

TAXI INDUSTRY SUB-SECTOR CODE FOR BBBEE

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
	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
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			

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	Procurement from 50% Black-Owned as a % of total Measured Procurement	12%	5	3			
	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
	<ul style="list-style-type: none"> • Deliveries 	<ul style="list-style-type: none"> • 	
NTV Manufacturer	<ul style="list-style-type: none"> • 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 	

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Taxi Recapitalisation project Element	Sector where activity is generated	Opportunities for BEE	Equity
		<ul style="list-style-type: none"> • New business in the form of franchises • Maintenance and support structures 	
Consulting Agents (verify payment)	<ul style="list-style-type: none"> • Consultancy services 	<ul style="list-style-type: none"> • 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: 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/ Transport Charter Council	Steering Committee/Transport 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/ Transport Charter Council	Steering Committee/ Transport Charter Council
Introduce new categories of learnerships	Money spent on research as a % of total discretionary funds	Report to Steering Committee/ Transport Charter Council on the number of new learnership categories introduced and accredited as a % of the number of new categories identified	TETA & Steering Committee/ Transport 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/ Transport Charter Council	Steering Committee/ Transport 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/ Transport Charter Council
Continuously benchmark training programmes against international best practice	Money spent on research as a % of total discretionary funds	Progress Report on research to Steering Committee/ Transport Charter Council	Steering Committee/ Transport Charter Council
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/ Transport 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/ Transport Charter Council on value of funding available as a % of total funds required to address learnership needs in the Taxi Sector	TETA & Steering Committee/ Transport Charter Council

ROAD FREIGHT SUB-SECTOR CODE FOR BBBEE



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

DEPARTMENT OF TRANSPORT

ROAD FREIGHT SUB-SECTOR CODE FOR BBBEE

ROAD FREIGHT SUB-SECTOR CODE FOR BBBEE

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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 OF APPLICATION

1.1 The scope of this Broad-Based Black Economic Empowerment (B-BBEE) Sub-Sector Code 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,

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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 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 Sub-Sector Code 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 Sub-Sector Code 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.

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- 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 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 Sub-Sector Code 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 ALIGNMENT TO THE GENERIC CODES

This "Broad-Based BEE Sub-Sector Code 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.

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

The Transport Charter Council that will be established pursuant to the gazette will review this Sub-Sector Code 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 The 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, 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

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- 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 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 Sub-Sector Code 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 Sub-Sector Code 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 Sub-Sector Code with regards to the management control element for QSE are contained in statement 802, of Code 800, of the Generic Codes of Good Practice.
- 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

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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 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

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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, retain and create quality employment in the sector.

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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 audit, new categories of learnerships - in management, technical and

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- 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

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- in a detailed statement that reconciles total measurable procurement and allowable exclusions.
- 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 or 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 sub sector 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 Sub-Sector Code**
- 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 ENTPRISE 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

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weightings
	Skills Development Expenditure on learning programmes specified in the learning programme matrix for Black Women employees as percentage of leviable amount	1.5%	3
	Skills Development Expenditure on learning programmes matrix for black employees with disabilities as a percentage of leviable amount	0.3%	1.5
	Skills Development Expenditure on learning programmes matrix for Black Women employees with disabilities as a percentage of leviable amount	0.15%	1.5
	Number of black employees participating in learnerships or category B, C & D programmes as percentage of total employees	5%	3
	Number of Black Women employees participating in learnerships or category B, C & D programmes as percentage of total employees	2.5%	3
Preferential Procurement	Procurement from all B-BBEE Compliant Enterprises as defined by the B-BBEE Recognition Levels as a % of Total Measured Procurement Spend	50%	12

ROAD FREIGHT SUB-SECTOR CODE FOR BBEE

B-BBEE Element	Indicators of Empowerment	Private Sector 5 Year Targets	Private Sector Weightings
	Procurement from B-BBEE Compliant QSEs and EME as defined by the B-BBEE Recognition Levels as a % of Total Measured Procurement Spend	10%	3
	Procurement from 50% Black-Owned as a % of Total Measured Procurement Spend	9%	3
	Procurement from 30% Black Women-Owned Enterprises as a % of Total Measured Procurement Spend	6%	2
Enterprise Development	Expenditure on supplier development initiatives as a proportion of NPAT	3% of NPAT	15
Socio-economic Development	Expenditure on social development programmes as a % of NPAT. N.B: Expenditure on programmes that address HIV/AIDS, poverty alleviation, community development will be enhanced by a factor of 1.25	1% of NPAT	5
TOTAL			100

ROAD FREIGHT SUB-SECTOR CODE FOR BBBEE

5. QUALIFYING SMALL ENTERPRISES SCORECARD

B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
Ownership	Exercisable voting rights in hands of black people	25% + 1 Vote	6
	Economic Interest of black people in the Enterprise	25%	9
	Realisation Points:		
	Ownership fulfilment		1
	Net Value	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	10%	2
	Bonus Points: Involvement in the ownership of the Enterprise by black participants in Employee Share Schemes, Co-operatives or Broad Based Ownership Schemes	10%	1
Management Control	Black Representation at Top Management level	50.1%	25
	Bonus Points: Black women representation at Top-Management	25%	2
Employment Equity	Black Employees of the Measured Entity who are Management as a % of all Management	40%	7.5
	Black Women Employees of the Measured Entity who are management as a % of all Management	20%	7.5
	Black employees of the Measured Entity as a percentage of total employees	60%	5
	Black Women employees of the Measured Entity as a percentage of total employees	30%	5
	Bonus points: 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 leviable/payroll	2%	12.5

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B-BBEE Element	Indicators of Empowerment	Private Sector 5 year target	Private Sector Weightings
	Skills Development spend on learning programmes for Black Women employees as a percentage of the leviable/payroll	1%	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	40%	25
Enterprise Development Spend	Average annual value of Qualifying Contributions made by the Measured Entity as a percentage of the target	2% 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	25
TOTAL			175

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.

MANAGEMENT CONTROL: SUB-MINIMUM TARGET MATRIX

Year	Voting rights on Board		Executive Directors		Senior Top Management		Other Top Management	
	Black people	Black Women	Black people	Black Women	Black people	Black Women	Black people	Black Women
1	10%	5%	10%	5%	8%	4%	8%	4%
2	20%	10%	20%	10%	16%	8%	16%	8%
3	30%	15%	30%	15%	24%	12%	24%	12%
4	40%	20%	40%	20%	32%	16%	32%	16%
5	50%	25%	50%	25%	40%	20%	40%	20%

6. APPENDIX A: ROAD FREIGHT SECTOR OWNER DRIVER SCHEME POLICY

6.1 Introduction

There are five available options for Empowerment:

Existing Status – employed drivers assisted through accelerated training inclusive of training related to Business Management, which should, in turn, open up opportunities for promotions and progression.

Group Incentives – collective sharing of benefits between the company and the employees.

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6.7. New Legislation

- R90 000 per annum.
- Branding on vehicles. (Specifics should be included in contract)
- Uniform to be worn to identify owner-driver.
- Communication. (Needs some clarification)
- Requirements of the Dangerous Goods Legislation
- Statutory levies.

