (registration number: 2017/267641/08) in order to participate within the YES Initiative for monitoring and evaluation purposes of the initiative.
		PN 1.2	B-BBEE recognition will only be awarded to YES measured entities that have registered with the YES non-profit company.
2. What happens if a company is unable to maintain or improve its B-BBEE level?	If at the time of B-BBEE verification, where all other elements have been assessed before awarding of YES B-BBEE recognition, it is identified that the YES measured entity has not maintained or improved, they may approach the dti B-BBEE policy unit with justifiable evidence for participation.	GG 2.5	YES measured entities must ensure that they maintain or improve their B-BBEE status level and performance against the targets under the overall scorecard obtained in the year before participating in the YES initiative.
3. What are “new positions” and “new jobs?”	The intention behind YES is to create new jobs. Due to the current South African economic climate, practicalities will be considered. While no measurement of this will take place, YES measured entities are expected to create 12-month quality workplace experiences for black youth.	GG 6.1	YES measured entities engaging eligible employees in new positions are subject to South African legislation governing basic conditions of employment and working conditions.
4. What does full-time employment mean?	Fulltime employment refers to employment that has no defined end.	GG 6.2	YES measured entities are required to sign fixed term or temporary employment contracts with all eligible employees filling new positions within their entity. These new positions must have a 12-month fulltime work experience paid for by the Entity
5. Can Youth be employed on a part-time contract?	Youth must be employed on a 12-month, fixed term employment contract that complies with the labour legislation, including the LRA and the BCEA. A measured entity may apply the hours of work as per the sectoral determination the entity is regulated by.	PN 1.7	The work place experience for eligible employees needs to cover a full 12-month period.
6. Is a company obliged to use the employment contract template provided by YES?	An entity is not obliged to use the YES employment contract template. However, the employment contract must be a 12-month, fixed term employment contract that complies with the labour legislation, including the LRA and the BCEA.		
7. What is meant by a “quality work experience”?	Please refer to the YES quality work experience brochure for more information, or contact us to request it.	GG 6.3	YES measured entities must commit to ensuring a quality work experience is provided to the eligible employee insofar as the entity is able to provide it.
		PN 1.10	The 12-month quality workplace experience will be monitored by the YES non-profit company to ensure a consistent national standard.
		PN 1.12	Placements of black youth can be for exempted micro enterprises (EMEs) and qualifying small enterprises (QSEs) including EME and QSE non-profit organisations. However, entities may place eligible employees in entities irrespective of size to ensure a quality work experience is achieved.
8. Must the salary for each Youth employed be R3,500 per month?	YES recommends that Youth be paid a monthly salary of R3,500. Employers are required to comply with the Minimum Wage Act, 2018, the relevant labour legislation (including the LRA and BCEA), as well as any sectoral determination the entity is regulated by.	PN 1.10	Sectors that are governed by specific employment conditions legislation should be taken into account, but ultimately the eligible employee needs to fulfil a 12-month workplace experience.

QUESTION	ANSWER	GG / PN	STATEMENT 000 / PRACTICE NOTE
9. What happens if the Company enters into a contract of employment with Youth within the financial year being verified, but the period of employment of the Youth at time of verification is less than 8 months?	There will be overlapping periods regarding the uptake of Black Youth at different points in time, as well as all YES measured entities having different financial year ends. In order to be eligible for B-BBEE Recognition, YES Youth need to fulfil eight (8) months of work. Flexibility will be applied for the first year of uptake in order to drive participation. Entities will be able to receive B-BBEE recognition before the minimum eight (8) month have been completed. It is important to note that the uptake must take place in the financial year end which is used for B-BBEE verification purposes. Furthermore, entities still need to follow through, or else risk the potential of having B-BBEE recognition withdrawn.	PN 1.7	The Work Place Experience for Eligible Employees needs to cover a full 12-month period. In the event where the eligible employee 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. Furthermore, if any eligible employees fall out of the YES initiative due to any circumstance, the YES measured entity will have one (1) month to replace them in order to be eligible for B-BBEE recognition.
10. What would qualify as unforeseen circumstances?	Unforeseen circumstances may include resignation, death, misconduct by the black Youth, etc.		
11. Can Youth be absorbed prior to the completion of the 12-month employment term?	No. Absorption can only take place after the 12-month period.	PN 1.6	Due to the uptake and difference in measurement periods for YES measured entities, the target for absorption will not be verified for B-BBEE recognition during the first year of implementation of the YES initiative. Instead, the target for this will be verified when absorption takes place in the following measurement period. Absorption is based on the YES entity's target
12. If Youth are being sponsored and placed at an SMME, which entity is required to absorb the Youth in order to qualify for B-BBEE recognition? The sponsoring company, or the hosting SMME?	Absorption is based on principles embedded within the Amended Codes of Good Practice. Absorption can occur within the YES measured entity, or any other entity. The responsibility rests on the YES measured entity to provide information that proves that absorption has taken place according to the prescribed targets set out in the Gazette.	PN 1.8	Absorption can only take place after the 12-month completion of the work place experience and the target is based on the YES Targets for YES Measured Entities. If absorption is identified at the time of B-BBEE Verification, B-BBEE Recognition will be awarded. Absorption is defined in Schedule 1 of the Amended Codes of Good Practice and the same principles are applicable.
13. What is the consequence for B-BBEE recognition if neither the sponsoring company nor the SMME absorbs the Youth?	Absorption is not required for year one of participation. After year one, absorption can take place in any entity. It is not limited to a sponsored host company – youth must simply be offered a permanent or full time contract with no pre-determined time frame.		
14. If Youth are employed as part of a learnership, internship or apprenticeship, can the same Youth qualify as part of a company's YES target headcount?	No. The Practice Note is explicit regarding this. Initiatives for YES are separate from learnerships, internships and apprenticeships.	PN 1.9	The 12-month workplace experience is not a learnership, internship or apprenticeship programme.
15. Can Youth employed as part of a company's participation in YES also participate in a learnership, internship or apprenticeship?			
16. If Youth are employed as part of a learnership, internship or apprenticeship, can a company convert the Youth to count as a YES Youth?			
17. Must Youth remain unemployed from the time of registration with YES until time of placement?	Black Youth need to be unemployed at the time of registration by the black Youth. This is a self-declaration by the black Youth.	PN 1.14	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.
18. What happens if Youth A finds employment one day after registering with YES, but still wants the option to be placed in a YES job?	In a scenario such as this, a discussion will take place between the black Youth, YES measured entity and YES NPO to determine the way forward for the Youth.		
19. What evidence is required to confirm that Youth are unemployed?	This is a self-declaration by the black Youth.		
20. Is YES a verification agency?	No.		
21. What evidence must a measured entity gather for verification?	The YES Practice Note introduces the types of documentation that will be required at the time of B-BBEE verification (not limited to). Please see the YES verification checklist, or contact us to request it.		
22. If a company is participating for the second year, must the previous year or new year's headcount be used?	The measured entity must use the headcount as at the last financial year-end.		
23. If, for operational reasons, a company's headcount decreases in the year of participation in YES, how will this affect its target?	The measured entity's headcount provided at the time that it registers to participate in the YES initiative, being the headcount as at the last financial year-end, is used to determine target for B-BBEE recognition. A change in the headcount during the period of participation in the YES Initiative will not affect the target for B-BBEE recognition.		