
GENERAL NOTICES

NOTICE 1577 OF 2008**DEPARTMENT OF TRADE AND INDUSTRY****CODES OF GOOD PRACTICE ON BROAD BASED BLACK ECONOMIC
EMPOWERMENT**

I, **Mandisi Mpahlwa**, Minister of Trade and Industry, hereby :

- (a) Issue for public comment, the DRAFT TRANSPORT SECTOR Code (The Draft Code) as provided for in Code 000 Statement 003 of the Codes of Good Practice under **Section 9(5)** of the Broad-Based Black Economic Empowerment (Act No. 53 of 2003); and
- (b) Invite interested persons and the public to submit comments on the draft code within **60 days** from the date of this publication.

Interested parties are requested to forward their comments to the following address(es)

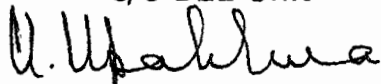
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MINISTER OF TRADE AND INDUSTRY
DATE: 11-12-2008

**DRAFT B-BBEE CHARTER - BUS COMMUTER AND COACH SERVICES
SUB-SECTOR**



**REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA**

DEPARTMENT OF TRANSPORT

DRAFT

**BUS COMMUTER AND COACH SERVICES INDUSTRY BROAD-BASED BLACK
ECONOMIC EMPOWERMENT CHARTER**

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ABBREVIATIONS

	DEFINITION
B-BBEE	Broad-Based Black Economic Empowerment
C-BRTA	Cross Border Road Transport Agency
DOT	Department of Transport
DTI	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EEA	Employment Equity Act
EMEs	Exempted Micro Enterprises
GDS	Growth and Development Summit
NPAT	Net Profit After Tax
PPPFA	Preferential Procurement Policy Framework Act
QSEs	Qualifying Small Enterprises
SANAS	South African National Accreditation System
SMMEs	Small Micro Medium Enterprises
TETA	Transport Education and Training Authority

1. **INTRODUCTION AND BACKGROUND**

1.1 **Scope of the Charter**

- 1.1.1 The Bus Sector Broad-Based Black Economic Empowerment (B-BBEE) Charter applies to all road passenger transport services rendered by means of minibuses and buses (as defined in the National Land Transport Transition Act, 2000 and its subsequent amendments).
- 1.1.2 The Bus B-BBEE Charter excludes road passenger transport services rendered by means of minibuses (as defined in the National Land Transport Transition Act, 2000 and its subsequent amendments) as such will be covered by the Minibus Taxi Industry B-BBEE Charter.
- 1.1.3 Further to clause 1.1.1 above, the scope of this Bus Sector B-BBEE Charter extends to all sub-sectors of the industry and includes inter alia:
- 1.1.3.1 Commuter bus services
 - 1.1.3.2 Long distance bus services
 - 1.1.3.3 Tour and charter bus services
 - 1.1.3.4 Cross border bus services
 - 1.1.3.5 Intercity bus services
 - 1.1.3.6 School/learner bus services
 - 1.1.3.7 Commercial contract bus services
 - 1.1.3.8 Special hire or private hire bus services
 - 1.1.3.9 Subsidised and non-subsidised bus services
 - 1.1.3.10 Scheduled and unscheduled bus services
- 1.1.4 The Bus Sector B-BBEE Charter covers the following entities involved in rendering passenger bus services:
- 1.1.4.1 Privately owned bus operations
 - 1.1.4.2 Listed bus operations

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- 1.1.4.3 State owned bus operations
- 1.1.4.4 Municipal bus services or bus operations owned by and/or metropolitan authorities
- 1.1.4.5 Parastatals and bus operations owned by provincial authorities
- 1.1.5 The Bus Sector B-BBEE Charter makes provision for Exempted Micro Enterprises (EMEs) and will cover Qualifying Small Enterprises (QSEs) as well as medium and big bus operators.
- 1.1.6 The Bus Sector B-BBEE Charter also cross-references to the Codes of Good Practice on BEE in terms of key measurement principles and definitions and as amended.
- 1.2 Challenges facing the Bus Commuter and Coach Services Industry**
- 1.2.1 The Bus Sector faces many challenges, among others are:
 - 1.2.1.1 Restructuring and transforming the current public transport system into a fully integrated, multi-modal network of public transport aimed at meeting the economic and social development needs of South Africa;
 - 1.2.1.2 Making bus transport more accessible and affordable to users of public transport;
 - 1.2.1.3 Improving the quality, safety, punctuality and reliability of bus services and providing the relevant information to users of public transport;
 - 1.2.1.4 Recapitalisation of operator vehicles outside the contract system; and
 - 1.2.1.5 Improving the infrastructure supporting bus services and public transport, e.g. dedicated public transport lanes, bus stops transfer stations, ticketing systems, passenger information systems, etc.
- 1.3 The role of the Bus Commuter and Coach Services Sub-Sector B-BBEE Charter**
- 1.3.1 The Bus Sector B-BBEE Charter has an important role to play in transforming the bus sector to support the realization of the below vision:
 - 1.3.1.1 Ensure more equitable participation of all groups in the ownership and control of enterprises in the Bus Sector;
 - 1.3.1.2 Promote equal opportunity and fair treatment in employment in the sector through the elimination of unfair discrimination;
 - 1.3.1.3 Promote the development of skills of the workforce and the increase in the levels of investments in education and training to meet the changing demands of the future public transport system in South Africa;
 - 1.3.1.4 Enhance the restructuring of procurement policies and practices in the sector to ensure that B-BBEE suppliers and providers will participate meaningfully in the procurement spend of the sector;
 - 1.3.1.5 Promote the investment in and the establishment and support of enterprise development beneficiaries; and

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1.3.1.6 Promote the contributions to socio-economic development initiatives.

2. A WORLD CLASS BUS COMMUTER AND COACH SERVICES INDUSTRY

2.1 The Vision of the Bus Sector in South Africa is to transform the current system of public transport into a world class public transport system where different modes are fully integrated and coordinated in a network of public transport services aimed at meeting all the passenger transport needs of the country.

2.2 The signatories to this agreement believe that every company in the bus and coach sector should voluntarily commit to this charter in support of constitutional, legislative, social and economic imperatives to secure a prosperous future for all our citizens and the well-being of our customers. In agreeing to commit to this balanced scorecard charter, all signatories commit themselves to be monitored, verified and rated by an independent B-BBEE rating company/Verification Agency that is accredited by the appropriate Accreditation Agency on behalf of the Department of Trade and Industry (DTI).

2.3 The signatories further commit to communicate this broad-based charter to every company in our industry's value chain to ensure maximum participation by all stakeholders.

2.4 Undertakings from bus and coach operators to achieve this vision

2.4.1 Both the operator groups above are committed to develop world class bus and coach businesses in South Africa. ¹ We believe that this is possible through committed training and development, consistent investments, an acceptable return on such investments, and the offering of superior services to our customers.

2.4.2 Operators are committed to safe operations and will continuously strive to improve safety standards – both in technical design as well as operations. Our industry will also achieve significant B-BBEE participation in ownership, management and employment amongst all role players in the industry. The "transformed" industry will also embrace the development of SMME operators as well as other SMME role players. This will be done through retaining existing jobs where feasible, whilst striving to expand the scope of bus and coach operations in South Africa.

2.5 Government undertakings to achieve this vision

2.5.1 Government demonstrates its commitment to the bus industry by:

2.5.1.1 Actively supporting the bus industry as a core component of the transport industry in South Africa;

¹ For the purpose of this bus sector charter the dominant business activities (where most revenue is generated) of the respective businesses will dictate the group within which operators reside, and for that matter the respective charters that apply to such companies

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- 2.5.1.2 Actively supporting the intercity and tour charter coach and tour bus industry as a core component of the national, regional and international tourism industry;
- 2.5.1.3 Continuously clarifying the public transport policy direction in order to provide stability and direction to the industry;
- 2.5.1.4 To actively engage in discussions with the bus industry in view of the expansion of desperately needed services;
- 2.5.1.5 Resolve legislative and fiscal restrictions that have a negative impact on the further development of the industry as well as policy implementation;
- 2.5.1.6 To engage in discussions regarding issues of learner transport services;
- 2.5.1.7 Assist B-BBEE companies in accessing funds for training and skills development through the Transport Sector Education and Training Authority (TETA);
- 2.5.1.8 Assist industry and B-BBEE companies in training and development initiatives;
- 2.5.1.9 To apply this Bus Sector B-BBEE Charter in the tender and negotiated contract processes;
- 2.5.1.10 Enforce and monitor compliance with existing legislation that may impact on B-BBEE such as the Employment Equity, Skills Development and Competition Acts; and
- 2.5.1.11 Stakeholders should use the annual B-BBEE report published by the Transport Sector B-BBEE Council to annually review progress on transformation.
- 2.6 Labour undertakings to achieve this vision**
- 2.6.1 Encourage employers to first look towards their own employees when considering options for achieving black equity participation;
- 2.6.2 Ensure that workers are empowered through skills development and training and create opportunities to deploy them into management positions;
- 2.6.3 Mobilise members to ensure compliance with existing legislation e.g. the BEE, Employment Equity, Skills Development, Labour Relations and Basic Conditions of Employment Acts;
- 2.6.4 Encourage members to monitor the performance of their employers in implementing the Growth and Development Summit (GDS) agreement on promoting local content and/or procurement and supporting the Proudly South African campaign;
- 2.6.5 To work constructively with employers in the industry to grow and develop the bus industry to a world class industry; and
- 2.6.6 Monitor the impact of tendering/negotiated contracts and procurement/outsourcing on job retention and creation.
- 2.7 TETA undertakings to achieve this vision**
- 2.7.1 To lead in facilitating the accurate determination of the real training needs in the Bus Industry and setting appropriate training priorities in the Bus Chamber;

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- 2.7.2 Assist stakeholders with the analysis of people in a particular skills set (or job category) broken down by race and gender;
- 2.7.3 Continuously analyse and update statistics about the future demand and supply of critical skills sets;
- 2.7.4 Continuously conduct an analysis of the quantity, quality and nature of training that companies are doing;
- 2.7.5 Commit to this B-BBEE Strategy and strive to achieve the targets set (where applicable) with specific reference to service providers;
- 2.7.6 Align its mission and vision with the imperatives of B-BBEE and assist with the implementation and monitoring of the B-BBEE strategy; and
- 2.7.7 The signatories of this charter are of the view that the sector should endeavour to facilitate the realisation of these commitments by monitoring contributions to B-BBEE. The evaluation of these contributions should be conducted through an Evaluation Matrix provided in Appendix B.

3. THE BUS COMMUTER AND COACH SERVICES SUB-SECTOR B-BBEE SCORECARD

3.1 GUIDING PRINCIPLES

- 3.1.1 The detailed Bus Sub-sector B-BBEE Scorecard is included under section 5 of the document. The B-BBEE Scorecard, as agreed between the stakeholders, contains indicators with detailed notes to guide role players. The bus sector scorecard stretches over a 5 year period, and points will be scored using the 5 year targets.
- 3.1.2 The Coach Sub-sector B-BBEE Scorecard indicators and time frames are the same as for the bus commuter industry although there are differences in terms of some of the targets. As is the case with the bus commuter sub-sector scorecard, a scorecard is employed in the measurement of contributions to B-BBEE. Differences to the bus commuter industry scorecard are indicated in the text of this document.
- 3.1.3 The BEE compliance of bus operators with this scorecard will be measured against a total score achieved across all indicators (i.e. the sum of the individual scores on the B-BBEE indicator scorecard).

3.2 INDICATORS OF EMPOWERMENT

DURATION OF THIS SUB-SECTOR CHARTER

This Charter shall remain in effect until amended, substituted and repealed under Section 9 of the BBBEE Act, or with the parties to this charter process agreeing to do so.

The Charter Council will review this Charter following the end of the 5th year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.

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3.2.1 OWNERSHIP

3.2.1.1 Guiding Principle

3.2.1.1.1 Our guiding principle is to increase black ownership across the spectrum of the bus and coach industry. We also aim to increase the economic sustainability of black ownership.

3.2.1.2 Stakeholder Undertakings

3.2.1.2.1 Government aims to:

3.2.1.2.1.1 Clarify public transport policy with specific reference to the funding model; targeting of subsidies, growth of the industry, future of the negotiated/tendering system and so forth.

3.2.1.2.1.2 In the design of tenders/negotiated contracts make provision for small operators, women enterprises and other designated groups.

3.2.1.2.1.3 Engage public and private sector funding agencies to develop innovative funding mechanisms for B-BBEE companies seeking to invest in the sector.

3.2.1.2.1.4 Ensure that policies are in place to facilitate the entry of new players into the entire industry, including subsidized buses, cross border transport and domestic long distance. This will require co-ordination of initiatives between the DOT, the C-BRTA and the provincial operating license boards to review legal impediments that may prevent small operators from entering the industry.

3.2.1.2.2 Industry ownership measures include the following:

3.2.1.2.2.1 Economic Interest

3.2.1.2.2.1.1 Measured entities within the bus commuter industry, will achieve maximum points when the percentage of the total issued shares held by black persons exceeds 35% - the applicable direct shareholding is 25% for the coach services industry;

3.2.1.2.2.1.2 Measured entities will achieve maximum points when the portion of the total shareholding (i.e. the number of black women shareholders expressed as a percentage of the total shareholding) is or exceeds 10% of the total shareholding held by black women shareholders - The applicable percentage for the coach industry is equal to or greater than 10%; and

3.2.1.2.2.1.3 Black natural people - A measured entity, will achieve maximum points when the portion of the total shareholding held by black natural persons exceeds 2.5%.

