

## **The Youth Employment Service Let us make it work**

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### **Introduction**

**The Youth Employment Service (YES) was launched by President Cyril Ramaphosa on March 27th 2018. Four years in the making, YES was born in the Youth Employment Accord signed by government, business and labour in April 2013 which committed the social partners to a plan of action which included:**



1. The public service to focus its internship programme, aiming at employing 20 000 interns over a period of time;
2. State-owned enterprises to develop placement opportunities for TVET and University students who need work experience as part of completing their studies;
3. Business organisations to discuss within their structures programmes which would improve the employment of young people;
4. Targets for the employment of young people in growth sectors such as solar heating installation, the government infrastructure programme, and business process outsourcing companies such as call centres;
5. The Expanded Public Works Programme and associated programmes such as Working for Water, health brigades and literacy brigades to set youth employment targets.

The business organisation The CEO Initiative took this forward and now YES is one of the first social compacts between government, business and labour, created to give one million youth one million opportunities to succeed over three years.

“This is a timely, worthy and ambitious response to youth unemployment, which is perhaps the greatest and most pressing social and economic challenge facing our country at this moment in our history. What we are seeking to do, through this and other initiatives, is to provide pathways for young people into the world of work.”

President Cyril Ramaphosa

### **How YES works**

YES links up work seekers, corporates and SMMEs and is structured to use available incentives such as the BBBEE Scorecard, the Youth Employment Incentive and Employment Equity plans to encourage employers to create new job opportunities.

Companies can:

Place youth inside the company on the payroll and/or

- Place youth sponsored by the company to work in black owned SMMEs close to where the youth live and/or
- Develop youth owned micro-enterprises that feed into the company’s supply chain and/or
- Place youth sponsored by the company into an external service provider for training and work experience.

SMMEs that want to benefit from the sponsorships and youth interns can also sign up on the website.

Businesses need to create new one-year positions for unemployed youth over and above current employment numbers. Salaries paid to the youth interns must be set at the national minimum wage (NMW) level of R3 500 per month, and there will be associated training and support which on average will bring the cost to R55 000 per annum.

### **Incentives**

Government have introduced a new Youth Employment B-BBEE recognition, allowing a business that meets YES targets and complies with registration criteria to move up a level on their current B-BBEE scorecard. This has been delinked from the skills development scorecard points for spending 2.5% of

payroll on bursaries for black students. This means that companies can score points for either the YES recognition or the bursaries, or both.

In addition, to encourage demand-side job creation, companies employing black youth between 18 and 29 years old will qualify for the Employment Tax Incentive. The employee must not earn more than R6 000 per month (and must earn the lesser of R2 000 or the minimum wage as per sectoral determination or collective agreements). The subsidy for the first year consists of a sliding scale depending on the employee's salary/wage, running from nil at a salary of R6000 per month to R 1000 at a salary of R2 001, and 50% of the salary where the salary is less than R2 000 . For the second year, the subsidy is halved.

### **What the youth get out of it**

Research has consistently shown that one year of work experience, coupled with a CV and reference letter, increases a young person's chances of finding employment by three times. The YES approach provides resources such as an app with videos and templates for youth including CVs and templates for employers including reference letters for when the intern exits.

Work readiness training can also be provided through the YES hubs.

### **What employers can get out of it**

In addition to making a contribution to resolving one of South Africa's biggest socio-economic challenges and thereby building a better future for all, a well-designed internship programme can help to accelerate careers, develop professionalism and good work habits and provide employers with a source of excellent candidates for permanent positions in their specialist areas.

The YES programme is carefully structured, according to the YES CEO, to "de-risk" the experience of taking on first time entrants to the labour market. Sourcing candidates through YES can give companies access to people that they would not normally be able to find.

### **Conclusion**

In the spirit of the philosophy of Achievers Magazine, let us position YES to build a nation of young achievers ready to enter the workplace as young learners and ready to achieve great things as South Africa's young talent.

Dr Penny Abbott is Research and Policy Advisor to SABPP and author of the SABPP Fact Sheet on the Youth Employment Service. This article is an extract from the Fact Sheet.