6.8. Benefits

- Improved efficiencies for the company.
- Increased revenue.
- Client relationship developed by the owner-driver, who would like to get the business.

6.9. Problems Faced by the Owner-Driver

- Taxation at the same rate as employees as if:
 - Owner-driver works more than 80% for one company; or
 - Owner-driver has less than 4 employees
- Funding
- Freight rates
- Payment of invoices
- Vehicle replacement has to be budgeted for. (need some clarification)
- The Cross Border Costs
- Input and effort of the owner-driver is required, especially in the first year.
- Timorously payment of Owner-Drivers

6.10. Conclusion

An Owner-Driver Scheme can work very well, if it is a joint effort between management and labour and not meant as a means of shifting the burden of cost by the employer. If the objective of an Owner-Driver Scheme is primarily aimed at empowerment, that would yield investment, efficiency and facilitation of asset ownership, from which both parties.

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7. APPENDIX B: COMMITMENT EVALUATION MATRICES

Ownership

Action Undertaken	Input measurement	Output measurement	Quality Control
Develop financing mechanisms for B-BBEE companies to achieve equity ownership	Money spent on research and implementation of mechanisms as a % of total discretionary funds	Report to Steering Committee/Transport Charter Council on improvement (percentage change) in black shareholding.	Committee/Transport Charter Council and Industry

Employment Equity

Action Undertaken	Input measurement	Output measurement	Quality Control
Department of Labor to ensure that employment equity targets are met.	Money spent on research survey as a % of total discretionary funds	Assessment Report on employment equity targets for black people within the industry to be handed to Committee/Transport Charter Council.	TETA & Committee/Transport Charter Council

Skills Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Implement skills audit to identify management, professional and technical skills that will be required over the next decade.	Money spent on research as a % of total discretionary funds	Analysis and forecasts to be presented to Steering Committee and TETA.	TETA & Committee/Transport Charter Council
Develop training programmes to improve the business management skills of owner-drivers.	Money spent on skills development as a % of total discretionary funds	Assessment Report on management skills of owner-drivers within the industry to be handed to Committee/Transport Charter Council	TETA & Committee/Transport Charter Council

Preferential Procurement

Action Undertaken	Input measurement	Output measurement	Quality Control
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Ensure that uniform accounting practices regarding preferential procurement are adopted by public sector agencies.	Money spent on research as a % of total discretionary funds	Assessment Report on accounting practices regarding preferential procurement submitted to Committee/ Transport Charter Council.	Committee/ Transport Charter Council
Identify opportunities in which quick results can be achieved through procurement from B-BBEE companies.	Money spent on research as a % of total discretionary funds	Research Report, together with suggestions handed to Committee/ Transport Charter Council.	Committee/ Transport Charter Council
Adopt the guidelines set out by the Transport Sector BEE Council on Accounting for Affirmative Procurement.	Money spent on training and administrative costs in adopting guidelines.	Assessment Report on adherence to guidelines within the industry.	Committee/ Transport Charter Council

Enterprise Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Create joint ventures with and invest directly in black owned enterprises.	Annex 600A (Benefit Factor Matrix) of the Codes shall apply	Report to Steering Committee on improvement (percentage change) in new entities created.	Committee/ Transport Charter Council
Research ways in which non-core activities such as workshops, certain maintenance functions and security services can be subcontracted to B-BBEE enterprises.	Money spent on research as a % of total discretionary funds	Research Report, together with suggestions handed to Committee/ Transport Charter Council.	TETA & Committee/ Transport Charter Council

Socio-economic Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Improve socio-development contributions on poverty alleviation and community development	Percentage Net profit after tax on relevant contributions.	Report to Steering Committee on contributions made	Committee/ Transport Charter Council
Implement labour practices in line with labour legislation.	Money spent on awareness campaigns and legal and administrative fees as a % of total discretionary funds	Report to Committee/ Transport Charter Council on adherence to labour legislation.	Committee/ Transport Charter Council

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Ensure non – discrimination against employees living with HIV/AIDS.	Percentage Net profit after tax spent on HIV/AIDS education and surveys on attitude towards people living with HIV/AIDS.	Report to Committee/ Transport Charter Council on attitudes toward people living with HIV/AIDS.	Committee/ Transport Charter Council
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BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR – TRANSPORT



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

DEPARTMENT OF TRANSPORT

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR - TRANSPORT

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BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT**ABBREVIATIONS**

	DEFINITION
B-BBEE	Broad-Based Black Economic Empowerment
CPI	Consumer Price Index
DO	Developing Organisation
DOT	Department of Transport
DTI	Department of Trade and Industry
ED	Enterprise Development
EEA	Employment Equity Act
EO	Established Organisation
GDS	Growth and Development Summit
HRD	Human Resource Development
KPIs	Key Performance Indicators
MM	Measurement Matrix
NFA	National Framework Agreement
NSDS	National Skills Development Strategy
PEPs	Personal Empowerment Plans
PFMA	Public Finance Management Act
PLWD	People Living with Disabilities
PPPFA	Preferential Procurement Policy Framework Act
PPPs	Public Private Partnerships
PSA	Proudly South African
SMMEs	Small Medium and Micro Enterprises
SOES	State Owned Enterprises

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1. SCOPE OF APPLICATION

1.1 Stakeholders

The Broad-Based Black Economic Empowerment Code is specifically aimed at accelerating transformation within the Transport Sector. The key stakeholders in this process are:

- 1.1.1. Department of Transport ("The Department")
- 1.1.2. Transport Agencies;
- 1.1.3. State-Owned Enterprises (SOEs);
- 1.1.4. Provincial Departments of Transport;
- 1.1.5. Local authorities (including metropolitan councils);
- 1.1.6. Labour; and
- 1.1.7. Transport Education and Training Authority.

1.2. Guiding Principle

The Stakeholders will maximize our leverage within the sector with the aim of increasing black participation at all levels of the industry value chain and work together with stakeholders to drive implementation of the Transport Sector B-BBEE. Accordingly, Stakeholders will invest new financial and human resources and capacity to participate meaningfully in the process.

1.3. Undertakings

1.3.1. The sector commits to:

- 1.3.1.1. Embrace and lead the implementation of the Transport Sector B-BBEE Code and participating in all stakeholder forums and initiatives to drive the process, for example access to finance, marketing and communication, monitoring and evaluation and coordinating the publication of an annual report on B-BBEE in the sector.
- 1.3.1.2. Monitor actual progress made in meeting B-BBEE targets, together with stakeholders.
- 1.3.1.3. Play an advocacy role for B-BBEE in the Sector and increase awareness about investment and funding opportunities in the Industry, especially for B-BBEE operators.
- 1.3.1.4. Co-ordinate the Transport B-BBEE Steering Committee and participate in establishing the Transport Sector B-BBEE Council that will drive the overall B-BBEE Strategy for the Transport Sector.
- 1.3.1.5. Ensure inter-departmental co-ordination of B-BBEE initiatives across government.

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT**1.4 Duration of this Sub-Sector Code**

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

The Transport Charter Council that will be established pursuant to this gazette will review this Sub-Sector Code 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.