3.2.1.2.2.2 Voting Rights

3.2.1.2.2.2.1 A measured entity will achieve maximum points if more than 35% vote of the total voting rights are held by black shareholders. The applicable percentage for the coach industry is greater than 25% + 1 vote;

3.2.1.2.2.2.2 A measured entity in the bus commuter industry will achieve maximum points if 10% or more of the total voting rights are held by

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black women shareholders. The applicable percentage for the coach industry is greater than 10%;

3.2.1.2.2.2.3 For Qualifying Small Enterprises (**QSEs**) as defined in this charter, the following criteria and targets shall apply:

- Economic interest in the hands of Black people, for which the target will be 35% for the commuter industry and 25% for the coach industry;
- Voting rights in the hands of Black people, for which the target will be 35% for the commuter industry and 25% + 1 vote for the coach industry; and

3.2.1.2.2.2.4 In order to assist in ownership transformation, the industry is committed to developing creative funding mechanisms, e.g. vendor finance and earn-in models, to facilitate funding for companies.

3.2.1.3 Measurement Principles and Application of the Charter

3.2.1.3.1 Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Generic Codes of Good Practice.

3.2.1.3.2 The formulae required in the determination of the ownership score is contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Codes of Good Practice.

3.2.1.3.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Codes of Good Practice. The target contained in the ownership element of this Charter will apply.

3.2.1.3.4 The recognition of the equity equivalent programmes for multinationals has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Codes of Good Practice.

3.2.1.3.5. The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Codes of Good Practice.

3.2.1.3.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

3.2.2 MANAGEMENT CONTROL

3.2.2.1 Guiding Principle

3.2.2.1.1 Industry commits to increase black participation on company boards and similar governance structures across the sector to become more representative of the overall country demographics and gender diversity.

3.2.2.1.2 We aim to increase black participation on company boards and similar governing structures across the sector to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. The industry will be transparent, eliminate

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unscrupulous business practices including fronting and fraud, and adopt best-practice corporate governance policies.

3.2.2.2 Management measures include the following:

3.2.2.2.1 Board of Directors

3.2.2.2.1.1 A measured entity will achieve maximum points if 50% or more of the seats on the Board of Directors are held by black persons. The applicable percentage for the coach industry is equal to or greater than 50%; and

3.2.2.2.1.2 In addition, a measured entity, will achieve maximum points if 25% or more of the total seats on the Board of Directors are held by black women. The applicable percentage for the coach industry is equal to or greater than 25%.

3.2.2.2.2 Executive Directors

3.2.2.2.2.1 A measured entity will achieve maximum points if 50% or more of all executive positions are held by black persons. The applicable percentage for the coach industry is equal to or greater than 50%;

3.2.2.2.2.2 Also, a measured entity will achieve maximum points if 25% or more of all executive positions are held by black women.

3.2.2.2.3 Senior Top Management

3.2.2.2.3.1 A measured entity will achieve maximum points if 40% or more of all senior top management positions are held by black persons. The applicable percentage for the coach industry is equal to or greater than 40%; and

3.2.2.2.3.2 In addition, a measured entity will achieve maximum points if more than 20% of all senior top management positions are held by black women in bus and coach services.

3.2.2.2.4 Other Top Management

3.2.2.2.4.1 A measured entity will achieve maximum points if 40% or more of all other top management positions are held by black persons. The applicable percentage for the coach industry is equal to or greater than 40%;

3.2.2.2.4.2 Also, a measured entity, will achieve maximum points if 20% or more of all other top management positions are held by black women in bus commuter and coach services;

3.2.2.2.4.3 For **QSEs** as defined in this charter, the following criteria and targets shall apply:

- Total Black top management representation, for which the target will be 50.1% of all top management positions.

3.2.2.2.4.4 Evaluation guidelines:

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- Senior Top Management - have individual responsibility for overall management of the enterprises;
- Other Top Management - have responsibility for their area of responsibility only; and
- If a measured entity does not distinguish between Senior Top Management and Other Top Management-This may justify a single grouping under "Senior Management", but individuals included here cannot be counted under the Employment Equity scorecard as well.

3.2.2.3 Measurement Principles and Application of the Charter

- 3.2.2.3.1 Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Generic Code of Good Practice.
- 3.2.2.3.2 The formulae required in the determination of the management control score are contained in Annexure 200 (A)-B of Statement 200 of Code 200 of the Generic Code of Good Practice. The Adjustment Recognition for Gender found in Annexure 200 (A)-A will not apply.
- 3.2.2.3.3 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 802, of Code 800, of the Generic Codes of Good Practice.

3.2.3 EMPLOYMENT EQUITY

3.2.3.1 Guiding Principle

- 3.2.3.1.1 Our guiding principle is to increase the representation of black people in senior management, professional, technical and supervisory occupations in the bus industry. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

3.2.3.2 Employment equity measures include the following:

- 3.2.3.2.1 Senior management - A measured entity will obtain maximum points when 43% of all senior managers are black.
- 3.2.3.2.2 Black Women Representation at senior management - A measured entity will obtain maximum points when 22% of all senior managers are black women.
- 3.2.3.2.3 Middle and junior management - A measured entity will obtain maximum points when 63% and 68% of all middle and junior managers are black, respectively.
- 3.2.3.2.4 Black Women representation at middle and junior management - A measured entity will obtain maximum points when 32% and 34% of all middle and junior managers are black women, respectively.
- 3.2.3.2.5 Semi-skilled and unskilled Women representation - A measured entity will obtain maximum points when more than 20% of all semi-skilled and unskilled positions are composed of black women.
- 3.2.3.2.6 Black People living with disability - A measured entity will obtain maximum points when more than 1% of the total workforces are black

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employees with disabilities. The corresponding target for Bus Commuter and Coach Services is 0.5% black women employees with disabilities.

3.2.3.2.7 For QSEs as defined in this charter, the following criteria and targets shall apply:

- Total Black management representation, for which the target will be 40% of all management positions;
- Total Black women management representation, for which the target will be 20% of all management positions;
- Total Black representation, for which the target will be 60% of all employees; and
- Total Black women representation, for which the target will be 30% of all employees.

3.2.3.3 Measurement Principles and Application of the Charter

3.2.3.3.1 Measurement principles on the employment equity element are contained in Statement 300 of Code 300 of the Generic Codes of Good Practice.

3.2.3.3.2 The formulae required in the determination of the employment equity score are contained in Annexure 300 (A)-B of Statement 300 of Code 300 of the Generic Codes of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 300 (A)-A, will not apply.

3.2.3.3.3 Measurement principles for the determination of the Employment Equity score for QSEs are contained in Statement 803 of Code 800 of the Generic Codes of Good Practice.

3.2.4 SKILLS DEVELOPMENT

3.2.4.1 Guiding Principle

3.2.4.1.1 Our guiding principle is to substantially increase the economic value added (or productivity) of every employee in the Bus sub-sector through skills development and employment equity as well as increase the scale of initiatives aimed at developing black professionals and technical experts.

3.2.4.1.2 Stakeholders will identify within and outside their businesses, a talent pool of black people for accelerated development through mentorship programmes, learnerships, intra-industry exchange and internship programmes, and higher education and training.

3.2.4.2 Skills development measures include the following:

3.2.4.2.1 A measured entity will obtain maximum points when more than 3% of the total leviable amount is dedicated to skills development, training and education related expenditure on Black employees.

3.2.4.2.2 A measured entity will obtain maximum points when more than 1.5% of the total leviable amount is dedicated to skills development, training and education related expenditure on Black women employees.

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3.2.4.2.3 A company will obtain maximum points when black employees participating in learnerships, represent more than 5% of the total work force.

3.2.4.2.4 A measured company will obtain maximum points when black women employees participating in learnerships, represent more than 2.5% of the total work force.

3.2.4.2.5 For QSEs as defined in this charter, the following criteria and targets shall apply:

- Black skills development expenditure on learning programmes as a percentage of payroll or leviavle amount (whichever is applicable), for which the target will be 3%; and
- Black women skills development expenditure on learning programmes as a percentage of payroll or leviavle amount (whichever is applicable), for which the target will be 1.5%.

3.2.4.3 Measurement Principles and Application of the Charter

3.2.4.3.1 Measurement principles associated with the skills development element are contained in Statement 400 of Code 400 of the Generic Codes of Good Practice.

3.2.4.3.2 The formulae required in the determination of the skills development score are contained in Annexure 400 (A)-B of Statement 400 of Code 400 of the Generic Codes of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 400 (A)-A will not apply.

3.2.4.3.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 804 of Code 800 of the Generic Code of Good Practice.

3.2.4.3.4 Learning Programme Matrix – This matrix is used to ensure that the skills spend is truly beneficial and can also be categorized. The Learning Programme Matrix may be found in Annexure 400(A) of the B-BBEE Codes of Good Practice.

3.2.5 PREFERENTIAL PROCUREMENT

3.2.5.1 Guiding Principle

3.2.5.1.1 Our guiding principle is to use the purchasing power of the public and private sector bus operators to create new B-BBEE companies, and develop existing ones. Stakeholders will make deliberate attempts to identify new entrants, particularly in areas such as specialist maintenance, equipment manufacturing and suppliers to the industry, which have traditionally excluded black people. We commit to increase procurement from black-owned and empowered enterprises and implement best-practice supplier development policies.

3.2.5.1.2 Stakeholders undertake to determine the current levels of procurement from B-BBEE companies and identify areas where they can achieve significant results over the short term.

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3.2.5.2 Preferential procurement measures include the following:

- 3.2.5.2.1 B-BBEE Procurement Spend from all Suppliers – A measured entity will obtain maximum points when the B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels is equal to or greater than 50% of the total measured procurement spend.
- 3.2.5.2.2 B-BBEE Procurement Spend from QSEs and Exempted EMEs - A measured entity will obtain maximum points when B-BBEE procurement spend from QSEs and EMEs based on the B-BBEE procurement recognition levels represents 10% or more of the total measured procurement.
- 3.2.5.2.3 B-BBEE Procurement Spend from Black-owned enterprises: This measures the percentage of the total measured procurement spend with suppliers who are 50% Black owned. A measured entity will achieve maximum points when 9% or more of total measured procurement is spent with Black-owned suppliers.
- 3.2.5.2.4 B-BBEE Procurement Spend from Black women-owned enterprises: This measure the percentage of the total measured procurement spent with suppliers who are 30% Black women-owned. A company will earn maximum points when 6% or more of total measured procurement is spent with Black women-owned suppliers
- 3.2.5.2.5 QSEs within this sub-sector commit to procuring a minimum of 50% of total procurement from B-BBEE compliant suppliers.

3.2.5.3 Measurement Principles and Application of the Charter

- 3.2.5.3.1 Measurement principles associated with the preferential procurement element are contained in Statement 500 of Code 500 of the Generic Code of Good Practice.
- 3.2.5.3.2 The formulae required in the determination of the preferential procurement score are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Code of Good Practice.
- 3.2.5.3.3 Measurement principles required in evaluating the preferential procurement contributions made by QSEs within this sub-sector are contained in Statement 805 of Code 800 of the Generic Codes of Good Practice.
- 3.2.5.3.4 Monopolistic procurement – This type of procurement can only be excluded from total measured procurement if it is from entities that are listed as schedule 1 (constitutional institutions) or are regulated monopolies.
- 3.2.5.3.5 Imports - Imports may be excluded from total measured procurement if the relevant goods and/or services are not being produced in South Africa.
- 3.2.5.3.6 Subcontracting from black owned; black women owned; EMEs; QSEs; and, B-BBEEE compliant suppliers is recognised as preferential procurement contributions and forms part of B-B BEE procurement.
- 3.2.5.3.7 If a subcontracting entity is also involved in enterprise developing one or more of its subcontractors, the procurement spend from such subcontractors will be enhanced by a factor of 1.2.

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3.2.6 ENTEPRISE DEVELOPMENT

3.2.6.1 Guiding Principle

3.2.6.1.1 The stakeholder guiding principle is to create and nurture new B-BBEE enterprises within the industry and develop existing ones. This will require all stakeholders to develop strategies to enter into joint ventures and other forms of alliances with B-BBEE enterprises. In order to avoid potential problems (especially in sub-contracting), stakeholders agree to develop a Code of Good Practice to address concerns about the practical application of sub-contracting and include it in the Model Tender and Negotiated Tender Documents.

3.2.6.2 Enterprise development measures include the following:

3.2.6.2.1 Enterprise Development Contributions - Measure B-BBEE enterprise development contributions as a percentage of Net Profit After Tax (NPAT).

3.2.6.2.2 A measured entity will achieve maximum points when more than 3% of NPAT is dedicated to enterprise development contributions.

3.2.6.2.3 A measured entity will earn maximum points when more than 2% of its bus fleet is used for enterprise development within the operation of different B-BBEE enterprise development partners as a percentage of the total operator bus fleet.

3.2.6.2.4 QSEs within this sub-sector aspire to make contributions to enterprise development, which will amount to 3% of NPAT evaluated annually over the next 5 years.

3.2.6.3 Measurement Principles and Application of the Charter

3.2.6.3.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Codes of Good Practice.

3.2.6.3.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of Statement 600 of Code 600 of the Generic Codes of Good Practice.

3.2.6.3.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the Generic Codes of Good Practice.

3.2.6.3.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this sub-sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice.

3.2.7 SOCIO-OECONOMIC DEVELOPMENT

3.2.7.1 Guiding Principle

3.2.7.1.1 Stakeholders agree to support community development and social projects. These projects include, study bursaries, job creation programmes and internships.

