



Youth
Employment
Service

Let's get to work

YOUTH EMPLOYMENT SERVICE (YES)

**B-BBEE Advisory
Council**

15 November 2017

AGENDA

- CONTEXT
- YES OVERVIEW
- RANGE OF INCENTIVES
- SMME & TOWNSHIP STRATEGY
- WHY YES IS DIFFERENT & REQUEST FROM THE COUNCIL



Physical

Autonomous vehicles

3D printing/4D printing
adapting to conditions

Advanced robotics

New 'smart' materials

Digital

Internet of things

Sensors everywhere

blockchain

Biological

Genome sequencing

Personalised healthcare/
bioprinting 3D printing of tissue

Super humans

Modify plants/animals,
write DNA

Fourth Industrial Revolution



Agrarian

- Domesticate animals
- Transport, physical effort
- Food production

1st Industrial revolution 1760-1840

- Railroads
- Steam engine and mechanical production

2nd Industrial revolution Late 19th century

- Electricity
- Assembly line early 20th century

3rd Industrial revolution 1960's

- Digital-mainframe computers
- Semi conductors
- Personal computing/Internet (1990s)

4th Industrial revolution

- Nanotech, gene sequencing, Internet of things, AI

NEW WORLD ORDER.

Detroit 1990

- 3 biggest companies
- Market cap-\$36 billion
- Revenues-\$250 billion
- 1,2 million employees

Silicon Valley 2014

- 3 biggest companies
- Market cap \$1,09 trillion
- Revenues-\$247 billion
- 137 000 employees

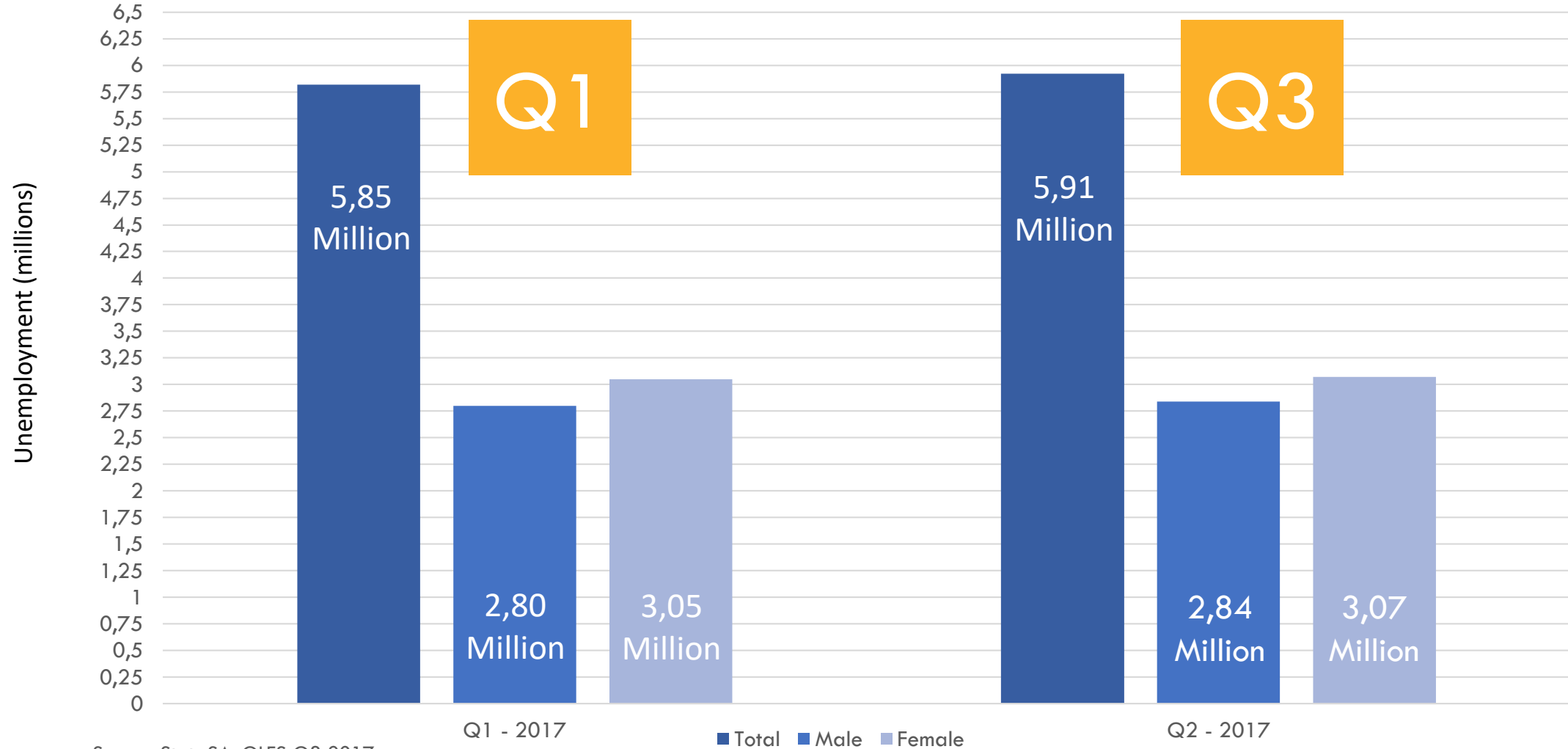
Buses will not just run off green energy but actually power themselves via energy harvesting shock absorbers and solar roofs, pointing to the already available energy-independent eight seater developed by Nanowinn Technologies in China.

Toyota is working on 3D printed seats featuring sensors, heaters and coolers and covered in smart fabric.