2. DEPARTMENT OF TRANSPORT UNDERTAKING**2.1. Guiding principles****2.1.1. A World Class Industry**

2.1.1.1 The employees of the Department of Transport (DOT) commit to working with all stakeholders in our industry to develop a world-class transport industry that will grow in size, create jobs, stimulate economic growth and development and provide accessible and affordable transport services to our people. We will strive towards achieving the empowerment of black people, especially black women, youth and people living with disabilities.

2.1.2. Accelerating B-BBEE in the Transport Sector

2.1.2.1 We further commit ourselves to develop good, effective policies, in consultation with stakeholders, that will result in a significant increase in black participation at all levels of the Transport Sector and throughout the industry value chain. We will develop the capacity to monitor implementation of these policies together with stakeholders in the transport industry.

2.1.3. A world class Department of Transport

2.1.3.1 To achieve this vision for the sector, we will develop a world class transport department, that is adequately staffed with highly skilled, motivated and visible officials with a passion to make the transport sector a vital engine for economic growth, development and job creation in South Africa in line with government's Vision 2014, which aims to half the country's unemployment rate. We will improve efficiency within the department with the aim of effectively and efficiently delivering services to all South Africans.

2.2 Three Pillars of the Scorecard

2.2.1 Firstly, it has an internal focus that seeks to encourage the DOT (which includes Provincial Departments of Transport) to pursue a transformation agenda according to the broad guidelines set out in the National B-BBEE Strategy and the **Transport Public Sector B-BBEE Scorecard**. The

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DOT will use its procurement spending to accelerate B-BBEE objectives amongst suppliers and recipients of subsidies, permits and licenses. It will also make significant investments in human resource development, delivering a cadre of highly-skilled public servants who can make a contribution to the SA economy at large.

2.2.2 Secondly, the Sub-Sector Code seeks to encourage transport SOEs and agencies that report to the Department to implement aggressive transformation policies in line with the National B-BBEE Strategy and **Transport Public Sector B-BBEE Scorecard**. The DOT will also develop technology-based tools and procedures to systematically monitor the progress of these entities in implementing their B-BBEE targets. This will require the DOT to invest additional financial and human resources.

2.2.3 Thirdly, the Sub-Sector Code has an external focus because the DOT is the facilitator and the custodian of the process. Stakeholders expect the Department to play a critical role in the Implementation of the Sub-Sector Code. This will require that the Department invests new resources (financial and human) and develops the capacity to meaningfully participate in the new activities and initiatives that the Sub-Sector Code process will spawn.

To achieve these objectives will require the establishment of an inter-departmental B-BBEE task team, chaired by the Director of B-BBEE, to drive implementation. It will also require all units within the Department to integrate B-BBEE objectives into their policies, programmes and key performance indicators (KPIs) used to evaluate managers.

2.3 Indicators of empowerment

2.3.1 Elements

The Department of Transport B-BBEE Scorecard has 5 indicators of empowerment, which are: Management, Employment Equity, Skills Development, Preferential Procurement and Enterprise Development. Other indicators within the Generic B-BBEE Scorecard, namely ownership and socio-economic development, will not apply as a result of the DOT being a public entity that operates within the constraints of the Public Finance Management Act (PFMA).

2.3.2 MANAGEMENT CONTROL

2.3.2.1 Guiding Principle

2.3.2.1.1 The Public Sector will attract and retain highly-skilled and motivated black staff in senior management, middle management and junior management positions in the Department and become an "Employer of Choice" for skilled professionals throughout the country. This will require the Department to create a supportive culture and facilitate the development of all employees, especially black women, youth and people living with disabilities. The emphasis on supporting black women and youth is cited

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in the Accelerated and Shared Growth initiative for South Africa (ASGISA) as a prerequisite for halving poverty and unemployment by 2014.

- 2.3.2.1.2 The public sector does not have a say over who is appointed as a minister or a member of the executive council, hence the exclusion of the board of directors for the department of transport. "Executive directors" shall comprise of Director-General and Deputy Directors-General and "Top management" (senior top management and other top management) shall be constituted by Chief Directors and Directors.

2.3.2.2 Criteria and targets:

The management control element will comprise the following criteria and targets:

- 2.3.2.1.1 Black Representation at the Executive Director level, for which the target will be 70%.
- 2.3.2.1.2 Black Women Representation at the Executive Director level, for which the target will be 35%.
- 2.3.2.1.3 Black Representation at the Senior Top Management level, for which the target will be 70%.
- 2.3.2.1.4 Black Women Representation at the Senior Top Management level, for which the target will be 35%.
- 2.3.2.1.5 Black Representation at the Other Top Management level, for which the target will be 70%.
- 2.3.2.1.6 Black Women Representation at the Other Top Management level, for which the target will be 35%.
- 2.3.2.1.7 Black Disabled Representation, for which the target will be 1%.

2.3.2.2 Measurement Principles and Application of the Charter

- 2.3.2.2.1 Measurement principles associated with the management control element, are contained in Statement 200 of Code 200 of the B-BBEE Generic Codes of Good Practice.
- 2.3.2.2.2 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 B-BBEE Generic Codes of Good Practice. The Adjustment for Gender Recognition, found in Annexure 200 (A)-A will not apply.

2.3.3 EMPLOYMENT EQUITY

2.3.3.1 Undertakings By Public Sector:

- 2.3.3.1.1 Embark on an aggressive campaign to market career opportunities within the DOT to position it as an "employer of choice" within the South African economy. The campaign will start at school level and include universities, technikons and other organisations in the public and private sector.
- 2.3.3.1.2 Develop creative programmes to retain staff at all levels – for example, personal empowerment plans (PEPs), flexible work arrangements and incentive schemes.

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- 2.3.3.1.3 The "senior management" criteria under the Employment Equity element will be collapsed into the Top Management category. The target for senior management will apply when determining the DoT's EE contributions. The total weighting will be the sum of the individual weightings.
- 2.3.3.1.4 The Middle management categories will be constituted by professionals as defined in the EE Act and EEA2 form.
- 2.3.3.1.5 Junior management will be constituted by technical, academically qualified, and skilled individuals as per the EEA2 and the EE Act.

2.3.3.2 Criteria and targets:

The employment equity element will comprise the following criteria and targets:

- 2.3.3.2.1 Black Representation at the Senior Management level, for which the target will be 70%.
- 2.3.3.2.2 Black Women Representation at the Senior Management level, for which the target will be 35%.
- 2.3.3.2.3 Black Representation at the Middle Management level, for which the target will be 70%.
- 2.3.3.2.4 Black Women Representation at the Middle Management level, for which the target will be 35%.
- 2.3.3.2.5 Black Representation at the Junior Management level, for which the target will be 70%.
- 2.3.3.2.6 Black Women Representation at the Junior Management level, for which the target will be 35%.
- 2.3.3.2.7 Black Disabled Representation, for which the target will be 3%.
- 2.3.3.2.8 Black Women Disabled Representation, for which the target will be 1%.
- 2.3.3.2.9 Black Women Representation at semi-skilled and unskilled levels, for which the target will be 35%.
- 2.3.3.2.10 Black Youth Representation, for which the target will be 10%.