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3.2.7.2 Socio-economic development measures include the following

- 3.2.7.2.1 A measured entity will achieve maximum points if a minimum of 1% of NPAT is on social and community projects.
- 3.2.7.2.2 QSEs within this sub-sector contributing a minimum of 1% of NPAT evaluated annually to socio-economic development initiatives over the next 5 years will achieve maximum points.

3.2.7.3 Measurement Principles and Application of the Charter

- 3.2.7.3.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the Generic Codes of Good Practice.
- 3.2.7.3.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of Statement 700 of Code 700 of the Generic Codes of Good Practice.
- 3.2.7.3.3 The formulae required in the determination of the socio-economic development score are contained in Annexure 700 (A) of Statement 700 of Code 700 of the Generic Codes of Good Practice.
- 3.2.7.3.4 Measurement principles required in evaluating socio-economic development contributions made by QSEs within this sector are contained in Statement 807 of Code 800 of the Generic Codes of Good Practice.

4. DURATION OF THE BUS COMMUTER AND COACH SERVICES SUB-SECTOR B-BBEE CHARTER

4.1 All stakeholders commit to:

- 4.1.1 review the Bus Sector B-BBEE Charter following the end of the fifth (5) year after the commence date; and
- 4.1.2 conduct annual reviews to monitor the implementation of B-BBEE throughout the sector.

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5. THE BUS BROAD-BASED BALANCED SCORECARD

B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
Foreign Ownership: Provide evidence of a global practice against selling equity to locals in investee countries	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation; OR	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation OR	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation OR	20
	4% of Total Revenue from its South African operations annually over the period of continued measurement Equity Equivalence	4% of Total Revenue from its South African operations annually over the period of continued measurement 20	4% of Total Revenue from its South African operations annually over the period of continued measurement 20	
Ownership	Exercisable voting rights in the hands of black people	35%	25%+1 vote	3
	Exercisable voting rights in the hands of black women	10%	10%	2
	Economic Interest in the hands of black people	35%	25%	4
	Economic Interest in the hands of black women	10%	10%	2

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B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	Economic Interest of the following black natural people in the enterprise: -black designated groups; -black participants in Employee Ownership Schemes; -black beneficiaries of broad based Ownership schemes or -black participants in co-operatives	2.5%	2.5%	1
	Ownership fulfilment	Same as codes	Same as codes	1
	Net Economic Interest/Net Value	25% graduated over 10 years as per the Codes (year 5 at 60%)	25% graduated over 10 years as per the Codes (year 5 at 60%)	7
	Bonus points:			
	Involvement in the ownership of the Enterprises of black new entrants:	10%	10%	2
	Involvement in the ownership of the Enterprises of black Participants: ESOPS, Broad-Based Ownership; Co-operatives	10%	10%	1
Management	% of total exercisable voting rights in the hands of black board members	50%	50%	1.5
	% of total exercisable voting rights in the hands of black-women board members	25%	25%	1.5

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B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	% Black executive directors	50%	50%	1
	% Black Women executive directors	25%	25%	1
	% of black senior top management	40%	40%	1.5
	% of black women senior top management	20%	20%	1.5
	% of black other top management	40%	40%	1
	% of black women other top management	20%	20%	1
	Bonus points: Black Independent Non-Executive Board Members	40%	40%	1
Employment Equity	% Black People in Senior Management	43%	43%	2.5
	% Black Women in Senior Management	22%	22%	2.5
	% Black People in Middle Management	63%	63%	1.5
	% Black Women in Middle Management	32%	32%	1.5
	% Black People in Junior Management	68%	68%	1.5
	% Black Women in Junior Management	34%	34%	1.5
	Black People living with disabilities as a % of all employees ²	1%	1%	1
	Black Women living with disabilities as a % of all employees ³	0.5%	0.5%	1
	% of Black Women in semi-skilled and unskilled positions (i.e. staff below junior management)	20%	20%	2

² Target subject to Disabled definition review.

³ Target subject to Disabled definition review

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B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	Bonus Point for meeting or exceeding the EAP targets			3
Skills Development	Skills development expenditure on learning programmes specified in the learning programmes matrix for black employees as a % of leviab amount	3%	3%	3
	Skills development expenditure on black Women learning programmes specified in the learning programmes matrix for black employees as a % of leviab amount	1.5%	1.5%	3
	Skills development expenditure on learning programmes specified in the learning programmes matrix for black disabled employees as a % of leviab amount	0.3%	0.3%	1.5
	Skills development expenditure on black Women learning programmes specified in the learning programmes matrix for black disabled employees as a % of leviab amount	0.15%	0.15	1.5
	Number of black employees participating in learnerships or category B, C and D programmes as a % of total employees	5%	5	3

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B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	Number of black Women employees participating in learnerships or category B, C and D programmes as a % of total employees	2.5%	2.5	3
Preferential Procurement	B-BBEE procurement spend from all suppliers based on the B-BBEE procurement	50%	50%	12
	Procurement from B-BBEE Compliant QSEs and EME as defined by the B-BBEE Recognition Levels as a % of Total Measurable Spend	10%	10%	3
	Procurement from 50% Black-Owned as a % of Total Measured Procurement Spend	9%	9%	3
	Procurement from 30% Black Women-Owned Enterprises as a % of Total Measured Procurement Spend	6%	6%	2
Enterprise Development	Expenditure on supplier development initiatives as a % of NPAT	3% NPAT	3% NPAT	10
	Number of different B-BBEE enterprise development partners expressed as a percentage of the total operator bus fleet (Sector Specific)	2%	2%	5
Socio-Economic Development	social development programmes as a % of NPAT	1% of NPAT	1% NPAT	5
TOTAL				100

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6. QUALIFYING SMALL ENTERPRISES SCORECARD

B-BBEE Element	Indicators of Empowerment	Bus Commuters Sector 5 year target	Bus Coach Sector 5 year target	Weightings
Ownership	Exercisable voting rights in hands of black people	35% Vote	25% +1 vote	6
	Economic Interest of black people in the Enterprise	35%	25%	9
	Realisation Points:			
	Ownership fulfilment			1
	Net Value	25% graduated over 10 years as per the Codes (year 5 at 60%)	25% graduated over 10 years as per the Codes (year 5 at 60%)	9
	Bonus Points:			
	Involvement in the ownership of the Enterprise by black women	20%	10%	2
	Involvement in the ownership of the Enterprise by black participants in Employee Share Schemes, Co-operatives or Broad Based Ownership Schemes	10%	10%	1
Management Control	Black Representation at Top Management level	50.1%	50.1%	25
	Bonus Points: Black women representation at Top-Management	25%	25%	2
Employment Equity	Black Employees of the Measured Entity who are Management	40%	40%	7.5
	Black Women Employees of the Measured Entity who are management	20%	20%	7.5

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B-BBEE Element	Indicators of Empowerment	Bus Commuters Sector 5 year target	Bus Coach Sector 5 year target	Weightings
	Black employees of the Measured Entity as a percentage of total employees	60%	60%	5
	Black Women employees of the Measured Entity as a percentage of total employees	30%	30%	5
	Bonus points for meeting or exceeding the EAP targets in each category			2
Skills Development	Skills Development spend on learning programmes for black employees as a percentage of the leviabile/payroll	3%	3%	12.5
	Skills Development spend on learning programmes for black female employees as a percentage of the leviabile/payroll	1.5%	1.5%	12.5
Preferential Procurement	BEE Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	50%	50%	25
Enterprise Development Spend	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	3% of NPAT	3% of NPAT	25
Socio-Economic Development	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	1% of NPAT	1% of NPAT	25
TOTAL				175

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A QSE must select any four of the above seven elements for the purposes of measurement. If a QSE does not make a selection, its four best element scores will be used for the purposes of measurement.

7. APPENDIX A: DEFINITIONS

	DEFINITION
Broad-Based Black Empowerment	Government defines B-BBEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. So, the B-BBEE process will include elements of human resource development, employment equity, enterprise development, preferential procurement, as well as investment, ownership and control of enterprises and economic assets.
Black-Owned Enterprise	Is an enterprise where a minimum of 50,1% of the enterprise is owned by black persons. Ownership refers to economic interest and exercisable voting rights.
Black People	Has the meaning defined in the Act qualified as including only natural persons who are citizens of the Republic of South Africa by birth or descent; or are citizens of the republic of South Africa by naturalisation
Community Or Broad Based Enterprise	Has an empowerment shareholder who represents a broad base of members such as a local community or where the benefits support a target group, for example black women, people living with disabilities, the youth and workers
Control	Of a business entity can be achieved in a number of ways a) a majority shareholding position i.e. 50%+1 share, b) an effective controlling shareholding; c) a majority of a board of directors; and/or d) a shareholders' agreement
Co-Operative Or Collective Enterprise	Is an autonomous association of persons who voluntarily join together to meet their economic, social and cultural needs and aspirations through the formation of a jointly - owned enterprise and democratically controlled enterprise.
Development	Includes but not limited to Joint Ventures, sub-contracting, and supplier development initiatives. It also includes but not limited to the facilitation provided by established company to its B-BBEE partners e.g. discounts, access to cash flow, guarantees or put options deferred payments, and other vendor financing models.
Direct Empowerment	Is the process of B-BBEE must result in an increase in the ownership rights and management control of the economy by black persons. This means that a significant portion of black people's ownership of assets and enterprises must be a controlling interest, reflecting genuine participation in decision making at board executive management and operational levels, and the assumption of real risk. In this scorecard, direct empowerment focuses on ownership of enterprises and assets through shares and other instruments that provide the holder thereof with voting rights and economic benefits such as dividends or interest payments.
Disabled Employees	For the purpose of this Charter, the definition of employees with disabilities as contained in the Employment Equity Act is used. It means employees who have a long-term or recurring physical or

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	DEFINITION
	mental impairment, which substantially historically limits their prospects of entry into or advancement in employment. The total number of employees with disabilities (irrespective of race or gender) is expressed as a percentage of the total number of employees (irrespective of race or gender) in all levels of the organisation
Exempted Micro Enterprises	These are enterprises with a turnover of R5 million or less for the purposes of this charter. They have an automatic recognition level of Level 4 in the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice. This affords companies procuring from these entities 100% B-BBEE recognition of spend.
Fronting	The deliberate misrepresentation of information in order to gain an advantage over another individual/entity. In addition the use of questionable ownership structures in order to unjustifiably gain points to get preference points in any business/ tender adjudication process
Growth	Relates to the National Economic Growth, Industry Growth as well as Enterprise Development growth
Indirect Empowerment	A core component of this B-BBEE Strategy is the creation and nurturing of new enterprises by black people, preferential procurement by the State, Parastatals and the private sector is an effective and efficient instrument to drive B-BBEE. A second element of indirect empowerment is enterprise development. This can take two forms: Investment in black-owned and black-empowered enterprises. Joint Ventures with black owned and black empowered enterprises that result in substantive skills transfers
Job Creation	Refers to the creation of opportunities for ongoing permanent employment.
Learners	Refers to the people participating in the learnership and other similar programmes
Leviable Amount	Has the same meaning as contained in the Skills Development Act.
Midibus	Midibus means a motor vehicle designed, or lawfully adapted by a registered manufacturer in compliance with Road Traffic Act, 1989 (Act No. 29 of 1989), to carry from nine to 18 seated persons, excluding the driver.
Minibus	Minibus taxi-type service means an unscheduled public transport service operated on a specific route or routes, or where applicable, within a particular area, by means of a motor-car, minibus or minibus, subject to section 31.
Net Asset Value	Within the context of this Charter this term refers to Total Asset less Liabilities.
Net Economic Interest	Is the percentage of the shareholding by black shareholders that is unencumbered by any financial obligations to third parties or to the principle company in which the stake is held.
Ownership	Refers to equity participation and the ability to exercise rights and obligations that accrue under such ownership. These rights and obligations include the right the economic interest flowing from the shareholding and the right to exercisable voting rights in proportion to that shareholding. It also refers to the net economic interest, in other words paid up capital. The parties to this Charter agree that the measurement of the extent of the achievement of this target of the

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	DEFINITION
	aggregate value of the equity will be based on the asset values per the audited accounts of the entities concerned and that the net economic interest will be calculated according to the market value of the shareholding less the outstanding amounts owing to third parties or the principle company by the black shareholders.
Qualifying Small Enterprises (QSEs)	Are enterprises with an annual turnover of between R35 million and R5 million for the purposes of this Charter. Their B-BBEE status is referenced by their contributor level on the B-BBEE Recognition Levels in the B-BBEE Codes of Good Practice.
Stakeholders	Refers to a range of interest groups within the Bus Commuter and Coach Services Industry who directly and indirectly participated in this process. These groups included Government, Private Industry, Parastatals, Agencies, Financial Institutions (Private and Public), Organised Labour, Civil Society Associations, B-BBEE operators, suppliers, SMME's as well as individuals.
TETA	Refers to the Road Passenger Chamber

Definitions of terms and concepts not captured in this Charter are contained in the Codes of Good Practice gazetted on 9 February 2007 and as amended.