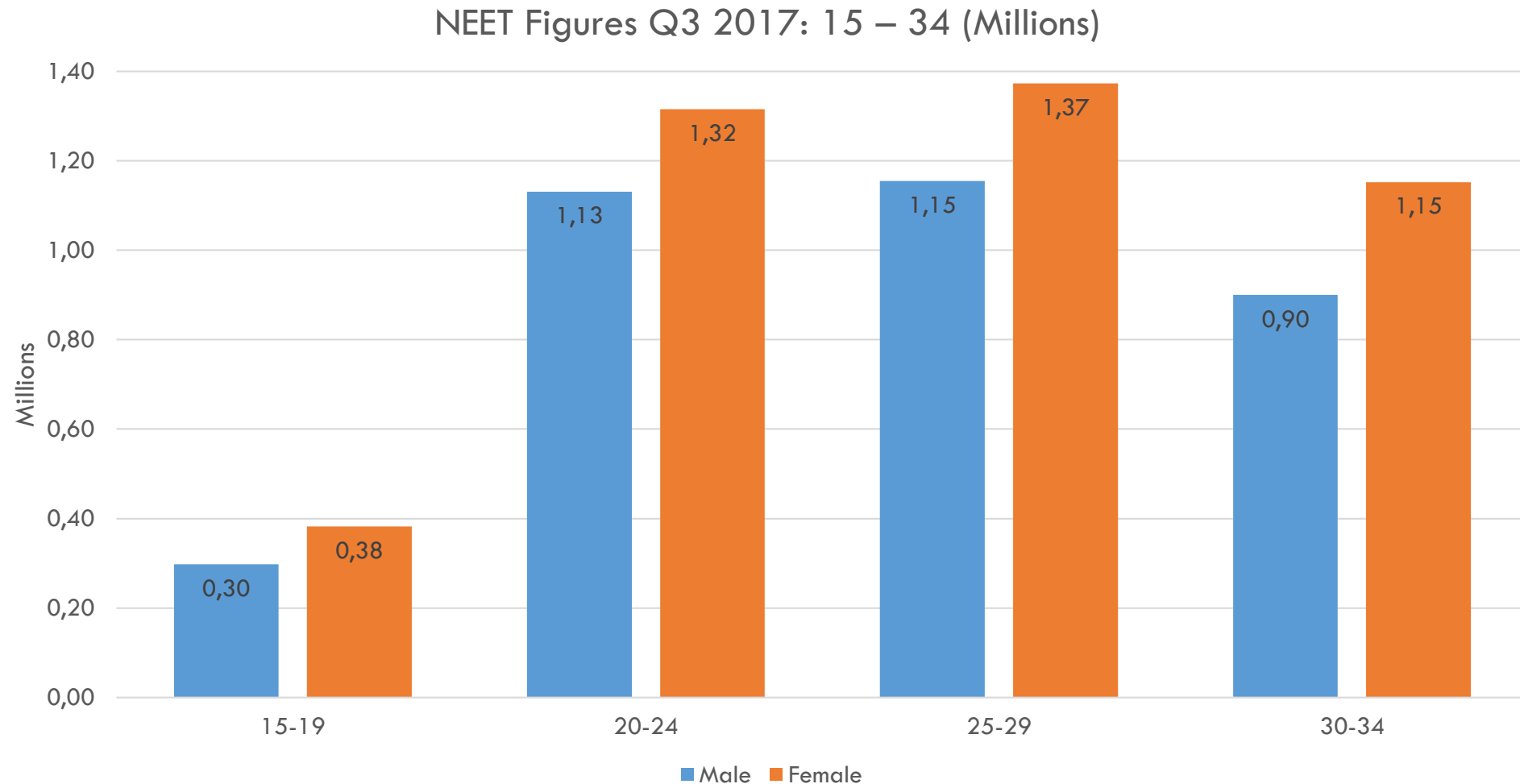
**Driverless bus trials begin
in Australia (Dec 20th 2016)**

Youth unemployment is a crisis in SA (18-34 years)