2.3.3.3 Measurement Principles and Application of the Charter

- 2.3.3.3.1 Measurement principles on the employment equity element are contained in Statement 300 of Code 300 of the B-BBEE Generic Codes of Good Practice.
- 2.3.3.3.2 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 B-BBEE 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.

2.3.4 SKILLS DEVELOPMENT

2.3.4.1 Guiding Principle

- 2.3.4.1.1 Our objective is to increase the economic value added (or productivity) of every employee in the Department through best-practice Human

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Resource Development (HRD), Employment Equity and Gender policies. A key element will be to identify the critical skills required to fulfil the Department's vision and mission and create a conducive environment for all employees to develop their talent to the fullest. This is congruent with ASGISA which seeks to raise the skill level in areas needed by the economy.

2.3.4.2 The Public Sector commits to:

- 2.3.4.2.1 Increase our intake of unemployed people to at least 10% of our staff complement and develop PEPs to provide them with the skills required to become productive employees within the economy as a whole. This will require the development of effective mentoring programmes to ensure that the new intakes obtain meaningful work experience and exposure.
- 2.3.4.2.2 Within 3 years, invest at least 5% of the total leviable amount or payroll cost (whichever is applicable) on learning programmes identified in the Learning Programme Matrix contained in Code 400 of the B-BBEE Generic Codes of Good Practice. This includes the current 1% skills development levy as well as all associated training costs, but excludes the department's expenditure on Centres of Excellence.
- 2.3.4.2.3 Invest a minimum of 0.50% of the leviable amount or payroll cost (whichever is applicable) on the training of black people with disabilities on Learning Programmes Contained in Code 400 of the B-BBEE Generic Codes of Good Practice.
- 2.3.4.2.4 The training budget will be spent equitably to develop staff at all levels and strike a balance between specific job-related training and training for personal development. Training programmes will align PEPs with the strategic imperatives of the department. Efforts will be made to improve the quality of skills development expenditure to ensure that it adds real value to employees.

2.3.4.3 Criteria and targets:

The skills development element will comprise the following criteria and targets:

- 2.3.4.3.1 Expenditure on skills development for Black people as a percentage of total payroll, for which the target will be 3%.
- 2.3.4.3.2 Skills Spend on Black Women employees as a percentage of total payroll, for which the target will be 3%.
- 2.3.4.3.3 Skills Spend on Black disabled employees as a percentage of total payroll, for which the target will be 0.5%.
- 2.3.4.3.4 Skills Spend on Black Women disabled employees as a percentage of total payroll, for which the target will be 0.25%.
- 2.3.4.3.5 Black employees participating in category B, C & D Learning Programmes as a percentage of the total work force, for which the target will be 5%.
- 2.3.4.3.6 Black Women employees participating in category B, C & D Learning Programmes as a percentage of the total work force, for which the target will be 3%.

2.3.4.4 Measurement Principles and Application of the Sub-Sector Code

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- 2.3.4.4.1 Measurement principles associated with the skills development element, are contained in Statement 400 of Code 400 of the B-BBEE Generic Codes of Good Practice.
- 2.3.4.4.2 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 B-BBEE 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.

2.3.5 PREFERENTIAL PROCUREMENT

2.3.5.1 Guiding Principle

- 2.3.5.1.1 Stakeholders will increase procurement from black-owned enterprises, implement transparent and ethical policies and practices, and develop best-practice supplier development policies. This will require the investment of additional resources to monitor and evaluate performance and eliminate practices such as fronting. The Department will also monitor the B-BBEE performance of SOEs and agencies that report to the DOT.

2.3.5.2 Undertakings

2.3.5.2.1 All stakeholders commits to:

- 2.3.5.2.1.1 Develop a new B-BBEE procurement policy for the Department that is aligned to the new B-BBEE Act and B-BBEE Strategy; and train all procurement officials about the mechanics of the Generic B-BBEE Scorecard.
- 2.3.5.2.1.2 Co-ordinate procurement policies and reporting procedures across national and provincial departments and transport sector SOEs and agencies to maximise leverage in the transport industry.
- 2.3.5.2.1.3 Introduce pre-qualifying criteria for all suppliers that stipulate a minimum B-BBEE compliance level for every supplier and stipulates a commitment to increase the B-BBEE score on the Generic B-BBEE Scorecard during the duration of the contract (when a contract exceeds a period of six months).
- 2.3.5.2.1.4 Constantly evaluate opportunities to increase the value of total procurement that can be procured from B-BBEE companies and create opportunities for black Qualifying Small Enterprises (QSEs) and Exempted Micro Enterprises (EMEs) by unbundling large contracts where possible.
- 2.3.5.2.1.5 Develop best-practice technology-based monitoring, evaluation and reporting mechanisms for the DOT to enable real-time reporting of B-BBEE procurement and make verification of the B-BBEE credentials of all suppliers according to the Generic B-BBEE Scorecard, a prerequisite for all tenders, in order to eliminate fronting and blacklist offenders.
- 2.3.5.2.1.6 Develop within the DOT the capacity to monitor and evaluate the performance of the SOEs and agencies that report to the department in meeting the targets in the SOEs B-BBEE Scorecard.
- 2.3.5.2.1.7 Produce regular reports that record the largest categories of expenditure and a ranking of suppliers by the value of contracts awarded. The reports will evaluate the tenders awarded and compliance in terms of commitments

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- undertaken by B-BBEE compliant enterprises by value to identify the extent to which such enterprises participate in high value-added contracts.
- 2.3.5.2.1.8 Introduce an e-Procurement system in a manner that will not create new barriers to entry for black entrepreneurs. The system will be introduced with a training programme for B-BBEE suppliers, where necessary.
- 2.3.5.2.1.9 Implement creative mechanisms to overcome the constraints imposed by the Preferential Procurement Policy Framework Act (PPPFA) and its subsequent amendments. This could be achieved by: reducing barriers to entry by introducing best-practice affirmative procurement policies e.g. price preferences, price matching, and reducing the payment cycle to a maximum of 30 days. Such policies will be developed in conjunction with other government departments.
- 2.3.5.2.1.10 Renegotiate all long-term contracts to add B-BBEE requirements.
- 2.3.5.2.1.11 Convene a task team of internal and external specialists to identify areas where the DOT has leverage (for example, permit and license issuing boards) to ensure that the department maximises its leverage across the transport sector value chain to accelerate B-BBEE.
- 2.3.5.2.1.12 Develop, together with stakeholders, Public Finance Management Principles for Affirmative Procurement and ensure that SOE's and agencies that report to the department adopt them.
- 2.3.5.2.1.13 The measurement of preferential procurement as portrayed in Appendix A will provide a transparent and consistent manner in which enterprises within the public sector are scored. The targets and required recognition levels for suppliers are lenient initially, becoming stricter in later years as the enterprise gains market experience and starts to grow in stature.
- 2.3.5.2.1.14 It is envisaged that the gradual lifting of preferential procurement targets will decrease the probability that enterprises will attempt to circumvent the preferential procurement process and thereby render it ineffective.