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8. APPENDIX B: COMMITMENT EVALUATION MATRICES

Ownership

Action Undertaken	Input measurement	Output measurement	Quality Control
Clarify public transport policy as a matter of urgency.	Money spent on research as a % of total discretionary funds	Report handed to Steering Committee/Charter Council clarifying the different issues in public trade policy (specifically funding models, subsidies and tendering models).	Steering Committee/Charter Council
Work closely with private and public sector entities to develop funding opportunities for B-BBEE enterprises.	Money spent on research as a % of total discretionary funds	Progress Report on research into the Ownership Levels within the Bus Sector, this may form part of the Annual B-BBEE Report	Steering Committee/Charter Council

Skills Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Facilitate high quality training of black people through learnership and mentorship programmes.	Money spent on skills development as a % of total discretionary funds	Assessment Report on skills of black people within the industry.	TETA & Steering Committee/Charter Council

Enterprise Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Improve percentage of buses involved in enterprise development initiatives	Number of buses involved in new enterprise development initiatives	Report to Steering Committee/Charter Council on improvement (percentage change) in number of buses involved in enterprise development initiatives.	Steering Committee/Charter Council

DRAFT B-BBEE CHARTER - TAXI SUB-SECTOR



**REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA**

DEPARTMENT OF TRANSPORT

DRAFT 3

**TAXI INDUSTRY BROAD BASED BLACK ECONOMIC EMPOWERMENT
CHARTER**

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DRAFT B-BBEE CHARTER - TAXI SUB-SECTOR**ABBREVIATIONS**

B-BBEE	Broad-Based Black Economic Empowerment
EE	Employment Equity
EMEs	Exempted Micro Enterprises
NPAT	Net Profit After Tax
PBO	Public Benefit Organisation
QSEs	The Qualifying Small Enterprises
SOEs	State Owned Enterprises
TRP	Taxi Recapitalisation Programme
TETA	Transport Education and Training Authority

1. SCOPE

- 1.1 The scope of this Charter extends to the entire taxi industry, which may influence the value chain, including and not limited to:
- 1.1.1 Commuter service providers (i.e. Minibus, Midibus Taxi-Type Service and Metered Taxi Service)
- 1.1.2 Vehicle warehousing, distribution, sales and maintenance
- 1.1.3 Manufacturers
- 1.1.4 Electronic management systems players
- 1.1.5 Scrapping Administration Agents
- 1.1.6 Taxi Retail Installations

2. VISION

- 2.1 The taxi industry adopts and supports the overall transport sector Broad-Based Black Economic Empowerment (B-BBEE) vision, as our industry stands on the threshold of implementing an historic taxi recapitalisation programme. We also embrace the following guiding principles that take into account the unique nature of our industry. That is, we commit ourselves to:
- 2.2 Guiding Principles**
- 2.2.1 Develop a world-class industry that will be sustainable, profitable and dynamic, grow in size, diversify into related industries and stimulate economic growth and development in South Africa.
- 2.2.2 Implement taxi recapitalisation in a transparent and all-inclusive manner with effective communication between all stakeholders through all mediums to eliminate uncertainty during the adjustment period. This will require a deliberate strategy to co-ordinate efforts of all stakeholders.
- 2.2.3 Pursue a growth strategy that prioritises the retention and creation of quality jobs and fair labour practices throughout the industry. We will ensure that all workers in the taxi industry are afforded the same rights as other workers in South Africa.
- 2.2.4 Develop a national register of taxis to inform decision-making and co-ordinate planning.

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- 2.2.5 Create an industry with an excellent public and safety image that is recognised as an integral part of the public transport system and operates in an equitably funded environment with regulations that are enforced.
- 2.2.6 Strive to make our industry part of the public transport system for all South Africans by providing commuters with reliable, safe, affordable, efficient and quality services.
- 2.3 Government Undertakings (to achieve this vision):**
- 2.3.1 Make decisive and direct interventions to enhance the competitiveness of the taxi industry as a mode of transport for commuters.
- 2.3.2 Set up structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport and Taxi Industry B-BBEE processes. Examples of cross-cutting issues that require interventions across government departments and agencies include, and are not limited to:
- 2.3.2.1 Increasing awareness within the transport sector of available government investment incentives and grants;
- 2.3.2.2 Through the Charter Council monitor stakeholder achievements in terms of the indicators in the Taxi Industry Balanced B-BBEE Scorecard;
- 2.3.2.3 Convene an annual multi-stakeholder forum through the Charter Council to investigate the scale of B-BBEE opportunities within the value chain;
- 2.3.2.4 Ensure that the Public Sector/ State Owned Enterprises (SOE's) maximise employment opportunities in the taxi industry through the use of labour-intensive methods, in so far as it is economically viable, in the maintenance and expansion of infrastructure;
- 2.3.2.5 Ensure that the restructuring and formalisation of the taxi industry to effect new institutional arrangements in a manner that results in an increase in black participation at all levels, particularly black women, black youth and black people living with disabilities—in employment and the procurement of services and goods;
- 2.3.2.6 Enforce and monitor compliance with existing legislation that may impact B-BBEE such as the Employment Equity, Skills Development, Competition Act, etc.; and
- 2.3.2.7 Publish an annual report on B-BBEE and job creation within the taxi industry that consolidates reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry B-BBEE Forum.
- 2.4 Labour Undertakings (to achieve this vision):**
- 2.4.1 Encourage employers to first look towards their own employees when considering options for achieving black equity participation through the creation of Employee Share Ownership Schemes.

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- 2.4.2 Investigate opportunities to establish collective investment vehicles (including employee share ownership schemes) that will make investments in the sector. These investment vehicles must ensure the empowerment of workers to develop the skills required to own and manage organisations in the industry.
- 2.4.3 Ensure that workers are empowered through skills development and create opportunities to deploy them into management positions.
- 2.4.4 Mobilise members to ensure compliance with existing legislation e.g. the Employment Equity, Skills Development, Labour Relations and Basic Conditions of Employment Acts. Non-compliant taxi operators and/or associations must be reported to the Transport Sector B-BBEE Council and other reporting structures of Government so that further action may be taken after inspecting the causes for non-compliance and reviewing performance targets as necessary.
- 2.4.5 Mobilise members to monitor the performance of their employers in implementing the Growth and Development Summit agreement on promoting local content and/or procurement and supporting the Proudly South African campaign.
- 2.4.6 Monitor the impact of procurement/outsourcing on job creation and report findings to the Transport Sector B-BBEE Council.
- 2.5 TETA Undertakings (to achieve this vision):**
- 2.5.1 Play a more interventionist role in influencing training priorities in the Taxi Chamber.
- 2.5.2 Assist stakeholders with the analysis of people in particular skill sets (or job categories), which are broken down by race and gender.
- 2.5.3 Continuously analyse and update statistics on the future demand and supply of critical skills sets.
- 2.5.4 Continuously analyse the quantity, quality and nature of training carried out by organisations and companies.
- 2.5.5 Commit to this B-BBEE Charter and strive to achieve the targets set for the various criteria across all seven elements contained in the balanced scorecard.
- 2.5.6 Align its mission and vision with the imperatives of B-BBEE and assist with the implementation and monitoring of the B-BBEE Charter.
- 3. CURRENT GOVERNMENT INITIATIVES IN THE TAXI INDUSTRY**
- 3.1 Government through the Taxi Operations Directorate of the Department of Transport, also support and embrace the

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empowerment vision outlined in this charter. The following ongoing initiatives are part of the Directorate's programmes:

- 3.1.1 Development of a Business Model for the taxi industry.
- 3.1.2 In line with the National Land Transport Transitional Act, the Department is facilitating the registration of taxi operators with the South African Revenue Service, This is aimed at assisting taxi operators to formalise and access other passenger transport services such as bus contracts, etc.
- 3.1.3 Training of taxi drivers with a view to obtaining appropriate driver's licences required for the prescribed vehicles.
- 3.1.4 Training of taxi operators in various transport related legislation such as the National Land Transport Transitional Act and the Road Traffic Act in order to improve passenger safety and customer service.
- 3.1.5 Communication campaign regarding the taxi recapitalisation project. This campaign will also promote the usage of taxis and disseminate information related to taxi operations.

4. INDICATORS OF EMPOWERMENT

- 4.1 The Taxi Industry should make significant strides in addressing the issue of Broad-Based Black Economic Empowerment through the Taxi Recapitalisation Project as well as by using the industry's Buying Power in the areas of maintenance, insurance, communication, fuel, spares, mining, etc. to benefit its stakeholders and members.
- 4.2 In light of the above statement all stakeholders are supportive of the indicators of empowerment as stated in the B-BBEE Generic Codes of Good Practice. Thus the industry decided to develop a balanced B-BBEE Scorecard (Annexure A) that exhibit BEE framework compliance by Taxi Owners and/or Operators (Section 5) as well as Taxi Associations (Section 6). These are two sub-sectors of this industry. That is, in this document sub-sector refers to either the Taxi Owners and Operators or the Taxi Associations.
- 4.3 However, since the industry is almost entirely black-owned, the indicators will have to be amended to be in line with the industry's unique circumstances.
- 4.4 This "Broad-Based BEE Charter" for the Taxi Industry has the following key components:
 - 4.4.1 The extent to which the industry is transformed in terms of representation by **gender, youth and black people living with disabilities**, needs to be addressed. This charter therefore seeks to address the empowerment of black women, black youth and black people living with disabilities in terms of ownership, management control and employment equity in the sub-sector.

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- 4.4.2 B-BBEE may also be used to address the key challenges of skills development and training, preferential procurement, enterprise development and social development.
- 4.4.3 Lastly, addressing the issue of subsidies and participation in other passenger transport services such as buses and tour operations, would go a long way in addressing the long-term sustainability of the industry.
- 4.5 This B-BBEE Charter for the Taxi Industry therefore seeks to address the above-mentioned challenges.
- 4.6 **DURATION OF THIS SUB-SECTOR CHARTER**
- This Charter shall remain in effect until amended, substituted and repealed under Section 9 of the BBEE Act, or with the parties to this charter process agreeing to do so.
- The Charter Council will review this Charter following the end of the 5th year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.
- 5. TAXI OWNERS AND/OR OPERATORS**
- 5.1 Taxi operators and owners have an option of choosing 4 of the 7 elements of the Balanced B-BBEE Scorecard to be evaluated on. That is, they will be assessed out of the total of hundred points as each indicator has total weightings of 25 points.
- 5.2 OWNERSHIP**
- 5.2.1 The narrow definition of equity ownership refers to the percentage share of economic interest accruing to black shareholders within a company. Our challenge is to increase the percentage share of economic interest accruing to black women, black youth and black people living with disabilities. In addition, the aim is to increase their economic benefits and participation in the taxi industry as well as in related industries. This indicator is linked to the long-term sustainability of the taxi industry.
- 5.2.2 Industry commits to:**
- 5.2.2.1 Increase the participation of black women, black youth and black people living with disabilities across the entire spectrum of the Taxi Industry's value chain in ownership and management control and as far as possible in the operational involvement of the industry. At some point, Taxi Owners and/or Operators should graduate to become Bus Owners and Operators.
- 5.2.2.2 The Qualifying Small Enterprises (QSEs) scorecard will apply when measuring the ownership contributions of taxi owners and operators. In instances where the taxi owner and/or operator has sold equity to black women and youth, they will receive enhanced recognition by being elevated to a recognition level higher than the one they have.

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5.2.2.3 The ownership of Taxi owners and/or operators will be evaluated using the following criteria:

5.2.2.3.1 Voting Rights

5.2.2.3.1.1 Black Women: 25%+1 of voting rights in Measured Entities in the hands of black women.

5.2.2.3.2 Economic Interest

5.2.2.3.2.1 Black Women: 25% of economic interest in Measured Entities in the hands of black women.

5.2.2.3.3 Measuring Principles and the Application of the Charter

5.2.2.3.3.1 Measurement principles associated with the ownership element, is contained in Statement 801 of Code 800 of the Generic Code of Good Practice.

5.3 MANAGEMENT CONTROL**5.3.1 Industry commits to:**

5.3.1.1 The QSEs scorecard will apply when evaluating the management control element. The key indicators for this element will be:

5.3.1.1.1 Representation of black women at top management, the minimum compliance levels being 50% of all people at top management level; and

5.3.1.1.2 Representation of black youth at top management, the minimum compliance level being 40% of all people at top management level.

5.3.2 Measurement Principles and the Application of the Charter

5.3.2.1 Measurement principles required in evaluating the management control contributions made by QSEs within this sector are contained in Statement 802 of Code 800 of the Generic Codes of Good Practice.

5.4 EMPLOYMENT EQUITY**5.4.1 Industry commits to:**

5.4.1 The following criteria will be used in evaluating taxi owners and operators compliance to employment equity:

5.4.1.1 Total number of black women employees as a percentage of total staff, with the minimum compliance level set at 50% of all employees;

5.4.1.2 Total number of black youth as a percentage of total staff, with the minimum compliance level set at 40% of all employees; and

5.4.1.3 Total number of black people with disability as a percentage of total staff, with the minimum compliance level set at 1% of all employees.

DRAFT B-BBEE CHARTER - TAXI SUB-SECTOR**5.4.2 Measurement Principles and the Application of the Charter**

5.4.2.1 The measurement principles required in the determination of the employment equity score for QSEs are contained in Statement 803 of Code 800 of the Generic Code of Good Practice.

5.5 SKILLS DEVELOPMENT**5.5.1 Industry commits to:**

5.5.1.1 The following criteria will be used in evaluating skills development:

5.5.1.1.1 Skills development expenditure on black employees as a percentage of the leviable amount/total payroll (whichever amount is applicable), with the target set at 1% of the leviable amount/total payroll.

5.5.1.1.2 Skills development expenditure on black women employees as a percentage of the leviable amount/total payroll (whichever amount is applicable), with the target set at 1% of the leviable amount/total payroll.