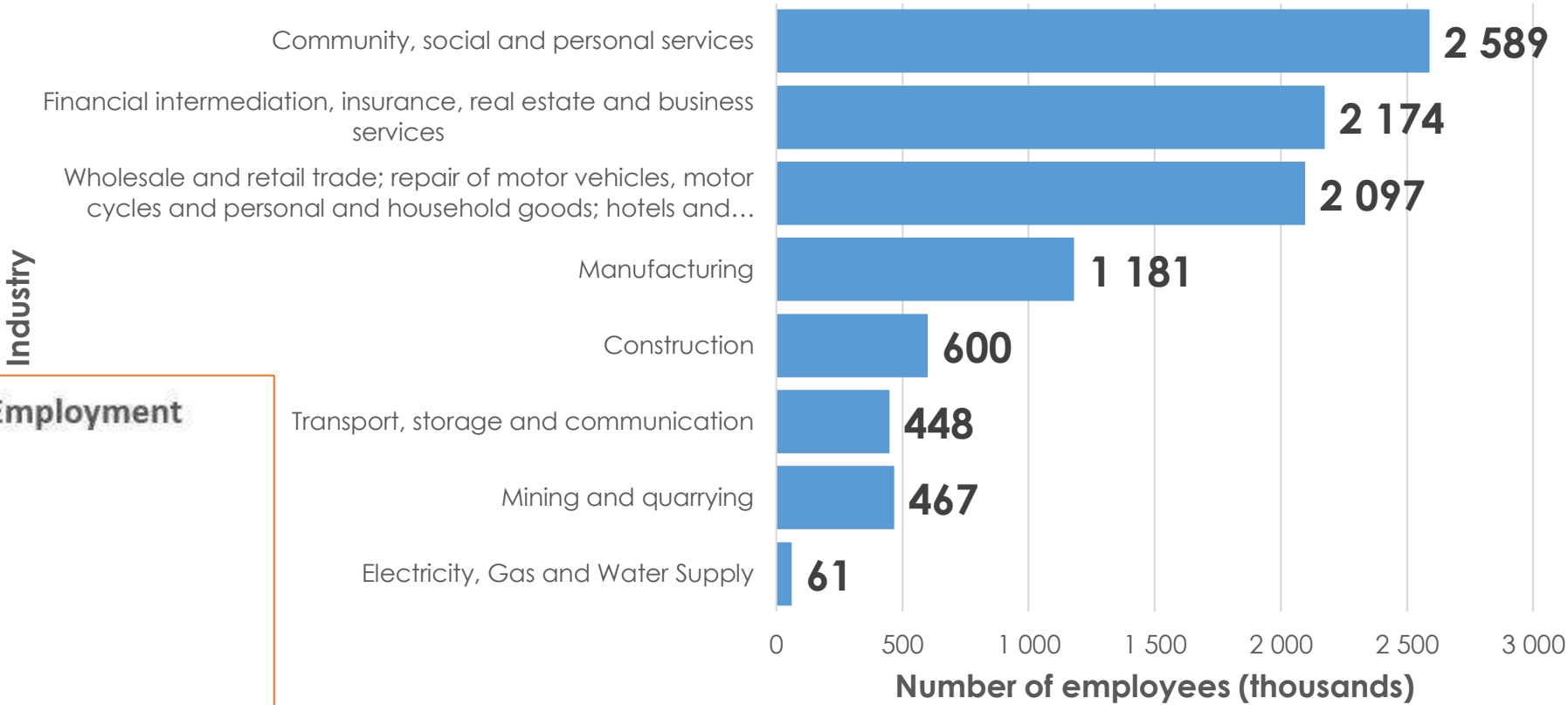


Source: Stats SA, QLFS Q3 2017

Not in employment, education or training (neet) figures



Number of employed people in South Africa as at June 2017
Excluding agriculture and informal sectors



Youth Unemployment vs. Pvt Sector Employment
(Millions)

Unemployed youth

5.9mn

Formal Pvt. Sector Employment

9.6mn

Millions

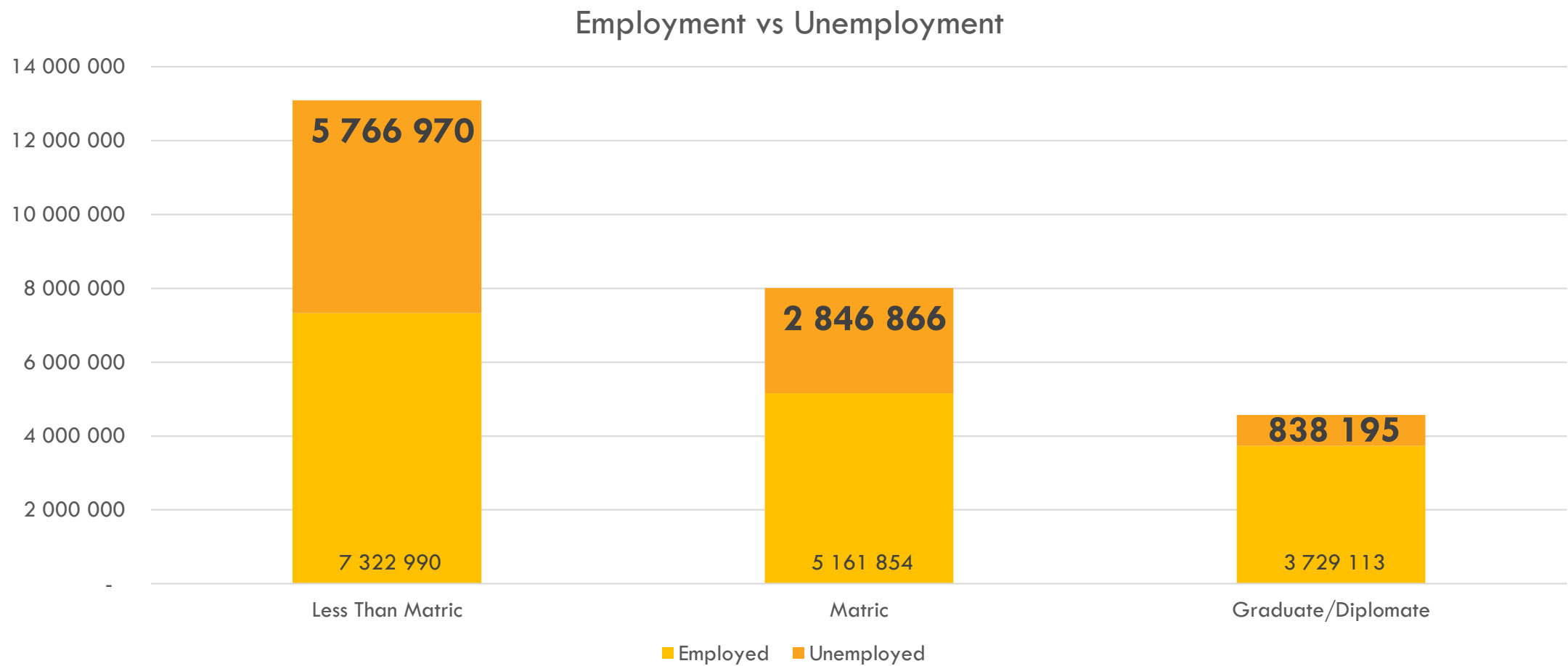
Source: Stats SA QLFS Q2, 2017

Total number of employed people in
formal non-agricultural jobs:

9 617 000

Source: Quarterly Employment Survey (QES) - June 2017

Unemployment and educational attainment



Source: Stats SA QLFS Q3 2017

Figures utilise the Stats SA “Expanded Definition” of unemployment

PSYCHO-SOCIAL EFFECTS:

INCREASING
ISOLATION/
DEPRESSION



SCARRING EFFECT
WHICH INCREASES
EACH YEAR

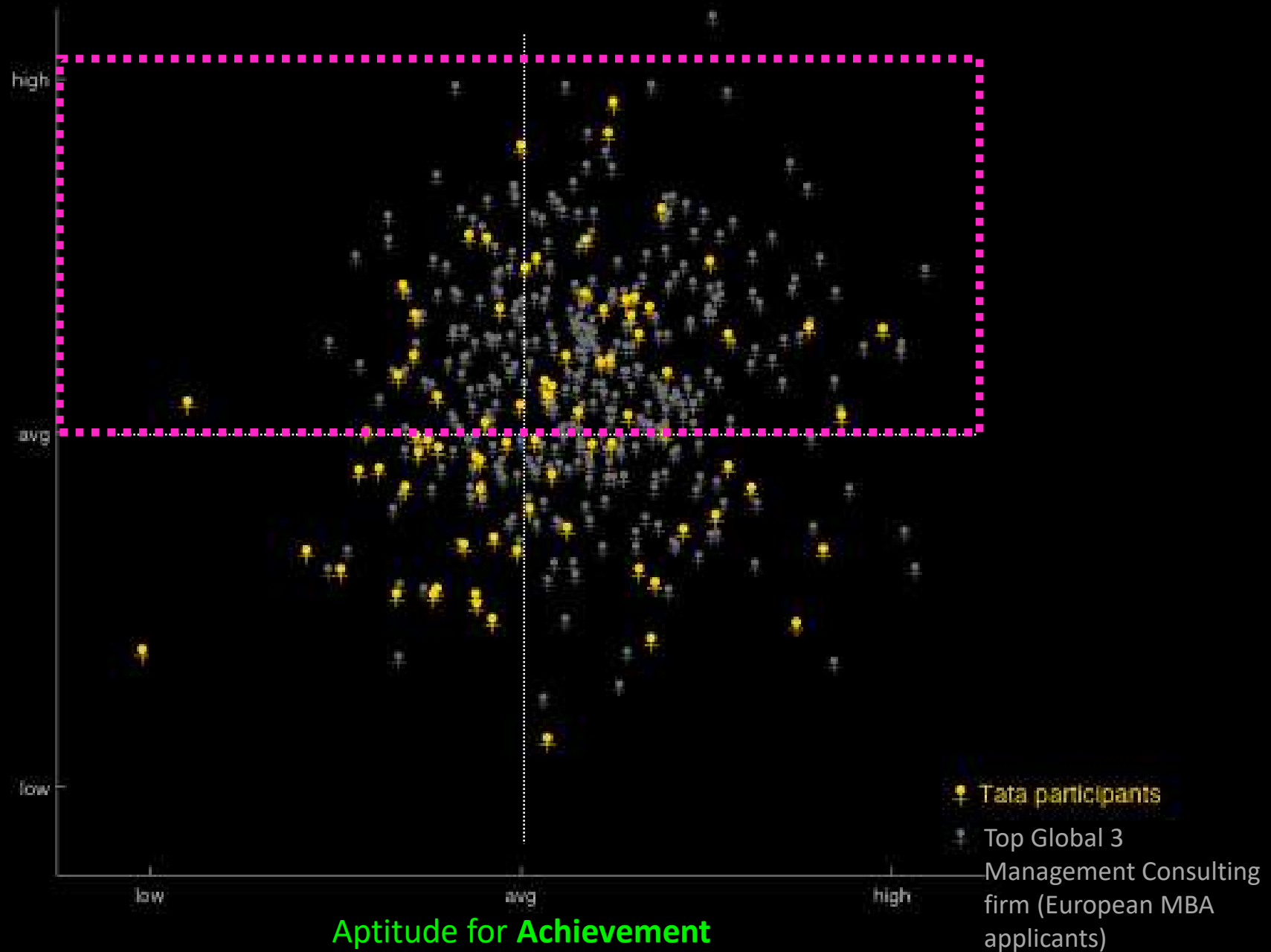


SOCIETAL BREAKDOWN-
DRUGS, VIOLENCE,
PREGNANCY

DEMOGRAPHIC
DIVIDEND NOT
REALISED



Aptitude for Data Science



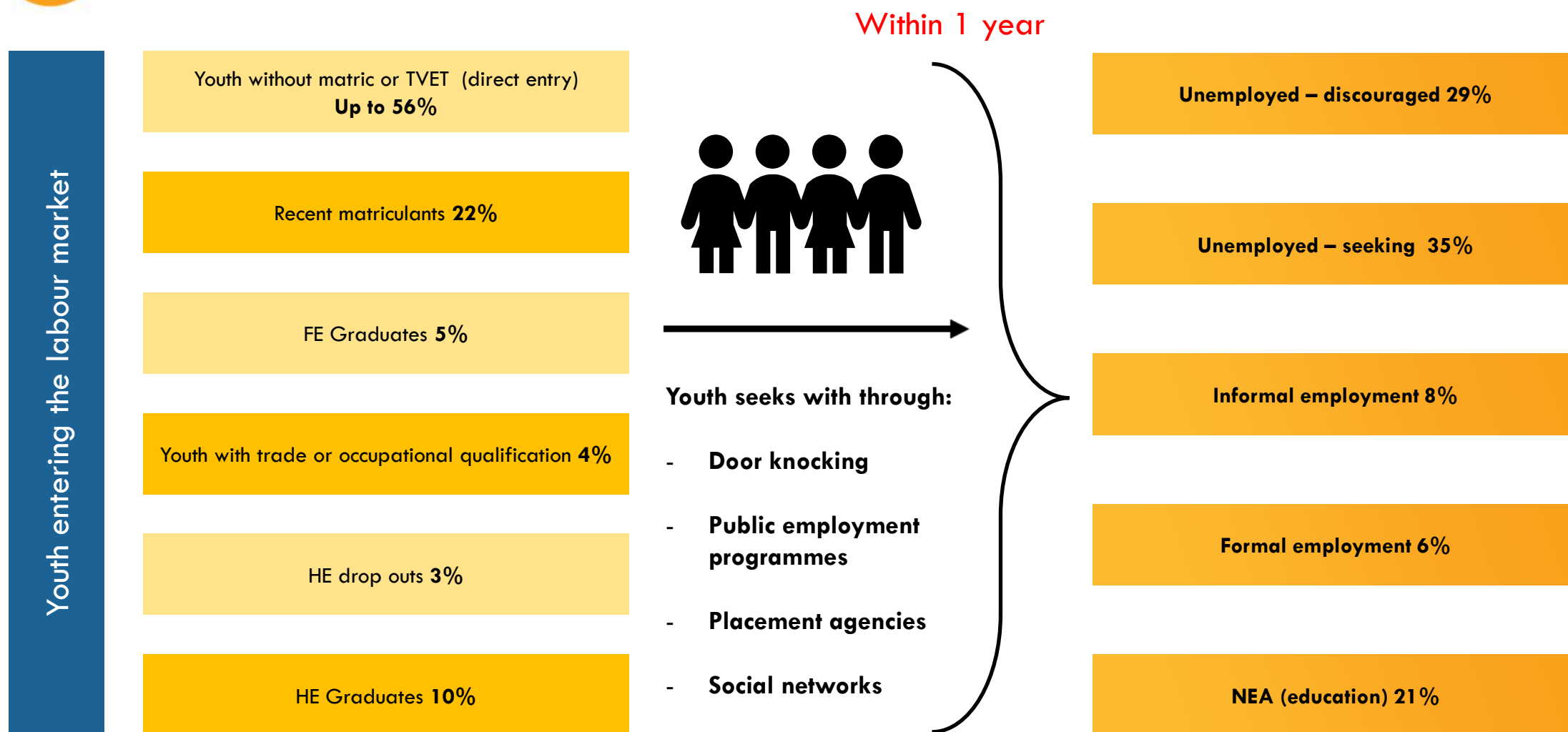
Median work search costs:

$$\text{R350} + \text{R200} = \text{R550}^*$$



Spatial marginalisation coupled with lack of access to resources and opportunities leads to high work search costs for black youth.

What happens to one million youth who enter the job market annually

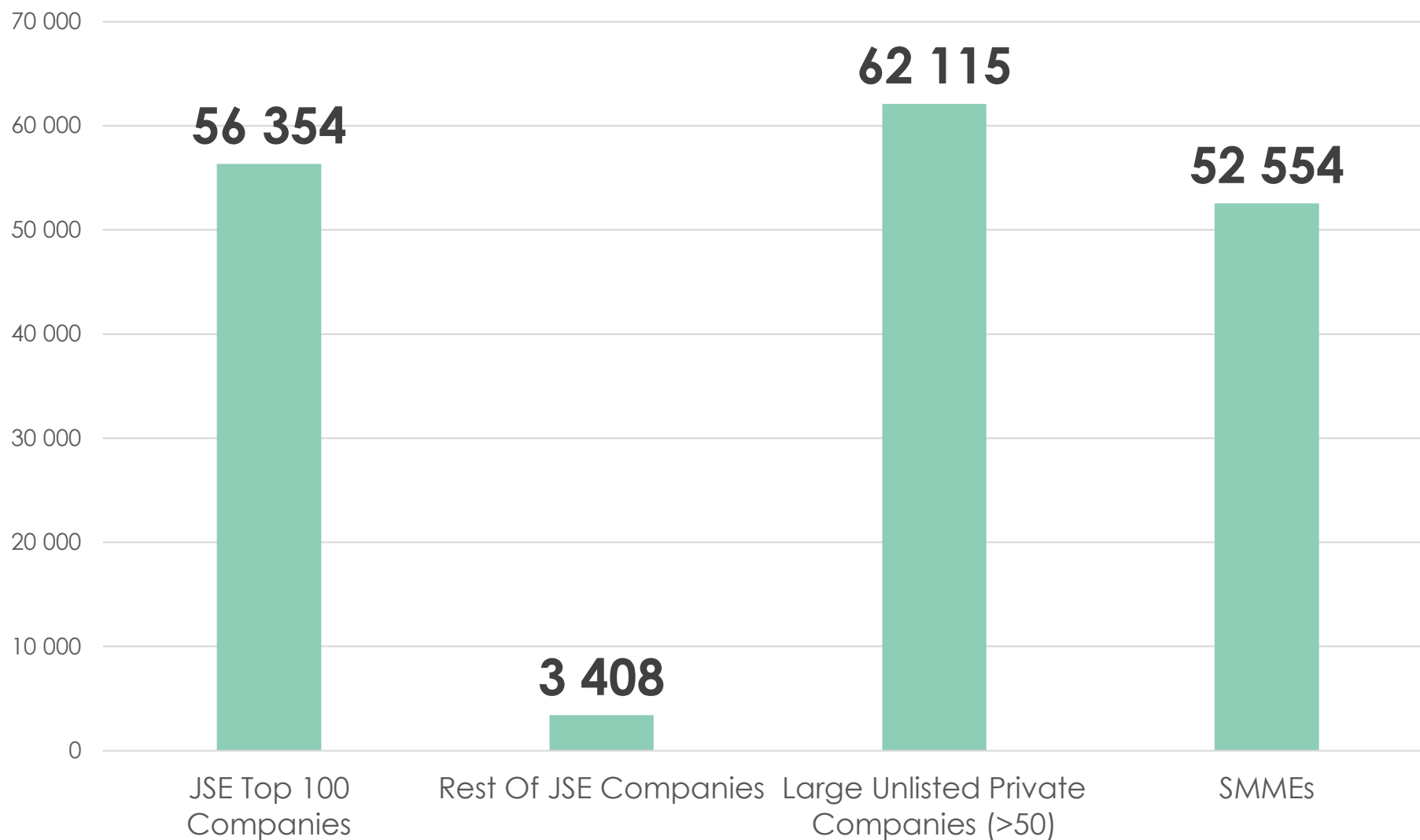


Annual public expenditure

Annual public expenditure (2017/18)	Estimate
University education – institutional subsidies	R31.6 billion
National Student Financial Aid	R10.1 billion
TVET Colleges	R7.4 billion
Skills funding: National Skills Fund SETAs	R3.3 billion R13.3 billion
Employment Tax Incentive (ETI)	R3.0 billion
EPWP Supplementary Allocations	R2.4 billion
Community Work Programme	R3.7 billion
Public Employment Services (DoL)	R0.6 billion
Tax Allowances for learnerships	R1.0 billion
Jobs Fund	R0.9 billion
GRAND TOTAL	R77.3 billion



YES Contribution by Firm Size



-No public sector
-white owned SMMES
-NO SMMES under 10 employees

Aim of YES is
to turn this
around:

- technology
- creativity
- incentives



YES OVERVIEW



CORE OBJECTIVES

The Creation of one million new work opportunities in existing firms intended specifically for youth

Promoting the capacity of SMMEs with paid for youth labour

Create new cohorts of SMMEs through value chain initiatives and knowledge share in collaboration with industry champions

WHY YES?

