

Thrive Corporate Advisors

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Introduction

The DTI has issued **Draft Statement 000, Code Series 000 of 2018** on the 29th of March 2018, this document is open for 60-day public commentary.

1. Youth Employment Service

The document introduces the Youth Employment Service “Y.E.S.” initiatives. This looks at Job Creation alongside other qualification criteria and allows entities to move up a level/s

1.1 Qualification Criteria for Y.E.S. initiative:

- Overall Y.E.S. Entities must maintain or improve their B-BBEE Status level and performance in relation to their prior certificate before participating in Y.E.S.
- Generic Entities
 - must achieve at least 40% of each of the priority elements or an average of 50% across the three priority elements;
 - score full points for spend on bursaries for Black Students at Higher Education Institutions under the Skills Development element.
- QSE Entities
 - must achieve at least 40% in 2 (ownership is compulsory) of the 3 priority elements sub-minimums or 40% Average (must include ownership) across 2 of the 3 priority elements
- EME Entities
 - Have no sub-minimum requirements.

1.2 Y.E.S. Targets for:

- All entities
 - New Jobs must be created in addition to existing headcount. Entities may not replace existing positions with new positions.
 - Where 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 EME's or QSE's. The sponsored positions will contribute to meeting the Y.E.S. entity's target.

- Generic Entities, the higher of the below:
 - 1.5% of the Y.E.S. entity's headcount in the preceding year; or
 - 1.5% of the Y.E.S. entity's average Net Profit After Tax from South African operations in the immediately preceding 3 years, converted to a headcount number by dividing that NPAT number by R55 000; or
 - A Target as determined in the below table:

TABLE 1 - ANNEXURE A: GENERIC ENTITY TARGETS

<u>TOTAL REVENUE BAND (RM)</u>	<u>MINIMUM BLACK YOUTH JOBS</u>
<u>50 – 75</u>	<u>6</u>
<u>75 – 99</u>	<u>7</u>
<u>100 – 149</u>	<u>8</u>
<u>150 – 199</u>	<u>9</u>
<u>200 – 249</u>	<u>10</u>
<u>250 – 299</u>	<u>11</u>
<u>300 – 349</u>	<u>12</u>
<u>350 – 399</u>	<u>13</u>
<u>400 – 449</u>	<u>14</u>
<u>450 – 500+</u>	<u>15</u>

- QSE's a target determined in the below table:

TABLE 2 - ANNEXURE B: EME / QSE HEADCOUNT TARGETS

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

1.3 Eligible Employees:

- Only the below individuals will qualify towards the Y.E.S. initiative:
 - Are between 18 and 35 years old;
 - Meet the definition of Black as defined in the Amended Codes.

1.4 Additional Levels that can be obtained from the Y.E.S. initiative:

<u>B-BBEE RECOGNITION</u>	
<u>Achieve Y.E.S Target and 2.5 % Absorption</u>	<u>Move 1 B-BBEE Recognition Level up on the Scorecard</u>
<u>Achieve 1.5 x Y.E.S Target and 5% Absorption</u>	<u>Move 1 B-BBEE Recognition Level up on the Scorecard + 3 Bonus Points to the overall Scorecard</u>
<u>Double Y.E.S Target and 5 % Absorption</u>	<u>Move 2 B-BBEE Recognition Levels up on the Scorecard</u>

1.5 Employment Conditions

- Eligible employees in new positions are subject to South African legislation governing basic conditions of employment and working conditions;
- Eligible employees must sign fixed or temporary contracts with a duration of at least 12 months.
- A quality work experience must be provided to eligible employees insofar as the entity is able to provide it.
- Clear communication must be provided to the employees should the contract not be renewed or extended into permanent placement.

1.6 Informal Skills Development Spend for the Y.E.S initiative

- Informal Skills Development for Y.E.S employees will have a limit of 50% of total spend whereas for all other individuals trained it is limited to 15% of total spend under the Skills Development element.

