

## GENERAL NOTICES • ALGEMENE KENNISGEWINGS

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### DEPARTMENT OF TRANSPORT

#### NOTICE 2 OF 2016

DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

#### DRAFT AMENDED

#### AVIATION INDUSTRY SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF  
THE B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013

DRAFT AMENDED CODE SERIES ASC000: FRAMEWORK FOR MEASURING BROAD-BASED

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****BLACK ECONOMIC EMPOWERMENT IN AVIATION SECTOR****DRAFT AMENDED STATEMENT ASC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES  
SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No  
53 of 2003 as amended by B-BBEE Act. 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. PREAMBLE**

- 1.1 We, the stakeholders of the Aviation Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 1.2 We, the stakeholders of the Aviation Sector, organised as Government, Industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and to contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 1.3 We, the stakeholders of the Aviation Sector, take the opportunity to state our commitment to align the Aviation B-BBEE Codes as published in the Government Gazette on 24 December 2008 with the Department of Trade and Industry's (the dti) Amended Generic Codes of Good Practice for.
- 1.4 The Aviation Sector Code expresses the commitments of all stakeholders in the Aviation Sector to the empowerment and transformation of the Sector. All the stakeholders of the Aviation Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sector Code.
- 1.5 We, the stakeholders of the Aviation Sector, will submit the Amended Aviation B-BBEE Codes to the dti for publication as a final code in terms of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013 (B-BBEE Act). We will ensure that the Aviation B-BBEE Codes fulfil the requirements set out under section 9 of the B-BBEE Act for publication in the Government Gazette as a sector code, namely that it:
  - 1.5.1 Has no deviations from the dti Amended B-BBEE Codes definitions and principles;
  - 1.5.2 The calculation methodologies to measure compliance are those used in the dti Amended B-BBEE Codes; and
  - 1.5.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

**2. OBJECTIVES****2.1 OBJECTIVES OF THE AVIATION SECTOR CODES**

- 2.1.1 The Aviation B-BBEE Codes have been developed to advance the objectives of the B-BBEE Act.
- 2.1.2 The Codes also constitute a framework and establish the principles upon which B-BBEE will be implemented in the Aviation Sector and are intended to:
  - I. Create economic growth through ownership, management control and enterprise and supplier development in the Aviation Sector;
  - II. Ensure the entry of women, youth and people living in rural areas at all levels of the industry; and
  - III. Provide the basis for the sector's engagement with other stakeholders including government and labour.

**2.2 OBJECTIVES OF THIS STATEMENT ASC000**

- 2.2.1 Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Aviation Sector;
- 2.2.2 Specify the application of the Aviation Sector Codes and the basis for measurement under the Aviation Sector Codes;

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- 2.2.3 Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Aviation Sector
- 2.2.4 Specify the method of measuring Start-Up Enterprises;
- 2.2.5 Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of the Aviation Sector Codes;
- 2.2.6 Specify the basis for determining compliance by Entities with the Aviation Sector Codes; and
- 2.2.7 Provide for the Effective Date of the Aviation Sector Codes.

**3. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS****3.1 OVERARCHING LONG-TERM VISION**

- 3.1.1 The overarching vision of this sub-sector is to continue to develop and maintain a world-class industry that is economically viable, adheres to international safety standards and delivers quality and affordable services to all customers. We seek to develop an industry that grows in size, contributes towards the economic and social growth of our country and facilitates the economic viability of the region, and substantially increases black participation in business entities throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.
- 3.1.2 To make this vision a reality will require a strategy to increase access to skills development, training and investment in capacity development, capital and economic opportunities. This will require that all stakeholders develop existing black employees and recruit new black people as well as improve the skills of those new recruits. This includes an increase of skills (for new and existing employees) to match best-practice and international levels, while creating a supportive culture for their talents to thrive. It will also require that all stakeholders facilitate the creation of new black entrepreneurs who can participate in economic opportunities throughout the aviation industry value chain and other sectors of the economy.
- 3.1.3 The signatories to this document are of the view that every company in South Africa should embrace B-BBEE, recognising that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and therefore act as a catalyst for economic growth. Accordingly, we commit to communicating the contents of this Charter to every business entity within the industry to facilitate maximum participation by all stakeholders.
- 3.1.4 Accordingly, all Stakeholders committing themselves to this Draft Sector Code agree to have their B-BBEE achievements measured against the indicators in the scorecard and verified by an accredited B-BBEE Verification Professional. The independent B-BBEE verification will go a long way towards eliminating fronting in the industry.