Many initiatives-no assimilation platform

Many supply side ideas

Need to shift industrial structure-SMME DEV

Require scaled solution and synergy of efforts

Demand is absent. Jobless growth

Create jobs in new places where the unemployed are

YES target groups

YES will target youth that:

- are between 18 to 35 years old
- are Black Persons
- meet the YES placement requirements

YES aims to place youth into:

- Large corporates &
- SMMEs
- Emerging Enterprises

Simplified YES journey

1

Companies
& youth
sign up onto
YES platforms

2

Youth
build
online
profiles

3

Companies
choose to take
on YES youth
internally or
sponsor host
placements

4

Youth are
matched to
positions
through the
YES matching
algorithm

5

Youth enter
workplaces for a 12-
month programme

YES INCENTIVE PACKAGE



A black and white photograph of a man and a woman in a workshop or industrial setting. The man, on the left, is wearing a light-colored long-sleeved shirt and a white baseball cap. He is holding a smartphone in his hands and looking at it. The woman, on the right, is wearing a dark, short-sleeved top with a light-colored pattern. She is looking at the man and gesturing with her hands. The background shows industrial equipment and a corrugated metal wall.

YES cost to company and incentive

Average Cost
to company
R3500 p/m

Average
training cost:
R15k p/a

Yearly Cost to
Company:
R57 000 p/a

ETI Claim:
R12000 per
annum

Proposed
B-BBEE
incentive

Proposed DTI YES incentives. *sub-minimums must be met

Achieve yes target	Achieve 1.5x yes target	Double yes target	Achieve target + 20% absorption ratio
Move one level up on the status table	Move one level up + Yes 8 points to add to total on table	Move two levels up	Move two levels up



Impact of Proposed BEE YES incentive

Impact of Proposed BEE YES incentive

- Requirements to qualify will severely hamper uptake of young people into the workforce
- Most firms will not qualify to participate
- Will render the youth employment initiative as failed and marginal attempt to address the large youth unemployment issue

Motivation for change of the Codes

Motivation for change in Codes

- Majority of youth entering the labour market are excluded
- Current lion's share of funding for skills and training is focused on youth who are already functional in the educational system
- Those with poor matric or no matric are left on their own with little state support
- These are the candidates who should be benefitting from broad-based transformation

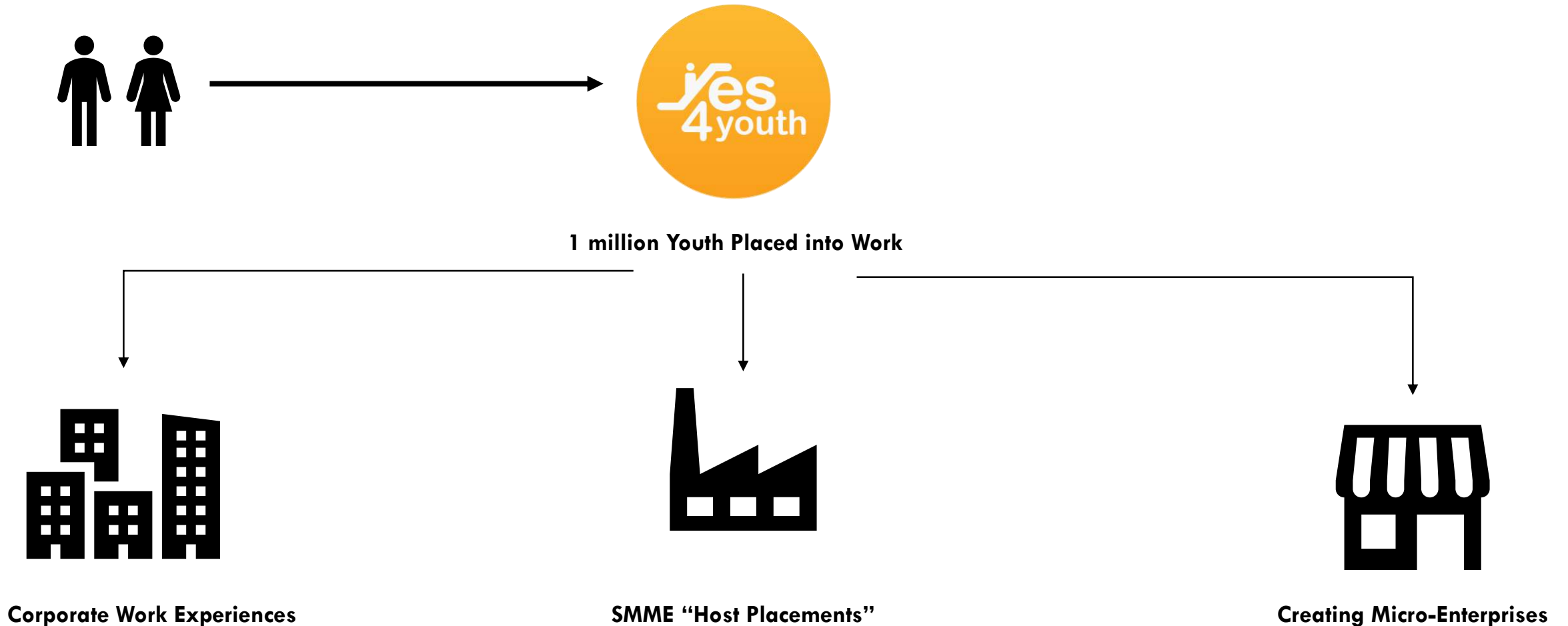
SMME & TOWNSHIP STRATEGY



LET'S GET TO WORK

yes

YES has three delivery channels



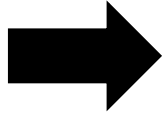
Through these channels, YES will activate, at minimum an additional R8.4 billion in personal income in the economy per year. *

*R42 000 annual salary x 200 000 YES candidates.