2. Changes to Automatic Levels

2.1 Exempt Micro Enterprises- EME's (annual turnover below R10 million):

- An entity that is 100% Black Owned utilizing the **Flow Through** methodology (direct ownership) can utilize an affidavit and will be a level 1.
- An entity that is 51% Black Owned utilizing the **Flow Through** methodology (direct ownership) can utilize an affidavit and will be a level 2.

2.2 Qualifying Small Enterprises – QSE's (annual turnover below R50 million but above R10 million):

- An entity that is 100% Black Owned utilizing the **Flow Through** methodology (direct ownership) can utilize an affidavit and will be a level 1.
- An entity that is 51% Black Owned utilizing the **Flow Through** methodology (direct ownership) can utilize an affidavit and will be a level 2.
- The requirement to submit data to the Department of Labour under the Employment Equity Act 55 of 1998 is only applicable to 'designated employers' who employ 50 or more employees.

2.3 Generic Entities (annual turnover above R50 million):

- An entity that is 100% Black Owned utilizing the **Flow Through** methodology (direct ownership) must obtain a SANAS accredited ownership certificate and will be a level 1.
- An entity that is 51% Black Owned utilizing the **Flow Through** methodology (direct ownership) must obtain a SANAS accredited ownership certificate and will be a level 2.
- The requirement to submit data to the Department of Labour under the Employment Equity Act 55 of 1998 is only applicable to 'designated employers' who employ 50 or more employees.

2.4. Joint Ventures

- An unincorporated Joint Venture's B-BBEE scoring will be based on a consolidation of the entities achieved B-BBEE points proportioned by their share in the joint venture.
- 51% Black Owned or 100% Black Owned EME's and QSE's will qualify for a score of 95 or 100 Points respectively.
- EME's below 51% Black Owned will qualify for a score of 85 points
- The JV B-BBEE Certificate is valid for 12 months and only applicable to a specific Project.

3. Changes to the Skills Development Element for Generic

- The Skills Development Scorecard will now include Spend on Bursaries for Black Students at Higher Education Institutions, which is not measured against EAP targets. The new Skills Scorecard is summarized below:

Category	Skills Development Element	Weighting points	Compliance Target
2.1.1 Skills Development Expenditure on any programme specified in the Learning Programme Matrix for black people as a percentage of the Leviale Amount			
2.1.1.1	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leviale Amount.	[8] 6	[6%] 3.5 %
2.1.1.2	<u>Skills Development Expenditure on Bursaries for Black Students at Higher Education Institutions.</u>	4	2.5%
2.1.1.3	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leviale Amount.	4	0.3%
2.1.2 Learnerships, Apprenticeships, and Internships			
2.1.2.1	Number of black people participating in Learnerships, Apprenticeships and internships as a percentage of total employees.	[4] 3	2.5%
2.1.2.2	Number of black unemployed people participating in Learnerships, Apprenticeships and Internships as a percentage of number of employees.	[4] 3	2.5%
Bonus points:			
2.1.3	Number of black people absorbed by the Measured and Industry Entity at the end of the [Learnerships Programme]	5	100%
	<u>Internship, Learnership and Apprenticeship programme under Paragraph 2.1.2.1 and 2.1.2.2</u>		

- There is no double counting between 2.1.1.1 (total Spend on Black People) & 2.1.1.2 (Spend on Black Bursaries).
- There is not double counting between 2.1.2.1 (Number of Black People on Learnerships, Apprenticeships and Internships) & 2.1.2.2 (Number of Unemployed Black People on Learnerships, Apprenticeships and Internships).
- The limit for Category F & G training has moved from 15% to 25%.
- Accommodation, catering, traveling costs, Skills Development Facilitator and training managers costs are limited to 15% of total Skills spend. This is not limited for indicator 2.1.1.2 (Spend on Black Bursaries).
- You may recognize stipends as Skills Development Spend under 2.1.1.2.
- A bursary or scholarship scheme is a grant made to or for students who are registered at educational institutions established by or registered with the Department of Basic Education or the Department of Higher Education & Training. Examples of legitimate training costs for a bursary or scholarship includes: payment of school, college or university fees, or a portion thereof; funding for textbooks or other learning materials; funding for subsistence or accommodation during the period of study.

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