2.3.5.3 Criteria and targets:

The preferential procurement element will comprise the following criteria and targets:

- 2.3.5.3.1 Percentage of Total Measured Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels, for which the target will be 60%.
- 2.3.5.3.2 Procurement from B-BBEE Compliant QSEs and EMEs as defined by B-BBEE recognition levels, for which the target will be 15%.
- 2.3.5.3.3 Percentage of Total Measured Procurement Spend from enterprises that are 50% Black owned based on the B-BBEE Procurement Recognition Levels, for which the target will be 9%.
- 2.3.5.3.4 Percentage of Total Measured Procurement Spend from enterprises that are 30% Black Women-owned based on the B-BBEE Procurement Recognition Levels, for which the target will be 6%.
- 2.3.5.3.5 Bonus Points: Percentage of Total Measured Procurement Spend from enterprises that are owned by Black disabled people based on the B-BBEE Procurement Recognition Levels, for which the target will be 1%.

2.3.5.4 Measurement Principles and Application of the Charter

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- 2.3.5.4.1 Measurement principles associated with the preferential procurement element are contained in Statement 500 of Code 500 of the B-BBEE Generic Codes of Good Practice.
- 2.3.5.4.2 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 B-BBEE Generic Codes of Good Practice.

2.3.6 ENTERPRISE DEVELOPMENT**2.3.6.1 Guiding Principle**

The DOT will ensure that best-practice enterprise development programmes are implemented, aimed at uplifting communities by providing them with the tools to become economically active.

2.3.6.2 Criteria and targets:

The only criterion applicable here is the average annual value of all qualifying contributions made by the measured entity as discretionary spend with the target set at 1% of discretionary spend is used.

2.3.6.3 Measurement Principles and Application of the Sub-Sector Code

- 2.3.6.3.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the B-BBEE Generic Codes of Good Practice.
- 2.3.6.3.2 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 B-BBEE Generic Codes of Good Practice.
- 2.3.6.3.3 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 B-BBEE Generic Codes of Good Practice.

3 STATE OWNED ENTERPRISES**3.1 Guiding principles**

It is important to maximise the impact on the economy of the SOEs and agencies that report to the DOT and ensure that they continue to implement aggressive transformation policies. The SOEs and agencies will contribute towards economic growth by significantly increasing levels of investment and implementing best practice human resource development (HRD) strategies on a large scale to create a cadre of highly-skilled employees who can raise the productivity of investment in the transport sector and the economy. The restructuring of state assets will proceed in a manner that does not reverse the gains made by SOEs and agencies in areas such as ownership, employment equity, procurement and job creation.

3.2 Indicators of Empowerment

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The SOEs B-BBEE Scorecard has 7 indicators.

- 3.2.1 OWNERSHIP**
(See footnote under the score card)
- 3.2.1.1 The ownership element comprises of the following criteria and targets:
- 3.2.1.1.1 Exercisable voting rights in the hands of black people, for which the target is 25%+ 1 vote.
- 3.2.1.1.2 Exercisable voting rights in the hands of black women, for which the target will be 10%.
- 3.2.1.1.3 Economic interest in the hands of black people, for which the target is 25% of the economic interest accruing to black people.
- 3.2.1.1.4 Economic interest in the hands of black women, for which the target is 10% of the economic interest accruing to black women.
- 3.2.1.1.5 Economic interest in the hands of black designated groups, for which the target is 3%.
- 3.2.1.2 Guidelines for selection in the case of a sale of an SOE or a Productive State Asset**
- 3.2.1.2.1 According to the Broad-Based Black Economic Empowerment Act (2003), the B-BBEE Codes of Good Practice must be applied when determining qualification criteria for the sale of state-owned enterprises. In line with this stipulation, SOEs will be allocated according to the acquiring company's B-BBEE status as determined by the acquiring company's sector charter. In the absence of a sector charter, the B-BBEE Generic Codes of Good Practice shall be applied.
- 3.2.1.2.2 The ownership requirements stipulated above and contained in the scorecard below will be used in the evaluation of the bidders' ownership status and the appropriate sector Sub-Sector Code where applicable.
- 3.2.1.3 The Ownership B-BBEE Scorecard of public sector agencies and regulators that report to the DOT will have the following indicators:**
- 3.2.1.3.1 The percentage of economic interest and exercisable voting rights in the hands of black people.
- 3.2.1.3.2 The percentage of economic interest and exercisable voting rights in the hands of black women.
- 3.2.1.3.3 The percentage of economic interest and exercisable voting rights in the hands of black designated groups.
- 3.2.1.3.4 Net Economic Interest held by black shareholders. This is the portion of equity in the hands of black shareholders that is fully paid up. Essentially it is the value of the shareholding, less the outstanding amounts owed by that shareholder to third party funders or the principle entity in which the stake was acquired.
- 3.2.1.3.5 **Ownership fulfilment** (This occurs when black shareholders are free from all financial obligations relating to their share acquisition and own 100% of their stake in the enterprise.)

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT**3.2.1.4 Measurement Principles and Application of the Charter**

- 3.2.1.4.1 Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the B-BBEE Generic Codes of Good Practice.
- 3.2.1.4.2 The formulae required in the determination of the ownership score is contained in Annexure 100 (c) of Statement 100 of Code 100 of the B-BBEE Generic Codes of Good Practice.
- 3.2.1.4.3 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 B-BBEE Generic Codes of Good Practice. The target contained in the ownership element of this Sub-Sector Code will apply.
- 3.2.1.4.4 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 B-BBEE Generic Codes of Good Practice.
- 3.2.1.4.5 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 B-BBEE Generic Codes of Good Practice.

3.2.2 MANAGEMENT CONTROL

- 3.2.2.1 The measurement principles and the application of the Sub-Sector Code are the same as those that are discussed within the Department of Transport guidelines (Section 2.3.2.3), page 6). The management control element will comprise the following criteria and targets:
- 3.2.2.1.1 The management control element will comprise the following criteria and targets:
- 3.2.2.1.2 Exercisable voting rights of black board members, for which the target will be 70%.
- 3.2.2.1.3 Exercisable voting rights of black woman board members, for which the target will be 35%.
- 3.2.2.1.4 Black Representation at the Executive Director level, for which the target will be 70%.
- 3.2.2.1.5 Black Women Representation at the Executive Director level, for which the target will be 35%.
- 3.2.2.1.6 Black Representation at the Senior Top Management level, for which the target will be 70%.
- 3.2.2.1.7 Black Women Representation at the Senior Top Management level, for which the target will be 35%.
- 3.2.2.1.8 Black Representation at the Other Top Management level, for which the target will be 70%.
- 3.2.2.1.9 Black Women Representation at the Other Top Management level, for which the target will be 35%.
- 3.2.2.1.10 Black Disabled Representation, for which the target will be 1%.

3.2.3 EMPLOYMENT EQUITY

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- 3.2.3.1 The measurement principles and the application of the Sub-Sector Code are the same as those that are discussed within the Department of Transport guidelines (Section 2.3.3.3, page 8). The employment equity element will comprise the following criteria and targets:
- 3.2.3.1.1 Black Representation at the Senior Management level, for which the target will be 70%.
- 3.2.3.1.2 Black Women Representation at the Senior Management level, for which the target will be 35%.
- 3.2.3.1.3 Black Representation at the Middle Management level, for which the target will be 70%.
- 3.2.3.1.4 Black Women Representation at the Middle Management level, for which the target will be 35%.
- 3.2.3.1.5 Black Representation at the Junior Management level, for which the target will be 70%.
- 3.2.3.1.6 Black Women Representation at the Junior Management level, for which the target will be 35%.
- 3.2.3.1.7 Black Disabled Representation, for which the target will be 3%.
- 3.2.3.1.8 Black Women Disabled Representation, for which the target will be 1%.
- 3.2.3.1.9 Black Women Representation at semi-skilled and unskilled levels, for which the target will be 35%.
- 3.2.3.1.10 Black Youth Representation, for which the target will be 10%.

