



Quick Brief

A news update from the NBI on its programmes, business leadership and issues on sustainable development.

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Information session on the requirements for the implementation of the Youth Employment Service and implications for companies

The crisis of youth unemployment affects every South African. The need for social partners to work together to accelerate and scale-up youth employment initiatives has never been greater. The National Business Initiative (NBI) recently hosted an information session on a new initiative designed to help to address this challenge – the Youth Employment Service (YES) Initiative. This project has been designed as a collaborative initiative between business, Government and labour to provide opportunities for unemployed black youth to gain access to work-readiness training and work experience as a springboard for entry into the labour market. The session provided information to delegates on the goals of the Initiative as well as the incentives available to support participating companies.

Programme Director **Makano Morojele**, NBI Head of Social Sustainability who introduced the topic, stressed the need for delegates to be part of the solution in preparing young people for the world of work. She encouraged delegates to recognise the YES candidates as the primary focus of the Initiative with the incentive package as an enabler.

Presentations were given by **Safiyya Patel**, Partner & Corporate Business Unit Head from Webber Wentzel and by **Tashmia Ismael-Saville**, Chief Executive Officer of YES.

The YES Initiative is a business-led collaboration that emerged from the CEO Initiative after strategic consultations with Government and labour. Government has undertaken to provide financial incentives in the form of an Employment Tax Incentive (ETI) as a catalyst to support the success of the initiative. YES was formally launched by **President Cyril Ramaphosa** on 27 March this year with the ambitious target of providing one million opportunities for unemployed youth between the ages of 18 and 35 over three years to prepare them for entry into the world of work.

The Initiative has gained traction with the Department of Trade and Industry's commitment to provide incentives to participating companies through amendments to the generic Broad-Based Black Economic Empowerment (B-BBEE) codes.

With nearly six million unemployed or not economically active young people in South Africa, the challenge might appear overwhelming. The YES target of providing 330 000 opportunities for young people annually over a three year period will certainly not solve the problem. It has, however, been designed to provide a pathway for a substantial number of young people to take that crucial first step towards gainful employment or self -employment.

The cascade of challenges facing South Africa are well known. Aside from a largely failed general education system and low economic growth, the country is officially the most unequal nation in the world as reflected by our Gini Coefficient of 0.65. This poses a threat to the nation's constitutional democracy and socioeconomic stability.

Presenter Safiyya Patel gave a legal input on the proposed amendments to the B-BBEE codes contained in the draft Government Gazette which will introduce recognition for the YES Initiative in the following spheres:

- Enhanced recognition for large entities;
- Clarification re Exempted Micro Enterprises (EMEs) and Qualifying Small Enterprises (QSEs);
- B-BBEE recognition for companies participating in the YES Initiative;
- Measurement principles for unincorporated joint ventures; and
- Enterprise and supplier development amendments.

In the course of a lively question and answer session after the presentations, delegates raised many practical questions on the implementation of the YES Initiative including how it could be aligned with current company programmes to address youth unemployment and promote a pipeline of new skills into the organisation. There was a particular focus on the three delivery models of in-house placement of young people, host placements in small, micro and medium enterprises and micro-enterprise creation.

NBI Chief Executive Officer, **Joanne Yawitch** highlighted the fact that the YES Initiative was one of a wide range of employer-driven youth employment initiatives and that companies that were managing currently successful projects in partnership with Technical Vocational Education and Training (TVET) colleges and other initiatives should continue to do so and to seek synergies with YES activities where appropriate.

In light of the many questions and comments from delegates on the practical implications for organisations participating in the YES Initiative and also the fact that the amendments to the codes would be finalised shortly, it was agreed that there was a need to schedule a further information session. This session would be designed to discuss issues such as targets, registration and contracting arrangements, incentives for participating companies - including the ETI - as well as absorption requirements for the young people on the various programmes. Delegates were requested to submit specific questions to the NBI prior to the proposed follow-up information session to allow for a clustering of thematic issues.

There was general consensus at the information session that establishing meaningful pathways for young people will form a critical foundation for a sustainable future in the complex economic environment of the Fourth Industrial Revolution. If the YES Initiative receives sufficient employer support '...to move the dial on youth unemployment...' it will make a significant contribution to achieving social and economic transformation in South Africa.

For more information contact **Makano Morojele** on MakanoM@nbi.org.za or **011 544 6000**.

Business Action for Sustainable Growth

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