5.5.1.1.3 Skills development expenditure on black youth as a percentage of the leviable amount/total payroll (whichever amount is applicable), with the target set at 1% of the leviable amount/total payroll.

5.5.2 Measurement Principles and the Application of the Charter

5.5.2.1 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 804 of Code 800 of the Generic Code of Good Practice.

5.6 PREFERENTIAL PROCUREMENT**5.6.1 Industry commits to:**

5.6.1.1 The following criteria will be used in the evaluation of preferential procurement:

5.6.1.1.1 Percentage of Total Measured Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels; with the target set at 50% of Total Measured Procurement Spend.

5.6.2 Measurement Principles and Application of the Charter

5.6.2.1 Measurement principles required in evaluating the preferential procurement contributions made by QSEs within this sector are contained in Statement 805 of Code 800 of the Generic Codes of Good Practice.

5.7 ENTERPRISE DEVELOPMENT**5.7.1 Industry commits to:**

5.7.1.1 The following criteria will be used in the evaluation of enterprise development:

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- 5.7.1.1.1 Average annual value of all qualifying contributions made by the measured entity as a percentage of Net Profit after Tax (NPAT)/total payroll (whichever amount is applicable); with the target set at 2% if NPAT is used, or 0.6% if payroll is used.

5.7.2 Measurement Principles and the Application of the Charter

- 5.7.2.1 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this sub-sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice.

5.8 SOCIO-ECONOMIC DEVELOPMENT

5.8.1 Industry commits to:

- 5.8.1 The following criteria will be used in the evaluation of socio-economic development:

- 5.8.1.1 Average annual value of all socio-economic development contributions made by the measured entity as a percentage of NPAT/total payroll (whichever amount is applicable); with the target set at 1% if NPAT is used, or 0.3% if total payroll is used.

5.8.2 Measurement Principles and the Application of the Charter

- 5.8.2.1 Measurement principles required in evaluating socio-economic development contributions made by QSEs within this sub-sector are contained in Statement 807 of Code 800 of the Generic Codes of Good Practice.

6. TAXI ASSOCIATIONS

6.1 Ownership

- 6.1.1 The industry commits to pursuing alternative ownership models (such as collective forms of ownership) as the current individualistic approach to taxi operations prevent economies of scale and pooling of resources. These models may include collective and employee ownership vehicles, co-operatives and other corporate structures that separate ownership and management control. At some point, taxi owners should graduate to bus owners.

6.1.3 Section 21 Companies

- 6.1.3.1 Section 21 companies will be **excluded** from evaluation on the ownership element of the scorecard.

- 6.1.3.2 Associations registered, as Section 21 companies will be evaluated using the adjusted scorecard developed for this sub-sector using principles contained in statement 004 of the Generic Codes of Good

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Practice. The scorecard is contained in Annexure A of this document.

- 6.1.3.3 Contributions to the other elements of the scorecard will be measured using the same measurement principles and indicators as for other enterprises within the sub-sector, but the weightings will be adjusted as per the scorecard.

6.1.4 Public Benefit Organisations

- 6.1.4.1 An association registered as a Public Benefit Organisation (PBO) will receive the **same** treatment as Section 21 companies, regarding ownership requirements.

6.1.5 Private and Public Limited Companies**6.1.5.1 Industry Associations commits to:**

- 6.1.5.1.1 The ownership of Associations registered, as private companies, limited companies, close corporations and partnerships will be evaluated using the following criteria:

6.1.5.1.1.1 Voting Rights

- 6.1.5.1.1.1.1 **Black Women:** 25%+1 of voting rights in Measured Entities in the hands of black women.

- 6.1.5.1.1.1.2 **Black Youth:** 5% of voting rights in Measured Entities in the hands of black youth.

- 6.1.5.1.1.1.3 Black Designated Groups (including black people living with disabilities): 5% of voting rights in Measured Entities in the hands of black designated groups which excludes black youth.

6.1.5.1.1.2 Economic Interest

- 6.1.5.1.1.2.1 Black Women: 25% of economic interest in Measured Entities in the hands of black women.

- 6.1.5.1.1.2.2 Black Youth: 5% of economic interest in Measured Entities in the hands of black youth.

- 6.1.5.1.1.2.3 Black Designated Groups excluding Black Youth: 3% of economic interest in Measured Entities in the hands of black natural people excluding black youth.

6.1.5.1.1.3 Measurement Principles and the Application of the Charter

- 6.1.5.1.1.3.1 Measurement principles associated with the ownership element is contained in Statement 100 of Code 100 of the Generic Code of Good Practice.

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- 6.1.5.1.1.3.2 The formulae required in the determination of the ownership score are contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Code of Good Practice.
- 6.1.5.1.1.3.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Code of Good Practice. The targets as contained in the ownership element of this Charter will apply.
- 6.1.5.1.1.3.4 The recognition of the equity equivalent programmes for multinational has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Code of Good Practice.
- 6.1.5.1.1.3.5 The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Code of Good Practice.
- 6.1.5.1.1.3.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

6.2 Management Control

- 6.2.1 In this regard, the challenge is to develop the skills of owner-managers and to increase the participation of black women, black youth and black people living with disabilities as well as to inculcate a culture of good corporate governance and transparency.
- 6.2.2 The principle is therefore to increase the participation of black women, black youth and black people living with disabilities on Taxi Association boards and similar governing structures at Local, Provincial and National levels, and where applicable, to company boards to create decision-making structures that truly represent the gender diversity and marginalized groups of our country. The industry will be transparent to eliminate unscrupulous business practices by adopting best-practice governance policies. In addition, the industry will work towards promoting safety, customer care activities etc.

6.2.3 Industry commits to:

- 6.2.3.1 Top Management: 50% of Top Management in Measured Entities being black women.
- 6.2.3.2 Top Management: 25% of Top Management in Measured Entities being black youth.
- 6.2.3.3 Board Representation: 50% of voting rights in the hands of black women board members in all national, regional and local boards.
- 6.2.3.4 Black Youth: 25% of voting rights in the hands of black youth in all national, regional and local boards.
- 6.2.3.5 Black Disabled People: 2% of voting rights in the hands of black disabled board members in all national, regional and local boards.

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6.2.3.6 Develop a national code of ethics, which will guide the industry at the provincial and local levels.

6.2.4 Measurement Principles and the Application of the Charter

6.2.4.1 Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Generic Code of Good Practice.

6.2.4.2 The formulae required in the determination of the management control score are contained in Annexure 200 (A)-B of Statement 200 of Code 200 of the Generic Code of Good Practice. The Adjustment Recognition for Gender will not apply Annexure 200 (A)-A.

6.2.4.3 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 802, of Code 100, of the Generic Codes of Good Practice.

6.3 Employment Equity

6.3.1 This indicator refers to the weighted employment equity analysis within a traditional company as required by the Employment Equity Act. Our challenge is to increase the representation of black women, black youth and black people living with disabilities in our industry. Through the various initiatives with other private sector companies and industries, opportunities have been created within the taxi industry to increase the participation of black women, black youth and people living with disabilities in areas of supervision, administration, training etc.

6.3.2 TETA commits to:

6.3.2.1 Ensure that it plays a significant role in monitoring and supporting stakeholders to meet their EE targets.

6.3.3 Industry Commits to:

6.3.3.1 Black Women Representation: 50% of all employees should be Black women.

6.3.3.2 Black Youth Representation: 30% of all employees should be Black Youth.

6.3.3.3 Black Disabled: 2% of all employees should be Black People Living with Disabilities.

6.3.3.4 Adhere to existing legislation, which includes the Basic Conditions of Employment Act, Skills Development Act, Employment Equity Act, etc. and conclude as soon as possible, the discussions on a Sectoral Determination.

6.3.4 Measurement Principles and the Application of the Charter

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- 6.3.4.1 Measurement principles on the employment equity element, is contained in Statement 300 of Code 300 of the Generic Code of Good Practice.
- 6.3.4.2 The formulae required in the determination of the employment equity score are contained in Annexure 300 (A)-B of Statement 300 of Code 300 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender - Annexure 300 (A)-A will not apply.
- 6.3.4.3 Measurement principles for the determination of the Employment Equity score for QSE are contained in Statement 803 of Code 800 of the Generic Codes of Good Practice.
- 6.4 Skills Development**
- 6.4.1 This indicator refers to expenditure on skills development and training as a proportion of total payroll. Our challenge is to exponentially increase the skills base of all stakeholders in the areas of communications, customer care, driving training, safety and other training needs as identified by stakeholders in the Taxi industry. Our vision is to substantially increase the economic value added (or productivity) of every employee in the Taxi Industry through best practice Human Resource and Skills Development and increase the scale of initiatives aimed at developing stakeholders in the Taxi industry.
- 6.4.2 Government Commits to:**
- 6.4.2.1 Design and fund a co-ordinated framework and programme for career awareness and training that leverages off and adds value to existing initiatives. The awareness programme will publicise and co-ordinate information regarding scholarships, training resources and careers in the industry. Other stakeholders will be encouraged to contribute towards the cost of this initiative.
- 6.4.3 Industry Commits to:**
- 6.4.3.1 **Black Skills Development Expenditure:** Invest a minimum of 2% of the leviable amount on skills development initiatives contained in the Learning Programme Matrix in Code 400 of the Codes of Good Practice aimed at black employees.
- 6.4.3.2 **Black Disabled Skills Development Expenditure:** Invest a minimum of 0.5% of the leviable amount on skills development initiatives contained in the Learning Programme Matrix in Code 400 of the Codes of Good Practice aimed at black disabled employees.
- 6.4.3.3 The number of Black employees on accredited training programmes being 5% of the total work force.
- 6.4.3.4 To promote the effective utilisation of existing training opportunities and allow employees to participate in self-improvement initiatives.
- 6.4.3.5 Develop a campaign to encourage operators to register as tax payers and design an appropriate training programme to educate

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them about government policies, tendering for government contracts, corporate and business management, tax-related matters, etc.

6.4.4 TETA Commits to:

- 6.4.4.1 Conduct research to identify the management, professional and technical skills that the industry will require over the next decade and map out future demand/supply scenarios in a detailed skills audit that will guide and inform stakeholders in implementing their EE targets.
- 6.4.4.2 Develop training programmes specifically designed for entrepreneurs in the Taxi Industry.
- 6.4.4.3 Conduct research on the supply side of skills development – i.e. the institutions that will provide the required management, professional and technical skills. The research will determine whether the identified institutions have the capacity to meet the expected demand and whether their curricula meet the needs of industry. It will make proposals on how to increase the capacity and relevance of existing institutions and establish whether there is a need to establish a dedicated institution that will focus on developing skills for the taxi industry.
- 6.4.4.4 Introduce, after consulting stakeholders and completing the skills audit, new categories of learnerships - in management, technical and professional occupational categories - to help public and private sector organisations achieve their employment equity targets.
- 6.4.4.5 Collect and publish detailed and aggregated statistics on the EE profile of the industry according to occupational level and occupational category. Also, to monitor the industry's progress in meeting its targets and to publish an annual report on the EE Profile of the industry according to occupational level and category.

6.4.5 Measurement Principles and Applications of the Charter

- 6.4.5.1 Measurement principles associated with the skills development element is contained in Statement 400 of Code 400 of the Generic Code of Good Practice.
- 6.4.5.2 The formulae required in the determination of the skills development score are contained in Annexure 400 (A)-B of Statement 400 of Code 400 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender – Annexure 400 (A)-A will not apply.
- 6.4.5.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 804 of Code 800 of the Generic Code of Good Practice.
- 6.4.5.4 The Learning Programme Matrix is contained under Code 400, Annexure 400 (A) of the Generic Code of Good Practice.

6.5 Preferential Procurement

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- 6.5.1 This indicator refers to procurement from black-owned and empowered enterprises as a proportion of total procurement. Our challenge is to maximise procurement from such enterprises. Accordingly, all stakeholders commit as far as possible to identify and promote the use of black empowered suppliers. This process should help in the establishment of business structures/trading co-operatives, which will facilitate cheaper fuel, spares, tyres, vehicles, etc.
- 6.5.2 Industry Commits to:**
- 6.5.2.1 B-BBEE Procurement: Total B-BBEE spend as a percentage of Total Measured Procurement based on the B-BBEE recognition levels of suppliers with a compliance target set at 50% over 5 years.
- 6.5.2.2 QSE and EME: Procurement from QSEs and Exempted Micro Enterprises as a percentage of total Measured Procurement with a compliance target set at 15% over 5 years.
- 6.5.2.3 Black Women Owned and Black Youth Owned: Procurement from Black Women Owned and Black Youth Owned Enterprises as a percentage of total Measured Procurement with a minimum compliance target set at 12% from Black Youth owned companies and 8% from Black women owned companies over 5 years.
- 6.5.3 Measurement Principles and Application of Charter**
- 6.5.3.1 Measurement principles associated with the preferential procurement element is contained in Statement 500 of Code 500 of the Generic Code of Good Practice.
- 6.5.3.2 Pass through third party procurement for a third party or a client that is recorded as an expense in the third party or client's annual financial statements but is not recorded as such in the Measured Entity's annual financial statements will be excluded. In this regard, only the commission portion paid to agents will be recorded as under procurement.
- 6.5.3.3 The formulae required in the determination of the preferential procurement score for measured entities are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Code of Good Practice.
- 6.5.3.4 Measurement principles required in evaluating the preferential procurement contributions made by QSEs within this sector are contained in Statement 805 of Code 800 of the Generic Codes of Good Practice.
- 6.6 Enterprise Development**
- 6.6.1 This indicator refers to contributions of the industry towards the development of enterprises within the sub-sector. Our aim is to increase the impact of the industry within the value chain of local communities.
- 6.6.2 Industry Commits to:**

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6.6.2.1 Enterprise Development Contributions: The industry commits to a minimum contribution, which is 1% of total payroll or 3% of NPAT (whichever is applicable).

