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GENERAL NOTICES • ALGEMENE KENNISGEWINGS

DEPARTMENT OF TRADE AND INDUSTRY

NOTICE 502 OF 2018

CODES OF GOOD PRACTICE ON BROAD BASED BLACK ECONOMIC EMPOWERMENT

I, Dr Rob Davies, Minister of Trade and Industry hereby gazette the Youth Employment Service Initiative within Code Series 000, Statement 000 of the Amended Codes of Good Practice in terms of **Section 9 (1)** of the Broad-Based Black Economic Empowerment Amendment Act 2003, (Act No. 53 of 2003) as amended by the B-BBEE Act 46 of 2013 for implementation with immediate effect.



Dr Rob Davies, MP
Minister of Trade and Industry
17 July 2018

AMENDED CODE SERIES 000: FRAMEWORK FOR MEASURING BROAD-BASED BLACK ECONOMIC EMPOWERMENT

STATEMENT 000: YOUTH EMPLOYMENT SERVICE

Issued under section 9 of the Broad-Based Black Economic Empowerment Act of 2003, as amended

Arrangement of this statement:

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1. YOUTH EMPLOYMENT SERVICE OVERVIEW

1.1 The Youth Employment Service (Y.E.S) Initiative is to provide for, and institute, Broad-Based Black Economic Empowerment (B-BBEE) Recognition for Y.E.S Measured Entities and qualification criteria applicable to, the B-BBEE Recognition for Job Creation.

2. QUALIFICATION FOR REGISTRATION FOR THE Y.E.S INITIATIVE

2.1 Generic entities with Total Revenue above R50 Million per annum must achieve at least the 40% sub-minimum as per paragraph 3.3 under Amended Code Series 000, Statement 000 of the Amended Codes of Good Practice under each of the priority elements of the generic B-BBEE scorecard. Alternatively, Generic entities must achieve an average of 50% across the three priority elements utilising principles under paragraph 3.3 of Amended Code Series 000, Statement 000 of the Amended Codes of Good Practice;

2.2 QSEs with an annual Total Revenue between R10 Million and R50 Million, must achieve at least 40% in two of the three priority elements, with Ownership being one of the two elements utilising principles under paragraph 3.3 of Amended Code Series 000, Statement 000 of the Amended Codes of Good Practice. Alternatively, QSEs must achieve an average score of 40% across two priority elements utilising principles under paragraph 3.3 of Amended Code Series 000, Statement 000 of the Amended Codes of Good Practice with Ownership being one of the two elements;

2.3 EMEs with an annual Total Revenue below R10 Million per annum, have no sub-minimum eligibility requirements; and

2.4 Y.ES Measured Entities must ensure that they maintain or improve the B-BBEE Status Level and performance against the Targets under the overall

Scorecard obtained in the prior year before participating in the Y.E.S initiative.

3. THE Y.E.S TARGETS

3.1 Generic Entities:

3.1.1 Targets for Generic Entities will be the Higher between (i), (ii) and (iii) below:

- (i) 1.5% of the Y.E.S Measured Entity's headcount in the preceding year; **OR**
- (ii) 1.5% of the Y.E.S 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; **OR**
- (iii) a target as determined in Table 1 - Annexure A.

Calculation of NPAT example: For example, if Company A has an average NPAT of R500m over the past three financial years, their Y.E.S target will be set by converting R7.5m (1.5% of a R500m NPAT) to a headcount number of 137 employees ($R7\,500\,000 / R55\,000$).

Headcount vs NPAT example: For example, if Company B employs 10 000 employees and has an average NPAT of R100 Million, the target calculation would be as follows:

Target based on NPAT: $(1.5\% \text{ of } R100\,000\,000) / R55\,000 = 28$ employees:

Target based on headcount: $1.5\% \text{ of } 10\,000 = 150$ employees

In this case Company B's new position target would be 1.5% of headcount – or 150 employees - as their NPAT target equates to less than 1.5% of their headcount.

3.2 QSEs AND EMEs

3.2.1 These entities target per annum are based on headcount numbers as determined in Table 2 - Annexure B.

4. ELIGIBLE EMPLOYEES

4.1 Only individuals who meet the below criteria are eligible for participation under the Y.E.S Initiative:

4.1.1 are between the ages of 18 and 35; and

4.1.2 meet the definition of "Black People" as defined in the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by Act 46 of 2013

5. B-BBEE RECOGNITION

5.1 The table below outlines the numerous levels of B-BBEE Recognition achievable through the Y.E.S initiative, provided the preconditions are met.

B-BBEE RECOGNITION	
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

6. EMPLOYMENT CONDITIONS

- 6.1** Y.E.S Measured Entities engaging eligible employees in new positions are subject to South African legislation governing basic conditions of employment and working conditions;
- 6.2** Y.E.S 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;
- 6.3** Y.ES 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;
- 6.4** Clear communication must be provided to the employee should the contract not be renewed or extended into permanent placement;
- 6.5** The new jobs must be created in addition to existing headcount. Y.E.S Measured Entities may not replace existing positions with new positions; and
- 6.6** Where Y.E.S Measured Entities are unable to create a sufficient number of new jobs within the entity to meet their targets, they may sponsor new jobs to be placed in EMEs or QSEs. The sponsored positions will contribute to meeting the Y.E.S Measured Entity's target.

7. INFORMAL SKILLS DEVELOPMENT SPEND FOR THE Y.E.S INITIATIVE

- 7.1** Informal Skills Development expenditure for Y.E.S employees will be recognised during the Verification Process of the Skills Development element under Amended Code Series 300, Statement 300. Y.E.S Measured Entities will be able to 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.

TABLE 1 - ANNEXURE A: GENERIC ENTITY TARGETS

TOTAL REVENUE BAND (RM)	MINIMUM BLACK 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 - ANNEXURE B: EME / QSE HEADCOUNT TARGETS

EME / QSE HEADCOUNT	Y.E.S YOUTH TARGET	EME / QSE HEADCOUNT	Y.E.S YOUTH TARGET
1 – 19	1	400 – 419	21
20 – 39	2	420 – 439	22
40 – 59	3	440 – 459	23
60 – 79	4	460 – 479	24
80 – 99	5	480 – 499	25
100 – 119	6	500 – 519	26
120 – 139	7	520 – 539	27
140 – 159	8	540 – 559	28
160 – 179	9	560 – 579	29
180 – 199	10	580 – 599	30
200 – 219	11	600 – 619	31
220 – 239	12	620 – 639	32
240 – 259	13	640 – 659	33
260 – 279	14	660 – 679	34
280 – 299	15	680 – 699	35
300 – 319	16	700 – 719	36
320 – 339	17	720 – 739	37

340 – 359	18
360 – 379	19
380 – 399	20

740 – 759	38
760 – 779	39
780 – 799	40

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