**3.2. OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS****3.2.1. NATIONAL GOVERNMENT UNDERTAKINGS**

- 3.2.1.1. Government is an important participant in the industry as it owns a major share of aviation assets and employs large numbers of workers. As such, government policies will be one of the most important factors that contribute towards growth in the industry. Accordingly, Government will commit to:
  - 3.2.1.1.1 Pursuing policies that will contribute to economic growth, especially foreign trade and tourism, which impact on the growth of the industry.

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- 3.2.1.2 Structures will be developed that will ensure inter-governmental co-ordination between Government departments to align their programmes with the Transport and Aviation Sector B-BBEE Charter processes. Examples of cross-cutting issues that require interventions across government departments and agencies include:
  - 3.2.1.2.1 The current shortage of black matriculants with maths and science at higher grade;
  - 3.2.1.2.2 The current shortage of black pilots holding Airline Transport Pilot Licenses and artisans across all disciplines;
  - 3.2.1.2.3 The industrial strategy to develop the country's aerospace components manufacturing industry;
  - 3.2.1.2.4 Increasing awareness over the transport sector about available government investment incentives; and
  - 3.2.1.2.5 Monitoring of stakeholder achievements against the indicators in the Scorecard, together with other stakeholders in the proposed Transport Sector B-BBEE Charter Council.
- 3.2.1.3 Government will encourage and monitor compliance with existing legislation that may impact on B-BBEE such as the Employment Equity, Skills Development and Competition Acts.
- 3.2.1.4 Government will work together with other stakeholders, to achieve the Transport White Paper's objective of providing affordable transport services. These policies will be informed by an in-depth review of the legislation that impacts on the cost base and/or competitiveness of the aviation industry.
- 3.2.1.5 Government will review together with other stakeholders the current policy of limiting foreign ownership in SA Domiciled Airlines (in line with current policy) in order to facilitate increased investment and job creation in the industry.
- 3.2.1.6 Government will ensure that the restructuring of aviation assets to effect new institutional arrangements proceeds in a manner that results in an increase in black participation at all levels – including shareholding, employment and the procurement of services and goods.
- 3.2.1.7 Government will ensure that all SOEs submit an annual B-BBEE report (over and above their annual reports) that covers achievements in meeting B-BBEE targets. The report should also include information on jobs created/lost, supplier development initiatives, and contributions towards the black industrialist programme and skills development.
- 3.2.1.8 Government and the Council will consolidate reports and information from all stakeholders and publish an annual report on B-BBEE achievements and job creation across the aviation industry. Stakeholders will be encouraged to use this report to review progress at an annual Transport Industry B-BBEE Forum.

**3.2.2 AVIATION SECTOR UNDERTAKINGS**

- 3.2.2.1 Industry commits to the principles of transformation of the aviation industry as set out in 1.1 to 1.5 above.
- 3.2.2.2 Industry commits to working towards achievement of targets as set out in the Aviation Scorecard.
- 3.2.2.3 Industry commits to being verified as per para 3.1.4 above.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****4. SCOPE OF APPLICATION**

- 4.1. The scope of the Broad-Based Black Economic Empowerment (B-BBEE) sector code is limited to the Aviation Industry inter alia: -
- 4.1.1. Scheduled and non-scheduled airline operations, including passenger, freight, charter and general aviation;
  - 4.1.2. Aircraft maintenance, including engine and component overhauls and spare parts;
  - 4.1.3. Airline Service Providers;
  - 4.1.4. Ramp handlers;
  - 4.1.5. Airside operators;
  - 4.1.6. Private;y Owned Pilot Training Institutions;
  - 4.1.7. Privately Owned Airports;
  - 4.1.8. Airport facilities and services such as Handling Agents etc.; and
  - 4.1.9. Air Navigation and technical service providers.
  - 4.1.10. This Charter will have an impact on other sectors of the economy that are not aviation specific, for example, general services such as catering, retail and other services.
- 4.2. The empowerment requirements for non South African domiciled airlines differ to those for Aviation in general and are captured in the Foreign Owned Airlines B-BBEE Scorecard.

**5. DEVELOPMENT OF THE AVIATION SCORECARDS**

- 5.1. The Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Aviation Sector Codes to the Amended B-BBEE Codes of Good Practice. The Aviation Codes, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Aviation Sector.
- 5.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 5.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.
- 5.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Act and the B-BBEE Codes of Good Practice issued by **the dti**. Where there is any conflict the Codes of Practice takes precedence.
- 5.5. Sector specific sub-elements will be clearly defined in the Aviation Codes.