6.6.3 Measurement Principles and Application of the Charter

6.6.3.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Code of Good Practice.

6.6.3.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of the Statement 600 of Code 600 of the Generic Codes of Good Practice.

6.6.3.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the Generic Code of Good Practice.

6.6.3.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this sub-sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice.

6.7 Socio-economic Development

6.7.1 This indicator refers to contributions of the industry towards the development of local communities. Our aim is to increase the impact of the industry within the value chain of local communities.

6.7.2 Industry Commits to:

6.7.2.1 The industry commits to a minimum socio-economic contribution which is 0.3% of total payroll or 1% of NPAT (whichever is applicable).

6.7.2.2 Job Creation: Socio-economic development contributions that lead to job creation in beneficiary entities will be enhanced by a factor of 1.25.

6.7.3 Measurement Principles and Application of the Charter

6.7.3.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the Generic Code of Good Practice.

6.7.3.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of the Statement 700 of Code 700 of the Generic Codes of Good Practice.

6.7.3.3 The formulae required in the determination of the socio-economic development are contained in Annexure 700 (A) of Statement 700 of Code 700 of the Generic Code of Good Practice.

6.7.3.4 Measurement principles required in evaluating socio-economic development contributions made by QSEs within this sub-sector are

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contained in Statement 807 of Code 800 of the Generic Codes of Good Practice

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ANNEXURE A: TAXI INDUSTRY B-BBEE SCORECARD: ASSOCIATIONS/SECTION 21/PBO AND OWNERS/OPERATORS

NB: Section 21/Public Benefit Organisation (PBO) are sharing same targets as Associations

Taxi Associations/Section 21/PBO 5 Years				Taxi Owners and/or Operators (QSEs) 5 Years			
B-BBEE Element	Indicators of Empowerment	Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
Ownership	Voting rights in the hands of black women	25% + 1 vote	3	N/A	Exercisable voting rights in the hands of black women	25%+1 vote	6
	Voting Rights in the Hands of black youth	5%	1		Economic interest in the hands of black women	25%	9
	Voting Rights in the hands of black designated groups excluding youth	5%	1		Net Economic Interest	25%	9
	Economic Interest in the hands of black women	25%	4		Realisation points		1
	Economic Interest in the hands of black youth	5%	2				

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Taxi Associations/Section 21/PBO						Taxi Owners and/or Operators (QSEs)			
B-BBEE Element	Indicators of Empowerment	5 Years		5 Years		Private Sector Targets	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
		Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Private Sector Weightings				
	Economic Interest in the hands of black natural people in the enterprise excluding youth in the following: -Black designated groups; -Black participants in employee ownership scheme; -Black participants of broad-based ownership schemes or -Black participants in cooperatives.	3%	1						
	Net Economic Interest/ Net value	25% graduated over 10 years as per the Codes (year five at 60%)	7				Bonus Point Involvement in the ownership by black youth/designated Groups	10%	2

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B-BBEE Element	Taxi Associations/Section 21/PBO 5 Years				Taxi Owners and/or Operators (QSEs) 5 Years		
	Indicators of Empowerment	Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
	Ownership Fulfilment	-	1				
	Bonus Point						
	Involvement in the ownership by black new entrants	10%	2				
	Involvement in the ownership by black participants in ESOPS or Broad Based Schemes	10%	1		Involvement in the ownership by black participants in ESOPS or Broad Based Schemes	10%	1
Management	Exercisable Voting Rights of black women Board members	50%	2	2	Black Women representation at Top Management level	50%	15
	Exercisable Voting Rights of black youth Board members	25%	2	2	Black youth representation at Top Management	40%	10
	Black Women Top Managers as a percentage of all such employees	50%	4	4			

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Taxi Associations/Section 21/PBO		Taxi Owners and/or Operators (QSEs)					
5 Years		5 Years					
B-BBEE Element	Indicators of Empowerment	Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
Employment Equity	Black Youth Top Managers as a percentage of all such employees	25%	4	4	Bonus Point: Black People Living with disability representation at Top Management	1%	3
	Black people with disability at Top Management as a percentage of all such employees	2%	3	3			
	Black women as a percentage of total number of employees	50%	6	6	Black women employees as a percentage of all employees	50%	15
	Black Youth as a percentage of total number of employees	30%	6	6	Black youth who are employees as a percentage of all employees	40%	10
	Black People with disability as a percentage of total employees	2%	3	3	Bonus Point: Black people with disability as a percentage of all employees	1%	2

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Taxi Associations/Section 21/PBO		Taxi Owners and/or Operators (QSEs)					
5 Years		5 Years					
B-BBEE Element	Indicators of Empowerment	Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
Skills Development	Skills Spend on black employees as a % of the leviable amount/payroll	2%	6	8	Skills Development expenditure on learning programmes for black people as a percentage of leviable amount/payroll	1%	9
	Number of employees in Accredited Learning Programmes as a % of total workforce	5%	6	8	Skills Development expenditure on learning programmes for black women as a percentage of leviable amount/payroll	1%	9
	Skills Spend on black employees living with disabilities as a % of total payroll	0.5%	3	4	Skills Development expenditure on learning programmes for black youth as a percentage of leviable amount/payroll	1%	7

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Taxi Associations/Section 21/PBO 5 Years				Taxi Owners and/or Operators (QSEs) 5 Years			
B-BBEE Element	Indicators of Empowerment	Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
Preferential Procurement	Procurement from all B-BBEE Compliant Enterprises as defined by the B-BBEE Recognition Levels as a % of discretionary spend	50%	10	12	BEE procurement spend from all Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement	50%	25
	Procurement from B-BBEE Compliant QSEs and EME as defined by the B-BBEE Recognition Levels as a % of Total Measured Procurement	15%	5	3			
	Procurement from 50% Black-Owned as a % of total Measured Procurement	12%	5	3			

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B-BBEE Element	Taxi Associations/Section 21/PBO 5 Years				Taxi Owners and/or Operators (QSEs) 5 Years		
	Indicators of Empowerment	Private Sector (Associations) Targets	Private Sector (Associations) Weightings	Section 21/PBO Weightings	Indicators of Empowerment	Private Sector Targets	Private Sector Weightings
	Procurement from 30% Black Women-Owned Enterprises as a % of Total Measured Procurement Spend	8%	5	2			
Enterprise Development	Enterprise development contributions as a percentage of NPAT/payroll	1% of Payroll/3% of NPAT	5	15	Enterprise Development contributions as a percentage of NPAT/payroll	2% of NPAT/0.6% Payroll	25
Social-economic development	SED contributions as a percentage of NPAT/payroll	0.3% of Payroll/1% of NPAT	5	15	SED contributions as a percentage of NPAT/payroll	1% NPAT or 0.3% Payroll	25
TOTAL			100	100			175

The ownership element will only apply to association registered as private, public companies, close corporations and partnerships.

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ANNEXURE B: TAXI RECAPITALISATION PROJECT - POTENTIAL BEE OPPORTUNITIES

Taxi Recapitalisation project Element	Sector where activity is generated	Opportunities for BEE	Equity
NTV Operator	<ul style="list-style-type: none"> • Tourism • Current business operation • Improved business operation • Vehicle warehousing 	<ul style="list-style-type: none"> • Pre-booked tours • Curio sales • Catering • Deliveries • JV with NTV manufacturers 	<ul style="list-style-type: none"> • JV with NTV manufacturers
NTV Manufacturer	<ul style="list-style-type: none"> • Deliveries • Automotive manufacturing • NTV manufacture • Component supply • Raw material supply • Vehicle distribution • Vehicle warehousing • Vehicle sales • Vehicle maintenance 	<ul style="list-style-type: none"> • Supplier development (especially SMME) • Logistics management • Vehicle maintenance 	
Bank (Financing)	<ul style="list-style-type: none"> • Commercial (financing institutes) 	<ul style="list-style-type: none"> • New business in the form of franchises 	
DOT (Licensing/registration)	<ul style="list-style-type: none"> • Administration - License issue 	<ul style="list-style-type: none"> • Printing 	
EMS	<ul style="list-style-type: none"> • Information technology 	<ul style="list-style-type: none"> • JV with EMS provider • Hardware/software supply • Sub component supply • Installation businesses - fitment/retrofitment • New business in the form 	

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Taxi Recapitalisation project Element	Sector where activity is generated	Opportunities for BEE	Equity
Consulting Agents (verify payment)	<ul style="list-style-type: none"> • Consultancy services 	<ul style="list-style-type: none"> • of franchises • Maintenance and support structures • Consultants • Taxi industry planning • JV with scrapping agent 	
Scrapping Administration Agents	<ul style="list-style-type: none"> • Recycling 	<ul style="list-style-type: none"> • Scrap metal sales • New business in the form of franchises • Logistics support • Infrastructure development 	
Facilities	<ul style="list-style-type: none"> • Building and roads construction 	<ul style="list-style-type: none"> • Construction services • Materials supply • Consultancy 	
Communication	<ul style="list-style-type: none"> • Advertising and marketing 	<ul style="list-style-type: none"> • Printing • Photography • Communications 	
Refurbishment	<ul style="list-style-type: none"> • Engine remanufacturing 		

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ANNEXURE C: DEFINITIONS

	DEFINITION
Beneficiaries Of Broad-Based Black Economic Empowerment Framework	The economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies.
Black Economic Empowerment	Integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities.
Black People	As used in this statement, bears the same meaning as defined in the Act, provided that it is limited to natural persons who are citizens of the Republic of South Africa by birth or by descent as well as natural persons who acquired citizenship by naturalisation prior to the commence date of interim constitution.
Enterprise Development	Aims at assisting and accelerating the development of the operational and financial capacity of entrepreneurial enterprises. The primary beneficiaries of enterprise development are the small and medium enterprises owned and controlled by black people.
Employment Equity	Is a mechanism used to achieve equity in the workplace by: Promoting equal opportunity through the elimination of unfair discrimination, Implementing affirmative action measures to redress the disadvantages in employment experience by black people, in order to ensure their equitable representation in all occupational categories and levels in the workplace.
Indicator	The indicator represent the key measurement yardstick included to determine the BEE contribution made by taxi enterprises within each broad-based BEE factor of Ownership, Strategic Representation (Management), Employment Equity, Skills Development, Preferential Procurement, Enterprise Development, Social Development and Industry Specific.
Industry	A basic category of business activity. The term industry is sometimes used to describe a very precise business activity (e.g. semiconductors) or a more generic business activity (e.g. consumer durables). If a company participates in multiple business activities, it is usually considered to be in the industry in which most of its revenues are derived.
Management	Refers to the effective control of economic activities and resources. This involves the power to determine policies as well as the direction of economic activities and resources. Management control measures black representation at board of directors' level and executive management level.
Midibus	Midibus means a motor vehicle designed, or lawfully adapted by a registered manufacturer in compliance with Road Traffic Act, 1989 (Act No. 29 of 1989), to carry from nine to 18 seated persons, excluding the driver.
Minibus Taxi-Type Service	Minibus taxi-type service means an unscheduled public transport service operated on a specific route or routes, or where applicable, within a particular area, by means of a motor-car, minibus or minibuss, subject to section 31.

DRAFT B-BBEE CHARTER - TAXI SUB-SECTOR

	DEFINITION
Ownership	Recognises and measures the entitlement of black people to voting rights and economic interests associated with equity holding. Voting rights afford the rights to determine strategic and operational policies of an enterprise while economic interest results in the rebuilding and accumulation of wealth by black people.
People Living With Disabilities	Disabled employees. For the purpose of this Charter, the definition of employees with disabilities as contained in the Employment Equity Act is used. It means employees who have a long-term or recurring physical or mental impairment, which substantially limits their prospects of entry into or advancement in employment. The total number of employees with disabilities (irrespective of race or gender) is expressed as a percentage of the total number of employees (irrespective of race or gender) in all levels of the organisation. Types of disabilities include: Spinal injuries-quadriplegic, paraplegic; Physical disabilities and deformities-post polio, amputations, arthritis, cerebral palsy; Epilepsy; Traumatic brain injuries & neurological disorders, strokes; Visual impairments - blind, degrees of blindness, retinitis pigment, albinism; Hearing impairments- deaf, degrees of deafness; Psychiatric conditions- depression, bi-polar, personality disorders, mood disorders; Learning disabilities - dyslexia, downs syndrome; and Communication/speech problems
Preferential Procurement	Is a measure designed to widen market access for entities, in order to integrate them into mainstream of the economy. Preferential Procurement will create economic empowerment benefits indirectly but meaningfully as it multiplies the effects of private and public sector intervention to promote broad-based BEE.
Skills Development	Refers to the development of core competencies of black people to facilitate their interaction in the mainstream of the economy. Skills Development is achieved through training (formal classroom based or on the job) and any other learning intervention implemented that results in the growth of human capital.
Social Responsibility/Sector Specific Factor	Allows other factors that may accelerate broad-based empowerment to be taken into account and included at the discretion of specific sector or enterprise and often includes social development initiatives.
Sub-sector	In this document sub-sector refers to either the Taxi Owners and Operators or the Taxi Associations.