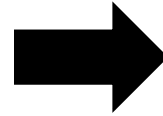
Youth journey



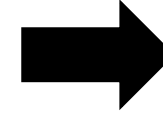
Digital registration:
Done wherever you
are



Youth build a
profile online



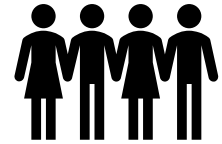
Learn on the
platform: Work
readiness
training



Frontier tech for
matching and
learning



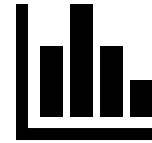
Youth matched to work starter experiences in corporates and host companies



Community of YES
peers



Supported by
Community Hubs



Continuous
Monitoring &
Evaluation



Communicates YES values
of hard work &
commitment

Creates YES
Reference letter



Data Zero-Rated: Free
to use



Work readiness
training



Constant
Guidance

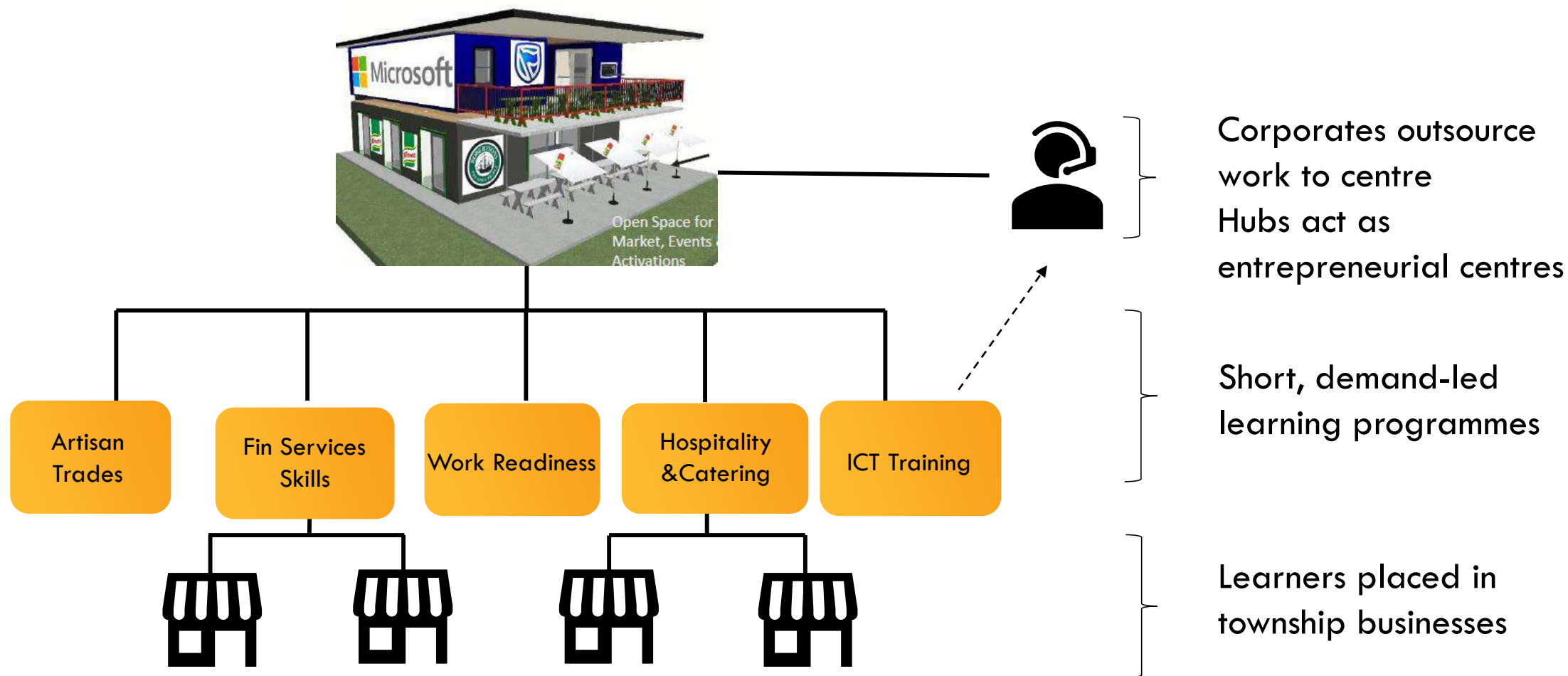


YES RURAL AND TOWNSHIP HUBS

TOWNSHIP STRATEGY

- Training in relevant, demand-led skills
- Empower township businesses and startups with needed skills
- Overcome spatial marginalization by bringing opportunities 'to the people'
- Outsource corporate BPO work – e.g. data capturing and coding

Training coupled with community based work experience





CREATING MICRO ENTERPRISES

MICRO-ENTERPRISE STRATEGY

- YES will fuel demand-side job growth through nurturing micro-enterprises
- Micro-enterprises will energize and capacitate the entrepreneurial spirit of black youth
- Young people will be empowered to start their own micro-enterprises and will receive support through
 - Business literacy and entrepreneurship training
 - Encouraging big business to provide seed funding via sponsored salaries
 - Integration into value chain through inclusive business opportunities