**6. AVIATION INDUSTRY B-BBEE SCORECARDS****6.1. BROAD BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

- 6.1.1 This Draft Amended Broad-Based Black Economic Empowerment Sub-Sector Code for the Aviation Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:
- 1. **Ownership**
  - 2. **Management Control**
  - 3. **Skills Development**
  - 4. **Enterprise and Supplier Development**
  - 5. **Socio- Economic Development**

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

**6.1.2.1.** The priority Elements are as follows:

**6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

**6.1.2.1.2 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

**6.1.2.1.3. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- I. 10 points under the Preferential Procurement category;
- II. 4 points under the Supplier Development category; and
- III. 2 points under the Enterprise Development category.

**6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

6.1.3.1 A Large Enterprise is required to comply with all the Priority Elements;

6.1.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

**6.2 DISCOUNTING PRINCIPLE EFFECT**

**6.2.3.1** Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

**6.2.3.2** The discounted level that the Measured Entity would have achieved because of non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Professional ("the B-BBEE Status Level");

**6.3. WEIGHTINGS**

The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1, 6.10.2. and 6.10.3 below.

**6.4. TARGETS**

The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Aviation enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****6.5. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

- 6.5.1. Any enterprise within the scope of application para 4, excluding airline operators with a Total Annual Revenue of R5 Million or less qualifies as an Exempted Micro-Enterprise.
- 6.5.2. Airline operators with a Total Annual Revenue of R10 Million or less qualifies as an Exempted Micro-Enterprise.
- 6.5.3. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.
- 6.5.4. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:
  - 6.5.4.1. Despite paragraphs 6.5.3 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.
  - 6.5.4.2. Despite paragraph 6.5.3 and 6.5.4.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.
  - 6.5.4.3. Despite paragraphs 6.5.3 and 6.5.4.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.
- 6.5.5. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission on (CIPC) on an annual basis, confirming the following:
  - 6.5.5.1.1. Total Annual Revenue of R 5 Million or less or R10 million or less for airline operators; and
  - 6.5.5.1.2. Level of Black ownership.
- 6.5.6. Any misrepresentation in terms of Para 6.5.5 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

**6.6. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

- 6.6.1. Any enterprise within the scope of application para 4, excluding airline operators with a total annual Revenue of above R 5 Million or less than R35 Million qualifies as a Qualifying Small Enterprise.
- 6.6.2. Airline operators with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.
- 6.6.3. A QSE must comply with all of the elements of the Aviation Sector Qualifying Small Enterprise Scorecard (Code ASC 600) for the purposes of measurement.
- 6.6.4. Enhanced B-BBEE recognition level for QSE:
  - 6.6.4.1. A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.
  - 6.6.4.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.
  - 6.6.4.3. A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:
    - 6.6.4.3.1. Total Annual Revenue of more than R 5 Million but less than R35 Million or between R10 million and R50 million for airline operator; and
    - 6.6.4.3.2. Level of Black ownership; and
    - 6.6.4.3.3. Empowering Supplier status.
- 6.6.5. Any misrepresentation in terms of Para 6.6.4.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.
- 6.6.6. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.4, will be required to obtain a verification certificate to substantiate their B-BBEE status.



**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****6.7. ELIGIBILITY AS A LARGE ENTERPRISES**

- 6.7.1. Any enterprise within the scope of application para 4, excluding airline operators with a total annual Revenue of above R35 Million qualifies as a Large Enterprise.
- 6.7.2. Airline operators with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.
- 6.7.3. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.8. START-UP ENTERPRISES**

- 6.8.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.
- 6.8.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5. of this Statement.
- 6.8.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.
- 6.8.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 5 Million but less than R35 Million. For contracts of R35 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.9. ELIGIBILITY AS A BLACK NEW ENTRANT**

- 6.9.1 A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

**6.10 DURATION OF THE AVIATION SECTOR CODE**

- 6.10.1 An Aviation Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Act.
- 6.10.2 This sector code be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE AVIATION SECTOR****DRAFT AMENDED STATEMENT ASC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. OBJECTIVES OF THIS STATEMENT**

- 1.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 1.2. Define the key measurement and guiding principles;
- 1.3. Specify the stakeholder undertakings; and
- 1.4. Specify the specific measurement principles applicable to various types of Entities.