3.2.4 SKILLS DEVELOPMENT

- 3.2.4.1 The measurement principles and the application of the Sub-Sector Code are the same as those that are discussed within the Department of Transport guidelines (Section 2.3.4.4, page 9). The skills development element will comprise the following criteria and targets:
- 3.2.4.1.1 Skills Spend on Black employees as a percentage of total payroll, for which the target will be 3%.
- 3.2.4.1.2 Skills Spend on Black Women employees as a percentage of total payroll, for which the target will be 3%.
- 3.2.4.1.3 Skills Spend on Black disabled employees as a percentage of total payroll, for which the target will be 0.5%.
- 3.2.4.1.4 Skills Spend on Black Women disabled employees as a percentage of total payroll, for which the target will be 0.25%.
- 3.2.4.1.5 Black employees participating in category B, C & D Learning Programmes as a percentage of the total work force, for which the target will be 5%.
- 3.2.4.1.6 Black Women employees participating in category B, C & D Learning Programmes as a percentage of the total work force, for which the target will be 3%.

3.2.5 PREFERENTIAL PROCUREMENT

- 3.2.5.1 The preferential procurement element will comprise the following criteria and targets:
- 3.2.5.1.1 The measurement principles are the same as those that are discussed within the department of transport guidelines. The preferential procurement element will comprise the following criteria and targets:

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- 3.2.5.1.2 Percentage of Total Measured Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels, for which the target will be 60%. In addition, procurement from B-BBEE compliant QSEs and EMEs as defined by B-BBEE recognition levels, for which will be 15%.
- 3.2.5.1.3 Percentage of Total Measured Procurement Spend from enterprises that are 50% Black owned based on the B-BBEE Procurement Recognition Levels, for which the target will be 9%.
- 3.2.5.1.4 Percentage of Total Measured Procurement Spend from enterprises that are 30% Black Women-owned based on the B-BBEE Procurement Recognition Levels, for which the target will be 6%.
- 3.2.5.1.5 **Bonus Points:** Percentage of Total Measured Procurement Spend from enterprises that are owned by Black disabled people based on the B-BBEE Procurement Recognition Levels, for which the target will be 1%.
- 3.2.6 ENTERPRISE DEVELOPMENT**
- 3.2.6.1 The measurement principles and the application of the Sub-Sector Code are the same as those that are discussed within the Department of Transport guidelines (Section 2.3.6.3, page 12).
- 3.2.6.2 The only criterion applicable here is the average annual value of all qualifying contributions made by the measured entity as a percentage of Net Profit after Tax (NPAT)/discretionary spend (whichever amount is applicable); with the target set at 3% if NPAT is used, or 1% if discretionary spend is used.
- 3.2.7 SOCIO-ECONOMIC DEVELOPMENT**
- 3.2.7.1 The only criterion applicable here is the average annual value of all socio-economic development contributions made by the measured entity as a percentage NPAT/discretionary spend (whichever amount is applicable); with the target set at 1% if NPAT is used, or 3% if discretionary spend is used.
- 3.2.7.2 Contributions focused on HIV/AIDS, Poverty Alleviations and Social Development will receive enhanced recognition by being multiplied by a factor of 1.25.
- 3.2.7.3 Measurement Principles and Application of the Sub-Sector Code**
- 3.2.7.3.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the B-BBEE 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 the Statement 700 of Code 700 of the B-BBEE Generic Codes of Good Practice.

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- 3.2.7.3.3 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 B-BBEE Generic Codes of Good Practice.

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4. PUBLIC SECTOR B-BBEE SCORECARD

B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities Including SOEs and Agencies Weightings ¹	Public Entities Including SOEs and Agencies Weightings ²
Ownership	Exercisable voting rights in the hands of black people	N/A	N/A	25% + 1 vote	3	N/A
	Exercisable voting rights in the hands of black women	N/A	N/A	10%	2	N/A
	Economic interest in the hands of black people	N/A	N/A	25%	4	N/A
	Economic interest in the hands of black women	N/A	N/A	10%	2	N/A

¹ These are points/weightings allocation in the event of an asset disposal and/or upon restructuring.

² These are points/weightings allocation prior to disposal of assets and/or restructuring

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities including SOEs and Agencies Weightings ¹	Public Entities including SOEs and Agencies Weightings ²
	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 cooperatives.	N/A	N/A	3%	1	N/A
	Net Economic Interest/Net value	N/A	N/A	25%	7	N/A
	Ownership Fulfilment	N/A	N/A	-	1	N/A
	Bonus Points:					
	Involvement in the ownership of the enterprise of Black new entrants	N/A	N/A	10%	2	N/A
	Involvement of Broad Based Schemes, ESOPS, Co-ops	N/A	N/A	10%	1	N/A

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities including SOEs and Agencies Weightings ¹	Public Entities including SOEs and Agencies Weightings ²
Management	Percentage of total exercisable voting rights in the hands of black board members	N/A	N/A	70%	1.5	1.5
	Percentage of total exercisable voting rights in the hands of black women board members	N/A	N/A	35%	1.5	1.5
	Percentage of black persons who are executive directors	70%	1.5	70%	1	1
	Percentage of black women who are executive directors	35%	1.5	35%	1	1
	Percentage of black persons who are Senior Top Management	70%	2	70%	1	1
	Percentage of black women who are Senior Top Management	35%	2	35%	1	1
	Percentage of black persons who are Other Top Management	70%	1	70%	1	1
	Percentage of black women who are Other Top Management	35%	1	35%	1	1

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities including SOEs and Agencies Weightings ₁	Public Entities including SOEs and Agencies Weightings ₂
	Percentage of black disabled representation in management	1%	1	1%	1	1
	Bonus Point: Black Independent Non-Executive Board Members	-	-	20%	1	1
Employment Equity	Percentage of Black People in Senior Management	70%	3	70%	2	2
	Percentage of Black Women in Senior Management	35%	2	35%	1	1
	Percentage of Black People in Middle Management	70%	2	70%	2	2
	Percentage of Black Women in Middle Management	35%	2	35%	2	2
	Percentage of Black People in Junior Management	70%	2	70%	2	2
	Percentage of Black Women in Junior Management	35%	2	35%	2	2

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities Including SOEs and Agencies Weightings ₁	Public Entities Including SOEs and Agencies Weightings ₂
	Black People living with disabilities as a percentage of all employees	3%	2	3%	1	1
	Black Women living with disabilities as a percentage of all employees	1%	1	1%	1	1
	Black women as percentage of staff below junior management levels	35%	1	35%	1	1
	Black youth as a percentage of all employees	10%	1	10%	1	1
	Bonus point for meeting or exceeding the EAP targets in each category	-	3	-	3	3
Skills Development	Skills Spend on black employees as a percentage of total payroll	3%	5	3%	4	5
	Skills Spend on black women employees as a percentage of total	3%	5	3%	4	5