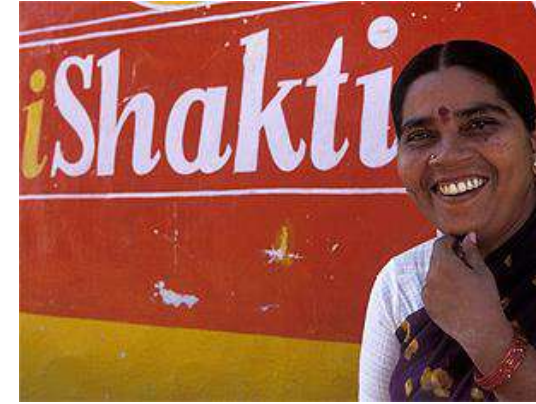
Jozi Digital Ambassadors

- Youth empowered to start microenterprises
- Youth train people to use free city Wi-Fi in Gauteng
- Paid by City of Joburg per transaction completed



Zoona

- FinTech solution for underserved segments
- Empowering women to create microenterprises in Africa; 'business-in-a-box' solutions



Shakti

- Indian based project
- Women empowered to build entrepreneurial micro-enterprises selling Unilever products
- 45K entrepreneurs selling to 3mn household by 2011



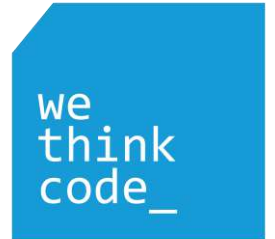
DeciCrew

- Desicrew offers BPO work to non-urban population that seeks to expand the economic by leveraging local talent pools, providing a competitive advantage to our customers.

MICRO- ENTERPRISES



Offer services including: generating, populating and moderating content, digitisation, live chat responses, mail room activities, project management, secondary research, transcription, translation, beta testing of web products, localisation of web products and website monitoring, mass banking services e.g. onboarding new clients, data capture



WHY YES IS DIFFERENT

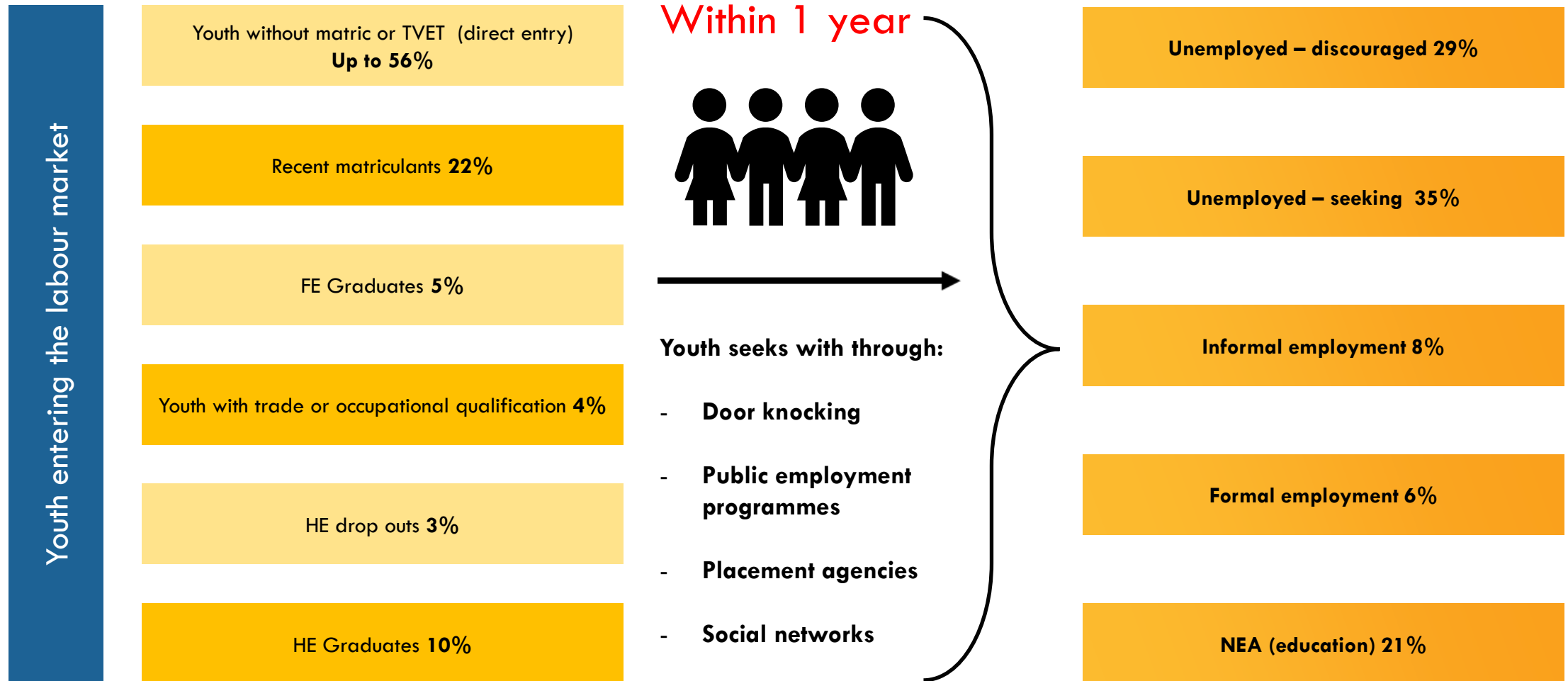
**LET'S
GET TO
WORK**

yes

WHY YES

- YES is **collaborative** and involves multiple stakeholder groups with practical cooperation between business, government, organised labour and community.
- Close relationship with business that builds **shared narrative** of a compact towards inclusive growth and change.
- YES will provide work starter experiences to unemployed youth that will offer a **springboard to improve future work prospects**.

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What we need



A B-BBEE incentive that is significantly transformational and is broad-based



Create a scaled solution to tackling youth unemployment using the mandate of the B-BBEE legislation



Urgent need to use existing structures and legislation to address the youth unemployment crisis

A photograph of three young women standing outdoors in a rural setting. The woman on the left is wearing a red top, the woman in the middle is wearing a colorful patterned top, and the woman on the right is wearing a white t-shirt with horizontal stripes. They are all smiling at the camera. The background shows a brick wall and some trees.

yes
4youth

Say **YES** today
for South Africa's
youth tomorrow