**2. THE OWNERSHIP SCORECARD**

The following table represents the criteria used for deriving a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>2.1 Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector and approved by Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in statement 103, code series 400 and 500 of the Amended Codes of Good Practice.	25	<b>Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries
<b>Ownership</b>	<b>2.2. Voting Rights</b>		
	2.2.1. Exercisable voting rights in the hands of Black people	4	25% + 1 Vote
	2.2.1. Exercisable voting rights in the hands of Black Women	2	10%
	<b>2.3. Economic Interest</b>		
	2.3.1. Economic interest in the hands of Black people	4	25%
	2.3.2. Economic interest in the hands of Black Women	2	10%
	2.3.4. Economic interest of the following Black natural people in Enterprise: • Black designated groups; • Black Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad based Ownership Schemes; • Black participants in Co-operatives	3	3%
	2.3.5. Involvement in the ownership by Black new Entrants	2	2%
	<b>2.6. Realization Points</b>		

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	2.6.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes
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**3. GUIDING PRINCIPLES**

- 3.1. Our vision is to achieve significant black ownership, management control and operational involvement throughout the industry value chain. We recognise the unique nature of the industry, the high levels of risk and the capital-intensive nature of the business. However, we will collectively strive to overcome these obstacles by developing unique funding and equity participation initiatives. Our challenge is to identify opportunities across the public and private sectors to accelerate black ownership.
- 3.2. All other measurement principles of Code Series 100 of the Amended Codes of Good Practice apply to this statement.

**4. KEY MEASUREMENT PRINCIPLES**

- 4.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
- 4.1.1. a Company as defined in the Companies Act of 2008 (as amended);
  - 4.1.2. a Close corporation;
  - 4.1.3. a Co-operative;
  - 4.1.4. a Trust;
  - 4.1.5. a Broad-Based Ownership Scheme;
  - 4.1.6. an Employee Share Ownership Programme;
  - 4.1.7. a partnership or other association of natural persons; and
  - 4.1.8. any form of juristic person recognised under South African law.
- 4.2. The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 4.3. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Generic Code of Good Practice as amended.
- 4.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Generic Code of Good Practice as amended.
- 4.5. The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Code of Good Practice as amended. The targets as contained in the ownership element of this Draft Sector Code will apply.

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- 4.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Generic Code of Good Practice.
- 4.7. The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Code of Good Practice as amended.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC200: MEASUREMENT OF THE MANAGEMENT CONTROL  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****DRAFT AMENDED STATEMENT ASC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Act No 53 of 2003  
as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. OBJECTIVES OF THIS STATEMENT**

- 1.1. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 1.2. Define the key measurement and guiding principles;
- 1.3. Specify the stakeholder undertakings;
- 1.4. Specify the specific measurement principles applicable to various types of Entities;

**2. THE MANAGEMENT CONTROL SCORECARD**

The following table represents the criteria used for deriving a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>2.1. Board Participation</b>		
	2.1.1. Exercisable voting rights of Black board members as a percentage of all board members	2	50%
	2.1.2. Exercisable voting rights of Black women as a percentage of all board members	1	25%
	2.1.3. Black Executive directors as a percentage of total number of executive directors	2	50%
	2.1.4. Black Women Executive directors as a percentage of total number of executive directors	1	25%
	<b>2.2. Other Executive Management</b>		
	2.2.1. Black Executive Management as a percentage of all executives management	2	60%
	2.2.2. Black Female Executive Management as a percentage of all executives management	1	30%
	<b>2.3. Senior Management</b>		
	2.3.1. Black employees in senior management as a percentage of all senior management	2	60%
	2.3.2. Black female employees in senior management as a percentage of all senior management	1	30%
	<b>2.4. Middle Management</b>		
	2.4.1. Black employees in middle management as a percentage of all middle management	2	75%
	2.4.2. Black female employees in middle management as a percentage of all middle management	1	38%
	<b>2.5. Junior Management</b>		
	2.5.1. Black employees in junior management as a percentage of all junior management	1	88%
	2.5.2. Black female employees in junior management as a percentage of all junior management	1	44%
	2.5.3. Black youth in all other positions as a	2	15%

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	percentage of all employees		
	<b>2.6. Employees with disabilities</b>		
	2.6.1. Black employees with disabilities as a percentage of all employees	2	2%
	2.6.2. Black female employees with disabilities as a percentage of all employees	1	1%
	<b>2.7. Employees in Specialized positions</b>		
	2.7.1. Black Pilots as a percentage of all Pilots	2	10%
	2.7.2. Black Female Pilots as a percentage of all Pilots	1	5%
	2.7.3. Black Technicians as a percentage of all Technicians	2	30%
	2.7.4. Black Female Technicians as a percentage of all Technicians	1	5%