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities Including SOEs and Agencies Weightings₁	Public Entities Including SOEs and Agencies Weightings₂
	payroll					
	Number of black employees in Learnerships, Category B, C, & D Learning Programmes as a percentage of total workforce	5%	6	5%	5	6
	Number of black women employees in Learnerships, Category B,C, & D Learning Programmes as a percentage of total workforce	3%	6	3%	4	6
	Skills Spend on black employees living with disabilities as a percentage of total payroll	0.5%	1.5	0.5%	1.5	1.5
	Skills Development on black women employees with disability as a percentage of total	0.25%	1.5	0.25%	1.5	1.5

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities Including SOEs and Agencies Weightings ¹	Public Entities Including SOEs and Agencies Weightings ²
	payroll					
Preferential Procurement	Procurement from all B-BBEE Compliant Enterprises as defined by the B-BBEE Recognition Levels as a percentage of Total Procurement spend	60%	12	60%	12	12
	Procurement from B-BBEE Compliant QSEs and EME as defined by the B-BBEE Recognition Levels as a percentage of Total Procurement spend	15%	10	15%	3	10
	Procurement from 50% Black-Owned as a % of Total Procurement spend	9%	5	9%	3	4
	Procurement from 30% Black Women-Owned Enterprises as a percentage of Total Procurement spend	6%	5	6%	2	4

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B-BBEE Element	Indicators of Empowerment	National & Provincial DOT 3 Year Targets	National & Provincial DOT Weightings	Public Entities including SOEs & Agencies 3 Year Targets	Public Entities Including SOEs and Agencies Weightings ¹	Public Entities Including SOEs and Agencies Weightings ²
	Bonus Points: Procurement from black people living with disability.	1%	3	1%	3	3
Enterprise Development	Expenditure on supplier development initiatives as a proportion of total discretionary spend/NPAT	1% of discretionary spend	15	3% of NPAT or 1% of discretionary spend	10	15
Socio-Economic Development	Expenditure on social development programmes as a percentage of NPAT or discretionary spend	N/A	N/A	1% of NPAT or 1% of discretionary spend	5	5
TOTAL			100		100	

A. Provincial targets are set in consultation with provinces after conducting a status quo assessment of B-BBEE in the Provincial Departments of Transport, Transport being defined as Road Construction, Rail and Road Transport (Infrastructure and Operations, Safety and Traffic).

B. All percentages displayed in the scorecard are minimum targets

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5. APPENDIX A: B-BBEE STATUS FOR ACCREDITATION ON PREFERENTIAL PROCUREMENT

PERIOD	START – 1 YEARS	2-4 YEARS	5 YEARS PLUS
% OF TOTAL PROCUREMENT	Minimum 50%	Minimum 50%	Minimum 70%
COMPULSORY SUB-TARGET FOR THE DIRECT EMPOWERMENT (OWNERSHIP AND MANAGEMENT CONTROL) ELEMENT	34%	40%	44%

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6. APPENDIX B: ENTERPRISE DEVELOPMENT ENHANCED RECOGNITION FACTOR MECHANISM

A. PREAMBLE

In order for the country to realize its full economic potential it has to draw its entire population into the mainstream economy. This encompasses amongst other issues the reduction of unemployment and the eradication of poverty. It has been proven internationally that the development of new enterprises especially in the SMME sector is the best initiative.

B. DEFINITIONS

1. Contributing Enterprise (CE):
This is the organization that is doing the developing and will be claiming the benefit in its Sub-Sector Code scorecard in its' economic sector/sub-sector.
2. Beneficiary Enterprise (BE):
This is the relatively new organization that is receiving the mentorship, direction and assistance from the CE
3. Enterprise Development Programme:
This is the internal programme that the CE designs to develop new/existing organizations against which its scorecard points will be measured in terms of its progress against the plan.

C. CATEGORIES

Enterprise development can be separated into four categories viz:

- Category 1: Suppliers – suppliers of equipment, material and the like e.g. stationary, cleaning materials, electronic equipment etc.
- Category 2: Professional service providers – auditing and financial service providers, legal services, services in the built environment (architects, engineering consultants, quality surveyors), etc.
- Category 3: Other service providers – contractors, (building, interior decorators, painting, civil, mechanical), cleaning services and security services.
- Category 4: A special category is necessary for SOEs, provincial and local government for the PPP's. Outsourcing and possible privatisation of certain functions that are still being done within the organization such as: internal bus transport services, internal construction and maintenance units. This category has a short-term duration.

D. FORMULATION OF ENTERPRISES

The beneficiary enterprise must:

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- be a legally registered entity compliant with all the necessary regulations etc.
- the owner/s, shareholders must be employers of at least three other permanently employed personnel and not merely a one person operation.
- it must be a genuine emerging entity with employees and shareholders that lack skills and experience and have a genuine need to be empowered (there should be no window dressing or fronting).

E. ENHANCED RECOGNITION DETERMINATION

This is to be broken up into two components:

1. Determination of enterprise development compliance; and
2. Measurement of development and computing this measure of progress and determining the enhanced recognition factor.

1. Development Compliance

- 1.1 Auditors* or an accredited verification agency will measure progress against the plan of development.
- 1.2 Auditors* or an accredited verification agency will review the enterprise development documentation
- 1.3 Auditors* or an accredited verification agency will interview the DO owner and selected staff to gauge benefits provided and actual development attained by the DO.
- 1.4 *These can be auditors with an accounting/financial background but are not limited to this category of people.

2. Measurement

- 2.1. When the above 3 steps are achieved, the auditor can deem that the enterprise development has been attained and that the development programme is compliant.
- 2.2 The equation/formula used to convert this achievement into an enhanced recognition is as follows:

3. Prerequisites

A CE should have a minimum of 2 BEs' that being developed at a time, in order to qualify to receive the enhanced recognition for ED within the scorecard.

- I. The phase-in period for the CE to develop its development programme and identify its BEs' is 12 months from the date of signature of the Transport Sector Charter.
- II. BEs should be factored in over 24 months from date of signature to be catering for a minimum of 30% of a CE's discretionary spend increasing to 60% at the end of year 5 from the date of signature of the Transport Sector Charter.

B-BBEE SUB-SECTOR CODE- PUBLIC SECTOR**a) Scoring**

- i) The scores derived from the MM for each enterprise in the
- ii) programme are added together and an average is computed.
- iii) If the average is growth rate is less than real GDP growth for the period in question then the CEs will receive a penalty point (i.e. a reduced score with zero as a minimum).
- iv) If the average growth rate is equal to real GDP growth, the CE will be neither penalized nor rewarded.
- v) If the average growth rate exceeds real GDP growth the CE will be rewarded on a sliding scale up to a maximum of multiplier of 1.5.