DRAFT B-BBEE CHARTER - TAXI SUB-SECTOR

	DEFINITION
Target	The target represents the ideal scenario at which the taxi enterprise will score full points for the respective indicator. Taxi enterprise under measurement may score proportional points on each indicator, according to the proportion of the relevant target achieved for particular indicator.
Taxi Recapitalisation	The overall goal of the Taxi Recapitalisation (TRP) initiated by Government in 1999 is the replacement of the current ageing fleet that constitute the bulk of the taxi industry with new vehicles that are safe and reliable. The programme also sought to ensure the sustainability of the industry as a business, as well as ensure its formalisation and effective regulation.
Weighting	The weighting of each factor reflects the relative importance that Sector places thereon. The seven core factors of BEE are weighted to bring the scorecard to a maximum of 100 percent.

ANNEXURE D: EVALUATION MATRICES

An example of the matrix to be used to measure stakeholder commitments. This example indicates the matrix that will be used to measure commitments by TETA to the skills development.

Action Undertaken	Input measurement	Output measurement	Quality Control
Conduct research to identify scarce skills	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Charter Council	Steering Committee/Charter Council
Conduct research on the supply side of the skills development equation	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Charter Council	Steering Committee/Charter Council
Introduce new categories of learnerships	Money spent on research as a % of total discretionary funds	Report to Steering Committee/Charter Council on the number of new learnership categories introduced and accredited as a % of the number of new categories identified	TETA & Steering Committee/Charter Council
Collect and publish detailed and aggregated statistics on the EE profile of the industry	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Charter Council	Steering Committee/Charter Council
Assist in unlocking the funds from the National Skills Fund	Money spent on assistance as a % of total discretionary funds	Report to Steering Committee on value of funding unlocked as a % of total funds required to address learnership needs in the Taxi Sector	Steering Committee/Charter Council
Continuously benchmark training programmes against international best	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/Charter Council	Steering Committee/Charter Council

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practice			
Expand the number of learnerships available based on the sector's skills requirements	Number of new learnership categories introduced and accredited as a % of the number of new categories identified	Number of learners in initiated learnerships as a % of total skills required in each category	TETA & Steering Committee/Charter Council
Facilitate easy access to finance learnerships and eliminate bottlenecks and bureaucratic procedures in accessing grants	Money spent on assistance as a % of total discretionary funds	Report to Steering Committee/Charter Council on value of funding available as a % of total funds required to address learnership needs in the Taxi Sector	TETA & Steering Committee/Charter Council

**DRAFT B-BBEE CHARTER – ROAD FREIGHT TRANSPORT, LOGISTICS
AND ALLIED SERVICES FOR REWARD INDUSTRY**



**REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID AFRIKA**

DEPARTMENT OF TRANSPORT

DRAFT

**ROAD FREIGHT SUB-SECTOR BROAD-BASED BLACK ECONOMIC
EMPOWERMENT CHARTER**

**DRAFT B-BBEE CHARTER – ROAD FREIGHT TRANSPORT, LOGISTICS
AND ALLIED SERVICES FOR REWARD INDUSTRY**

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**DRAFT B-BBEE CHARTER – ROAD FREIGHT TRANSPORT, LOGISTICS
AND ALLIED SERVICES FOR REWARD INDUSTRY**

ABBREVIATIONS

	ABBREVIATIONS
B-BBEE	Broad-Based Black Economic Empowerment
ASGISA	Accelerated and Shared Growth initiative for South Africa
BCEA	Basic Conditions of Employment Act
DoT	Department of Transport
DTI	Department of Trade and Industry
EE	Employment Equity
EEA	Employment Equity Act
EMEs	Exempted Micro Enterprises
GDS	Growth and Development Summit
HRD	Human Resource Development
NBC	National Bargaining Council
NRA	National Roads Agency
NSF	National Skills Fund
NPAT	Net Profit After Tax
PPPFA	Preferential Procurement Policy Framework Act
PSA	Proudly South African
QSEs	Qualifying Small Enterprises
RTQS	Road Transport Quality System
SARS	South African Revenue Services
SATAWU	South African Transport and Allied Workers Union
SMMEs	Small Micro and Medium Enterprises
TETA	Transport Education and Training Authority
WSP	Workplace Skills Plan

1. SCOPE

1.1 The scope of this Broad-Based Black Economic Empowerment (B-BBEE) Charter is limited to the Road Freight Transport for Logistics and Allied Services for Reward Industry and includes inter alia:

- 1.1.1 Supply Chain Management Companies
- 1.1.2 Logistics companies
- 1.1.3 Trucking companies
- 1.1.4 Transport Management companies
- 1.1.5 Transport Brokers
- 1.1.6 Associated Labour Brokers
- 1.1.7 BEE Operators
- 1.1.8 Management Companies for Owner Drivers
- 1.1.9 South African registered Cross Border Operators
- 1.1.10 Parcel Delivery Services
- 1.1.11 Motor ferry Companies
- 1.1.12 Cash In transit Companies

2. VISION

2.1 Our overarching vision is to develop a world-class industry, based on seamless integration of all modes and multiple networks, that will grow in size, stimulate economic growth and development, facilitate trade, comply with international safety standards, and deliver efficient and quality services to customers. Our industry will also achieve a significant increase in black participation in

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ownership, management and employment in companies throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.

- 2.2 To make this vision a reality will require a deliberate strategy to increase access to skills, capital and opportunities and, therefore, raise the economic value added (or productivity) of every employee and enterprise in the industry. This will require all stakeholders to recruit new black people into the industry and increase their skills (and those of existing employees) to best-practice international levels, while creating a supportive culture for their talents to thrive. It will also require stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the industry value chain.
- 2.3 The signatories to this document believe that every company in South Africa must embrace B-BBEE voluntarily, recognising that it is an economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade. We commit ourselves to embark on a major communications and marketing campaign that will take this "Broad-Based BEE Charter for the Road Freight Industry" to every organisation within our industry to ensure maximum participation by all stakeholders.
- 2.4 Accordingly, all private sector stakeholders who commit themselves to this Charter agree to have their B-BBEE achievements (in terms of the indicators in the Balanced B-BBEE Scorecard for the Road Freight Industry) rated by an independent B-BBEE verification agency or company that is accredited by the Department of Trade and Industry (DTI). This is in line with the Accelerated and Shared Growth initiative for South Africa (ASGISA) which aims to improve the level of procurement from black enterprises by supporting the use of the B-BBEE Codes of Good Practice. The independent B-BBEE verification of entities involved in the road freight industry will go a long way towards eliminating misrepresentation or fraudulent practices in the industry.
- 2.5 Government undertakings (to achieve the vision)**
- 2.5.1 Develop and implement a programme to substantially increase investments in road infrastructure to eliminate current backlogs over the next decade with funds from the fiscus, parastatals, road users and the financial Industry.
- 2.5.2 Set up a dedicated road infrastructure fund to finance the road component of these investments and ensure that the National Roads Agency (NRA) and provincial government departments maximise employment opportunities through the use of labour-intensive methods in the maintenance and expansion of road infrastructure. This is reflective of the labour-absorbing projects promoted in ASGISA.
- 2.5.3 Commit to facilitate growth by ensuring that the industry is attractive to investors and free of unnecessary regulation and ensure that over-regulation does not impede B-BBEE initiatives in the industry.
- 2.5.4 Collaborate with all stakeholders to develop a strategy to grow the

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industry and create quality jobs by promoting the outsourcing of non-core transport and logistics operations of businesses. Businesses should give preferences to their own employees in the event of such activities/transactions.

- 2.5.5 Engage relevant governmental departments such as the DTI and South African Revenue Services (SARS) and review the current tax laws (Fiscal policy), which make it difficult for small Black operators to enter the industry.
- 2.5.6 Effectively implement and monitor the Road Transport Quality System (RTQS) and ensure compliance.
- 2.5.7 Enforce and monitor compliance with existing legislation that may impact on BEE such as the Employment Equity (EE), Skills Development and Competition Acts.
- 2.5.8 Ensure that all parastatals and public sector agencies submit an annual B-BBEE report (within their annual reports) that covers achievements in meeting B-BBEE targets. The report should also include information on jobs created/lost.
- 2.5.9 Publish an annual report on B-BBEE and job creation within the road freight industry that consolidates reports, B-BBEE verification and other information from all stakeholders.
- 2.5.10 Publish an annual report on the jobs created through the labour-intensive road construction programme.
- 2.6 Labour Undertakings (to achieve this vision)**
- 2.6.1 Investigate opportunities to establish collective investment vehicles that will make investments in the sector.
- 2.6.2 Educate members to ensure compliance with existing legislation e.g. the Employment Equity, Skills Development, Labour Relations and Basic Conditions of Employment Acts, and to understand the relevant channels to deal with instances of non-compliance.
- 2.6.3 Educate members with regard to the agreements contained in the Growth and Development Summit (GDS) in order for them to participate in the promotion of local content and/or procurement and support the Proudly South African campaign.
- 2.7 Industry Undertakings (to achieve this vision)**
- 2.7.1 To form collaborative relationships with organisations such as Proudly South African, Department of Trade and Industry (DTI) and other stakeholders as well as to promote the economic benefits of utilising and growing Black Economic Empowerment (BEE) compliant by the Road Freight Industry companies. The signatories of this charter are of the view that the sector should endeavour to facilitate the realisation of these commitments by monitoring contributions to B-BBEE. The evaluation of these contributions should be conducted through Commitment Evaluation Matrix provided in Appendix C.

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3 INDICATORS OF EMPOWERMENT

- 3.1 This "Broad-Based BEE Charter for the Road Freight Industry" seeks to encourage all stakeholders to pursue an aggressive transformation agenda according to the broad guidelines spelt out in Government's National B-BBEE Strategy, B-BBEE Act of 2003 and Codes of Good Practice on B-BBEE.

DURATION OF THIS SUB-SECTOR CHARTER

This Charter shall remain in effect until amended, substituted and repealed under Section 9 of the BBBEE Act, or with the parties to this charter process agreeing to do so.

The Charter Council will review this Charter following the end of the 5th year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.

3.2 OWNERSHIP

- 3.2.1 Our vision is to increase black ownership, management control and operational involvement throughout the road freight industry value chain and design appropriate funding mechanisms to facilitate the process. We recognise that ownership is a complex matter due to the large number of different ownership structures prevalent in the Road Freight Industry. Businesses in this industry range from large corporate organisations to small family businesses and even owner-driver operations. However, we, the stakeholders, will collectively strive to address these challenges and develop innovative mechanisms to increase black ownership.

3.2.2 Stakeholder undertakings

3.2.2.1 Government Commits to:

- 3.2.2.1.1 Engage public and private sector funding agencies to facilitate innovative funding mechanisms for BEE companies seeking to invest in the sector. This will require a high-level workshop with these agencies to inform them about opportunities available in the transport industry, including road freight.

3.2.2.2 The Private Industry Commits to:

- 3.2.2.2.1 Voting Rights-Black People: The Private Sector commits to a minimum of 25%+1 voting rights in hands of Black People
- 3.2.2.2.2 Voting Rights-Black Women: The Private Sector commits to ensure a minimum of 10% of voting rights in the hands of Black Women
- 3.2.2.2.3 Economic Interest: The Private Sector commits to a minimum of 25% of equity interest in the hands of Black People
- 3.2.2.2.4 Economic Interest-Black Women: The Private Sector commits a minimum of 10% of equity interest in the hands of Black Women.
- 3.2.2.2.5 Ensure that 2.5% is earmarked for black natural people in the

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- enterprise: Employee Ownership Schemes, Broad based Ownership Schemes and Co-operatives within five years
- 3.2.2.2.6 Qualifying small enterprises as defined in this charter also commit to:
- 3.2.2.2.6.1 Increase the ownership base of their companies and ensure that a minimum of 25% of economic interest is the hands of black people;
- 3.2.2.2.6.2 25% +1 vote voting rights, or equivalent thereof, are in black hands; and,
- 3.2.2.2.6.3 Ensure that the net economic interest of the black equity participants is 60% of the 25% within 5 years. If this is achieved, it will be deemed that Ownership Fulfilment has been achieved
- 3.2.2.3 Stakeholders will consider a variety of ownership models, including:**
- 3.2.2.3.1 Joint Ventures
- 3.2.2.3.2 Sale of Assets
- 3.2.2.3.3 Employee Share Ownership Participation Schemes
- 3.2.2.3.4 Collective ownership schemes
- 3.2.2.3.5 The measurement of ownership contributions from the above ownership models are the same as the one contained in the Codes.
- 3.2.2.3.6 Develop creative financing mechanisms for BEE companies to achieve equity ownership.
- 3.2.3 Measuring Principles and Application of the Charter**
- 3.2.3.1 Measurement principles associated with the ownership element, are contained in Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.2 The formulae required in the determination of the ownership score are contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Codes of Good Practice. The target contained in the ownership element of this Charter will apply.
- 3.2.3.4 The recognition of the equity equivalent programmes for multinationals has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.5 The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

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3.3 MANAGEMENT CONTROL

3.3.1 The Private sector commits to:

- 3.3.1.1 Board Representation: The private sector commits itself to a minimum of 50% exercisable voting rights of black board members. Points will only be scored if enterprises achieve a target of 10% in year one, 20% in year two, 30% in year three and 40% in year four.
- 3.3.1.2 Board Representation-Black Women: The private sector commits to a minimum of 25% voting rights of black women board members. Points will only be scored if enterprises achieve a target of 5% in year one, 10% in year two, 15% in year three and 20% in year four.
- 3.3.1.3 Senior Top Management-Black People: The private sector commits to a minimum of 40% of the total employees in Senior Top Management.
- 3.3.1.4 Senior Top Management-Black Women: The private sector commits to a minimum of 20% of the total employees in Senior Top Management.
- 3.3.1.5 Other Top Management-Black People: The private sector commits to a minimum of 40% of the total employees in Other Top Management.
- 3.3.1.6 Other Top Management-Black Women: The private sector commits to a minimum of 20% of the total employees in Other Top Management.
- 3.3.1.7 If the measured entity is unable to distinguish between Senior Top Management and Other Top Management, both criteria may be combined into "Top Management" which is measurable as a single indicator with a target of 40% and a weighting of 2.5%, and "Woman Top Management" which is measurable as a single indicator with a target of 20% and a weighting of 2.5%.
- 3.3.1.8 QSE within the sector commit to recruiting black people at Top Management positions, where they should constitute 50.1% of total Top Management
- 3.3.1.9 Conclude discussions with stakeholders to develop a Code of Good Practice for Owner-Driver Schemes (See Appendix B).
- 3.3.2 **Measurement Principles and Application of the Charter**
- 3.3.2.1 Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Generic Codes of Good Practice.
- 3.3.2.2 The formulae required in the determination of the management control score are contained in Annexure 200 (A)-B of Statement 200 of Code 200 of the Generic Codes of Good Practice. The Adjustment Recognition for Gender found in Annexure 200 (A)-A will not apply.
- 3.3.2.3 Measurement principles needed for the application of the charter with regards to the management control element for QSE are contained in statement 802, of Code 800, of the Generic Codes of Good Practice.