**3. GUIDING PRINCIPLE**

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

**4. KEY MEASUREMENT PRINCIPLES**

**4.1.** Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Amended Generic Codes of Good Practice.



**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****DRAFT AMENDED STATEMENT ASC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS  
DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No 53 of  
2003 as amended by Act No. 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. OBJECTIVES OF THIS STATEMENT**

- 1.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;  
 1.2. Define the key measurement principles associated with the Skills Development Element; and  
 1.3. Indicate the formula for measuring the Skills Development Element

**2. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

The following table represents the criteria used for deriving a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leviable Amount	5	0,50%
	<b>2.2. Management Development Programmes</b>		
	2.2.1. Number of Black people participating in Management Development Programmes as a percentage of Junior Management and above	5	2,5%
	<b>2.3. Learnerships, Apprenticeships and Internships and Training</b>		
	2.3.1. Number of Black Employees participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	5	3%
	2.3.2. Number of Black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,5%
	<b>2.4. Bonus Points</b>		
	2.4.1. Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%

**3. GUIDING PRINCIPLES**

- 3.1. Our vision is to substantially increase the economic value add of every black employee in the aviation industry through the application of best practice Human Resource and Skills

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Development policies and an increase in the scale of initiatives aimed at developing black professionals and technical experts.

3.2 All other measurement principles of Code Series 300 of the Amended Codes shall apply.

**4. MANDATORY TRAINING**

4.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

MANADATORY TRAINING			
Number	Name of Training	Description	Proposed Threshold
1	ACAA PART 382	Introduction, what is 14 CFR PART 382 ACAA the LAW?	100%
2	Advanced Qualifications Programme	Operations training	100%
3	Air Cargo	Organization, Terminology, Calculation of world rates using IATA manuals	100%
4	Aircraft Type Rating Training	Operations training	100%
5	Airport Passenger Handling	Communication, Geography Industry Organizations, Codes and Abbreviations, Aircraft Terminology, Apron Hazards and Passenger, Baggage, Travel Documents, Special Category Passenger, Assess to check- in, display relevant flight information and Passenger lists, use flight log. boarding procedures	100%
6	Airside Induction	In accordance with Airport Authority regulations	100%
8	Check-In Systems Training	Travel documents, baggage, introduction to the system, Basic check-in procedures, different passenger tickets, special category passengers, standby passengers, through checks, the PW, denied boarding, gate procedures, manual check-in procedures, aircraft delays, counter preparations	100%
9	ALTEA FM - Flight Management - Load Control System	Computer based course for Weight and Balance Procedures and Producing Automated Documentation	100%
10	Aviation Medical Refresher Training	Medical support	100%
11	Aviation Medicine Training	Medical support	100%
12	Aviation Security Awareness Training	As per Aviation and CAA regulation.	100%
13	AVOP Induction	In accordance with Airport Authority regulations	100%
14	AVOP Refresher	In accordance with Airport Authority regulations	50%
15	Cabin Crew Initial Service Training	Customer Service Training	100%
16	Cabin Crew Touch Point Training	Customer Service Standards Training - YC	100%
17	Cargo Security Awareness (Part 108) Initial and Annual Refresher	Regulatory Training - To ensure that flight crew meet the specifications of the local regulatory authority.	50%
18	Catering and Point of Sales Training	Operations training	100%
19	Catering Training	Operations training	100%
20	Check-In Systems Training	Operations training	100%
21	Cockpit Procedures Training	Operations training	100%
22	Computer Base Training	Operations training	100%
23	Conversion Training	Compliance with CAA regulations	100%
24	Conversion Training	Operations training	100%