TABLE 1: MULTIPLICATION OF FACTORS

Average Growth Rate of BE	Multiplication Factor
25% less than real GDP growth annualised	0.75
20% less than real GDP growth annualised	0.80
15% less than real GDP growth annualised	0.85
10% less than real GDP growth annualised	0.90
5% less than real GDP growth annualised	0.95
Equal to real GDP growth annualised	1.0
5% greater than real GDP growth annualised	1.025
10% greater than real GDP growth annualised	1.05
15% greater than real GDP growth annualised	1.075
20% greater than real GDP growth annualised	1.10
25% greater than real GDP growth annualised	1.125

F. CRITERIA FOR COMPLIANCE

For the enterprise development programme to be compliant, it must include the following components:

1. Management skills transfer
2. Establishment of Administrative systems
3. Establishment of cost control systems
4. Planning skills transfer
5. Business skills transfer
6. Technical skills transfer
7. Legal compliance skills transfer
8. Procurement skills transfer
9. Establish credit rating/history

B-BBEE SUB-SECTOR CODE- PUBLIC SECTOR

10. Establish financial loan capacity/history

G. MEASUREMENT MATRIX (MM)

Item	Criteria	Previous Year	Current Year	% Growth	Weighting	Score
A	FINANCIAL					
1	Annual turnover				20	
2	No. of permanent employees				20	
3	Total value of assets				20	
B	REGULATORY					
4	Total credit facilities available for suppliers				10	
5	Tax & other regulatory compliance				10	
C	OTHER					
6	Operating & costing systems capacity				10	
7.	Skills Transfer				10	

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EXAMPLE

DO I

DO II

DO III

	% GROWTH	WIEGHTING	SCORE
1	+ 10%	X 20	= 2.0
2	+ 33%	X 20	= 6.6
3	+ 6%	X 20	= 1.2
4	+ 0%	X 10	= 0
5	+ 15%	X 10	= 1.5
6	+ 12%	X 10	= 1.2
7	+ 20%	X 10	= 2

	% GROWTH	WIEGHTING	SCORE
	+ 8%	X 20	= 1.6
	+ 0%	X 20	= 0
	+ 4%	X 20	= 0.8
	+ 0%	X 10	= 0
	+ 8%	X 10	= 0.8
	+ 4%	X 10	= 0.4
	+ 5%	X 10	= 0.5

	% GROWTH	WIEGHTING	SCORE
	+ 12%	X 20	= 2.4
	+ 66%	X 20	= 13.2
	+ 15%	X 20	= 3.0
	+ 0%	X 10	= 0
	+ 3%	X 10	= 0.3
	+ 0%	X 10	= 0
	+ 5%	X 10	= 0

TOTAL SCORE

14.5

4.1

18.9

Average Growth Rate = $\frac{14.5 + 4.1 + 18.9}{3}$

= 12.5

Assume real GDP growth rate to be 10

12.5 > 10 i.e. Growth Rate Exceeds real GDP growth annualised by 25% ∴ multiplier factor is 1.125

Therefore if these 3 developing organizations together accounted for 15% of the CE discretionary spend in the year in question, out of a total 30% allocated by the CE for Sub-Sector Code requirements then the multiplier effect will be
 $1.125 \times 15 = 16.875 \times$ [the monetary value of discretionary spend from the entities]

- i.e Discretionary spend = R20 million
- 30% = R6m
- 16.875% = R1.0125m
- 15% = R0.9m

CEs Scorecard Score R1.0125m = 16.875 x weighting = x

B-BBEE SUB-SECTOR CODE– PUBLIC SECTOR**7. APPENDIX C: LEARNING PROGRAMME MATRIX**

Category	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
A	Institution-based theoretical instruction alone – formally assessed by the institution	Institutional instruction	Institutions such as universities and colleges, schools, ABET providers	Recognised theoretical knowledge resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning
B	Institution-based theoretical instruction as well as some practical learning with an employer or in a simulated work environment – formally assessed through the institution	Mixed mode delivery with institutional instruction as well as supervised learning in an appropriate workplace or simulated work environment	Institutions such as universities and colleges, schools, ABET providers and workplace	Theoretical knowledge and workplace experience with set requirements resulting in the achievement of a degree, diploma or certificate issued by an accredited or registered formal institution of learning
C	Recognised or registered structured experiential learning in the workplace that is required after the achievement of a qualification – formally assessed by a statutory occupational or professional body	Structured learning in the workplace with mentoring or coaching	Workplace	Occupational or professional knowledge and experience formally recognised through registration or licensing
D	Occupationally-directed instructional and	Institutional instruction together	Institution and workplace	Theoretical knowledge and workplace learning,

B-BBEE SUB-SECTOR CODE– PUBLIC SECTOR

Category	Narrative Description	Delivery Mode	Learning Site	Learning Achievement
	work-based learning programme that requires a formal contract – formally assessed by an accredited body	with structured, supervised experiential learning in the workplace		resulting in the achievement of a South African Qualifications Authority registered qualification, a certificate or other similar occupational or professional qualification issued by an accredited or registered formal institution of learning
E	Occupationally-directed instructional and work-based learning programme that does not require a formal contract – formally assessed by an accredited body	Structured, supervised experiential learning in the workplace which may include some institutional instruction	Workplace and some institutional as well as ABET providers	Credits awarded for registered unit standards
F	Occupationally-directed informal instructional programmes	Structured information sharing or direct instruction involving workshops, seminars and conferences and short courses	Institutions, conferences and meetings	Continuing professional development, attendance certificates and credits against registered unit standards (in some instances)
G	Work-based informal programmes	Informal training	Workplace	Increased understand of job or work context or improved performance or skills

B-BBEE SUB-SECTOR CODE- PUBLIC SECTOR**8. APPENDIX D: COMMITMENT EVALUATION MATRICES****Employment Equity**

Action Undertaken	Input measurement	Output measurement	Quality Control
Embark on an aggressive campaign to market career opportunities within the DOT	Current level of new job applications at the DOT	Report to Steering Committee/Sub-Sector Code Council on the number of new applications to the DOT and statistical information to prove any movement in the number of career seekers	DOT & Steering Committee/Sub-Sector Code Council
Develop creative programmes to retain staff at all levels	Current level of job retention at the DOT	Statistical report on staff retention to Steering Committee/Sub-Sector Code Council	Steering Committee/Sub-Sector Code Council

Skills Development

Action Undertaken	Input measurement	Output measurement	Quality Control
Increase our intake of unemployed school-leavers to at least 10% of our staff complement	Current level of in-take of unemployed school-leavers	Progress Report to the Steering Committee/Sub-Sector Code Council on the level of intake of unemployed school-leavers	DOT & Steering Committee/Sub-Sector Code Council
Identify sources of donor funds for skills development	% of training spend that is comprised of donor funds	Annual update to Steering Committee/Sub-Sector Code Council on % of training spend sourced from donor funds	Steering Committee/Sub-Sector Code Council
Implement effective mentorship and succession planning programmes	Hours spent mentoring employees	Annual updates to Steering Committee/Sub-Sector Code Council on employment progress of mentored employees and new mentoring initiatives	Steering Committee/Sub-Sector Code Council
Constantly evaluate skills gaps within the department and take action to recruit competent staff	Analysis of current skills shortage	Annual updates to Steering Committee/Sub-Sector Code Council, Sub-Sector Code	Steering Committee/Sub-Sector Code Council