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3.4 EMPLOYMENT EQUITY

3.4.1 Our vision is to increase the participation of black people in senior management, middle management; professional and technical occupations in the Road Freight Industry to create a workforce that truly represents the racial, ethnic and gender diversity of our country. This will require that all stakeholders create a supportive culture within their organisations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

3.4.2 Stakeholder undertakings

3.4.2.1 Government commits to:

3.4.2.1.1 The Department of Transport is to engage the Department of Labour to ensure that it plays a significant role in monitoring stakeholder progress in meeting EE targets.

3.4.2.2 Private Sector Commits to :

3.4.2.2.1 **Senior Management-Black People**: Having a minimum of **43% of Black employees** as a percentage of all such employees. Points for senior management will only be scored after enterprises achieve a target of 9%.

3.4.2.2.2 **Senior Management-Black Women**: Having a minimum of **22%** of Black women as a percentage of all such employees. Points for black women at senior management will only be scored after enterprises achieve a target of 5%.

3.4.2.2.3 **Middle Management-Black People**: Having a minimum of **63%** of Black employees as a percentage of all such employees. Points for black employees at middle management will only be scored after enterprises achieve a target of 13%.

3.4.2.2.4 **Middle Management-Black Women**: Having a minimum of 32% of Black women as a percentage of all such employees. Points for black women at middle management will only be scored after enterprises achieve a target of 8%.

3.4.2.2.5 **Junior Management-Black People**: The private sector commits itself to having a minimum of **68%** of Black employees as a percentage of all such employees. Points for black people at junior management will only be scored after enterprises achieve a target of 14%.

3.4.2.2.6 **Junior Management-Black Women**: Having a minimum of **34%** of Black women as a percentage of all such employees. Points for black women at junior management will only be scored after enterprises achieve a target of 7%. Black Women unskilled and semi skilled (below junior management) with a target of 15%.

3.4.2.2.7 **Black People living with disability**: Having a minimum of 2% of Black disabled employees as a percentage of all employees. Points for employees living with disability will only be scored after enterprises achieve a target of 0.8%.

3.4.2.2.8 **Black Women living with disability**: Having a minimum of 1% of Black disabled women as a percentage of all employees. Points for black women living with disability will only be scored if enterprises achieve a target of 0.4%.

3.4.2.2.9 Inability to distinguish between Middle Management and Junior

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Management: If the measured entity is unable to distinguish between Junior Management and Middle Management, both criteria may be combined into Junior Management which is measurable as a single indicator with a target of 68% and a weighting of 1.75%, and "Women Junior Management", which is measurable as a single indicator with a target of 34% and a weighting of 1.75%. In this case, the weighting for "Senior Management" will change to 4% and the weighting for "Women Senior Management" will change to 2.5%.

3.4.2.2.10 Measured entities falling within the QSE threshold commit to 40% of all management staff being black within 5 years. 50% of these positions should be earmarked for black women

3.4.2.2.11 QSE within this sector commit to all 60% of all staff should be black within the 5 years. 30% of all positions should be occupied by black women within 5 years

3.4.3 Measurement Principles and Application of the Charter

3.4.3.1 Measurement principles on the employment equity element, are contained in Statement 300 of Code 300 of the Generic Codes of Good Practice.

3.4.3.2 The formulae required in the determination of the employment equity score are contained in Annexure 300 (A)-B of Statement 300 of Code 300 of the Generic Codes of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 300 (A)-A, will not apply.

3.4.3.3 Measurement principles for the determination of the Employment Equity score for QSEs are contained in Statement 803 of Code 800 of the Generic Codes of Good Practice

3.4.4 Labour Standards

3.4.4.1 The Road Freight Industry will be characterised by fair labour practices across the board.

3.4.4.2 All stakeholders commit to:

3.4.4.2.1 Implement interventions to ensure fair labour practices in line with the legislative matters of the National Bargaining Council (NBC) as well as the Basic Condition of Employment Act (BCEA), the Employment Equity Act (EEA) and Skills Development Act.

3.4.4.2.2 Ensure non-discrimination against employees living with HIV/AIDS. Whilst the industry has made strides in this area more can still be done by all stakeholders in a partnership approach aimed at setting up a fund to address initiatives relating to HIV/AIDS education, counselling and treatment of all employees.

3.5 SKILLS DEVELOPMENT

3.5.1 Our vision is to increase the economic value added of every employee in the Road Freight Industry through best-practice Human Resource Development (HRD), skills development, EE and Gender policies. A key element will be to identify the critical skills,

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retain and create quality employment in the sector.

3.5.2 Private Sector Commit to:

- 3.5.2.1 Invest a minimum of 3% of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes for black people. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.2 Invest a minimum of 1.5% of the leviable amount on skills development expenditure on Learning Programmes as per the Learning Matrix contained in the Codes for black women. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.3 Invest a minimum of 0.3% of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes for black disabled people. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.4 Invest a minimum of 0.15% of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes for black disabled women. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.5 Black employees having participated in Learnerships or Category B, C or D programmes being 5% of the total employees.
- 3.5.2.6 Black women employees having participated in Learnerships or Category B, C or D programmes being 2.5% of the total employees.
- 3.5.2.7 QSEs within this subsector investing a minimum of 2% of the leviable amount or payroll whichever is applicable on skills development spend on learning programmes for black people 1% on black Woman.

3.5.3 TETA Commits to:

- 3.5.3.1 Conduct research to identify the management, professional and technical skills that the industry will require over the next decade and map out future demand/supply scenarios in a detailed skills audit that will guide and inform stakeholders in implementing their EE targets. The report will make proposals on how to eliminate the identified skills deficits in the medium term. The proposal will quantify the financial resources that may be required to eliminate the skills deficit.
- 3.5.3.2 Conduct research on the supply side of skills development – i.e. the institutions that will provide the required management, professional and technical skills. The research will determine whether the identified institutions have the capacity to meet the expected demand and whether their curricula meet the needs of industry. It will make proposals on how to increase the capacity and relevance of existing institutions and establish whether there is a need to establish a dedicated institution that will focus on developing skills for the industry.
- 3.5.3.3 Introduce, after consulting stakeholders and completing the skills

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audit, new categories of learnerships - in management, technical and professional occupational categories - to help organisations to achieve their employment equity targets.

3.5.3.4 Develop a training programme to improve the business management skills of owner-drivers. The training programme will also have a component that provides advice on the contracts given to owner-drivers and ensure that employers comply with the Codes of Good Practice for Owner Drivers.

3.5.3.5 Collect and publish detailed and aggregated statistics on the EE profile of the industry according to occupational level and occupational category. Also, to monitor the industry's progress in meeting its targets and publish an annual report on the EE Profile of the industry according to occupational level and category.

3.5.4 Measurement Principles and the Application of the Charter

3.5.4.1 Measurement principles associated with the skills development element, are contained in Statement 400 of Code 400 of the Generic Codes of Good Practice.

3.5.4.2 The formulae required in the determination of the skills development score are contained in Annexure 400 (A)-B of Statement 400 of Code 400 of the Generic Code of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 400 (A)-A, will not apply.

3.5.4.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 804 of Code 800 of the Generic Code of Good Practice.

3.6 PREFERENTIAL PROCUREMENT

3.6.1 Our vision is to grow South Africa's Road Freight Industry in order to stimulate and facilitate economic growth. We commit to increase procurement from black-owned and empowered enterprises and implement best-practice supplier development policies.

3.6.2 Stakeholder undertakings

3.6.2.1 Government commits to:

3.6.2.1.1 Ensure that parastatals and public sector agencies develop uniform policies on Accounting for Affirmative Procurement and adopt the guidelines that will be set by the Transport Sector BEE Council.

3.6.2.1.2 Ensure that parastatals and public sector agencies constantly explore possibilities to increase the amount of total measurable procurement – for example by supporting local procurement and/or content in line with the agreements reached by stakeholders at the Growth and Development Summit. (GDS).

3.6.2.1.3 This will require that parastatals and public sector agencies state in their annual BEE reports the reasons for classifying an item of expenditure as an excluded item This information should be disclosed in a detailed statement that reconciles total measurable procurement and allowable exclusions.

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- 3.6.2.1.4 Parastatals and public sector agencies should support the Proudly South African (PSA) campaign and note the agreement at the GDS that PSA is "an important means of taking the message of local content, fair labour standards, environmental sustainability and quality products and services to the nation."

3.6.2.2 Private Sector Commits to:

- 3.6.2.2.1 Commission, together with other stakeholders, a study to establish current levels of procurement from BEE companies and identify areas where they can achieve "quick wins" to accelerate BEE.
- 3.6.2.2.2 Advance BB-Black Economic Empowerment through the procurement of ancillary services and equipment.
- 3.6.2.2.3 B-BBEE Procurement: 50% of total measured procurement on B-BBEE Procurement from B-BBEE complaint suppliers based on the B-BBEE Recognition Levels.
- 3.6.2.2.4 Procurement from QSE & EMEs: 10% of total measured procurement on B-BBEE procurement from Qualifying Small Enterprises and Exempted Micro-Enterprises.
- 3.6.2.2.5 Procurement from enterprises that are 50% black owned: 9% of total measurable procurement on B-BBEE procurement from enterprises that are 50% black owned.
- 3.6.2.2.6 Procurement from enterprises that are 30% black women owned: 6% of total measurable procurement on B-BBEE procurement from enterprises that are 30% black women owned.
- 3.6.2.2.7 QSEs within this subsector commit to procuring a minimum of 40% over the next 5 years.
- 3.6.2.2.8 Adopt the guidelines on Accounting for Affirmative Procurement that will be set by the Transport Sector BEE Council.

3.6.3 Measurement Principles and Application of the Charter

- 3.6.3.1 Measurement principles associated with the preferential procurement element, are contained in Statement 500 of Code 500 of the Generic Codes of Good Practice.
- 3.6.3.2 The formulae required in the determination of the preferential procurement score are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Codes of Good Practice.
- 3.6.3.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 805 of Code 800 of the Generic Code of Good Practice

3.7 ENTEPRISE DEVELOPMENT

- 3.7.1 Our vision is to create, nurture and grow viable BEE enterprises within the industry while increasing opportunities available to existing companies.

3.7.2 Government Commits to:

- 3.7.2.1 Investigate opportunities to enter into creative joint ventures with BEE companies.

3.7.3 The Private Industry Commits to:

- 3.7.3.1 Pro-actively seek opportunities to enter into joint ventures (and other forms of alliances) and make direct investments in BEE

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companies.

- 3.7.3.2 Investigate opportunities to outsource non-core activities such as workshops, certain maintenance functions, security services and subcontract certain transport activities to BEE companies.
- 3.7.3.3 Enterprise Development Contributions: Ensure a minimum of 3% of Net Profit After Tax (NPAT) is directed towards enterprise development initiatives.
- 3.7.3.4 QSEs within this sector aspire to make contributions to enterprise development which will amount to 2% of NPAT evaluated annually over the next 5 years.
- 3.7.3.5 Enterprise Development Contributions: Endeavour to pay suppliers within 15 days of the date of invoice. The amount of the invoices will be recognisable as enterprise development contributions.

3.7.4 Measurement Principles and Application of the Charter

- 3.7.4.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.7.4.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of the Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.7.4.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.7.4.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice

3.8 SOCIO-ECONOMIC DEVELOPMENT

3.8.1 All Stakeholders commit to:

- 3.8.1.1 Invest at least 1% of NPAT on social development projects;
- 3.8.1.2 Social development contributions leading to the following will be enhanced by a factor 1.25:
 - 3.8.1.2.1. Poverty alleviation;
 - 3.8.1.2.2 Community development;
 - 3.8.1.2.3 HIV/AIDS; and
 - 3.8.1.2.4 the provision of housing and transport.

3.8.2 Measurement Principles and Application of the Charter

- 3.8.2.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the Generic Code of Good Practice.
- 3.8.2.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of the Statement 700 of Code 700 of the Generic Codes of Good Practice.
- 3.8.2.3 The formulae required in the determination of the socio-economic development score are contained in Annexure 700 (A) of Statement 700 of Code 700 of the Generic Code of Good Practice.