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25	CRM(Crew Resource Management)	Compliance with CAA regulations	100%
26	Dangerous Goods	Packing Specification, Documentation, Radio- Active Material, Accident General Procedure, DGR Occurrence report, DGR Emergency Response	100%
27	Dangerous Goods Refresher	Packing Specification, Documentation, Radio- Active Material, Accident General Procedure, DGR Occurrence report, DGR Emergency Response	50%
28	Flight Dispatch Training	Operations training	100%
29	Ditching	Operations training	100%
30	Emergency Procedures Training	Compliance with CAA regulations	100%
31	Fares and Ticketing Training	Covers International Sales Indicators, Global indicators, IATA Geography, Mileage breakpoint, Currency Conversion, No Stopover used as a break point, Excess Mileage Surcharge, Taxes Fees & Charge, Excursion Fares, SuperPex Fares and End-On combinations	100%
32	Fixed Base Training	Operations training	100%
33	Flight Management System	Operations training	100%
34	Flight Performance	Operations training	100%
35	General Security Awareness Training (Part 109) - Initial and Annual Refresher	Regulatory Training - To ensure that operations staff meet the specifications of the local regulatory authority.	100%
36	Human Factor	All factors and procedures required, Human behaviour, communication barriers, system approach, stress, fatigue and symptoms, situation awareness, threats, types of errors, just culture, management SOP.	100%
37	ICAO Dispatcher Recurrent	Navigation General: Terrestrial Sphere, Latitude, longitude, distance, Lines on the Earth, Great Circles, Small Circles, Equator, Rumb Lines, Map Projections, Lamberts Conformal, Mercator Projection, Polar Stereographic, Time, International Standard Atmosphere, total Temperature at ISA, Measurement of Speed: etc.	100%
38	IQSMS,ERM and included in that certain portions of OHS	Operational training	100%
39	Life Fire Fighting	Operational training	100%
40	Aircraft Loading Procedures	General Principles, Handling of ULDs', Authority, Airworthiness and Testing requirement for ULDs', ULD control, ULD Contours, Special Handling, Marking and Labeling, Load spreading, Pallet Stacks, ULD Identification, ULD Loading option, Loading Principles, Loading Procedure	100%
41	Manual Weight and Balance Cargo Aircraft Initial	In accordance with Airport Authority regulations	100%
42	Manual Weight and Balance Cargo Aircraft Refresher	In accordance with Airport Authority regulations	50%
43	Manual Weight and Balance Passenger Aircraft Initial	In accordance with Airport Authority regulations	100%
44	Manual Weight and Balance Passenger Aircraft Refresher	In accordance with Airport Authority regulations	50%
45	Passenger Handling	Communication, Geography Industry Organizations, Codes and Abbreviations, Aircraft Terminology, Apron Hazards and Passenger, Baggage, Travel Documents, Special Category Passenger, Assess to check- in, display relevant flight information and Passenger lists, use flight log. boarding procedures	100%
46	Regulatory Cargo	Application of regulation, Food Safety and Countries, Specific Airline variation, Air Shipment of perishable, Tracking and traceability, Perishable Handling Facility	100%
47	Pilot Training	Pilot training	100%
48	Pilot Refresher Training	Pilot training	50%

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49	Radio Telephony	Introduction, airside layout, introduction to airspace, basic aviation weather, VHF/HF radio frequency, radio procedures, voice control, volume, tempo and Pronunciation, transmitting techniques, phonetic alphabet and pronunciations, call signs, test procedures, aeronautical distress frequencies, pan and mayday signals.	100%
50	Ramp SOP Training	Safety training	100%
51	Reservations Systems Training		100%
52	Simulator Checks	Pilot training	100%
53	Simulator Hire (Dry)	Initial / Recurrent	100%
54	Simulator Hire (Wet)	Initial / Recurrent	100%
55	Aircraft Maintenance Training	For mandatory technical training	100%
56	Aircraft Maintenance Refresher Training	For mandatory technical training	100%
57	Travel Documents	Correct Travel Documents for Overboarder and international travel(Passports,Visa,Yellow Fever etc) customs regulation	100%

**5. LEGITIMATE TRAINING EXPENSES**

5.1. Legitimate Training Expenses include but is not necessarily limited to:

- 5.1.1. costs of training materials;
- 5.1.2. costs of trainers;
- 5.1.3. costs of training facilities including costs of catering;
- 5.1.4. scholarships and bursaries;
- 5.1.5. course fees;
- 5.1.6. accommodation and travel; and
- 5.1.7. Administration costs such as the organization of training including, where appropriate, the cost of the Measured Entity of employing a Skills Development facilitator or a training manager.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC400: MEASUREMENT OF THE ENTERPRISE AND  
SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****DRAFT AMENDED STATEMENT ASC400: THE GENERAL PRINCIPLES FOR MEASURING  
ENTERPRISE AND SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment ACT as  
amended by B-BBEE Act Act No. 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. OBJECTIVES OF THIS STATEMENT**

- 1.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 1.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 1.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 1.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**2. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Enterprise and Supplier Development</u></b>	<b>2.1. PREFERENTIAL PROCUREMENT</b>		
	2.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	2.1.2. B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	3	15%
	2.1.3. B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	15%
	2.1.4. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%
	2.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	12%
	<b>Bonus Points</b>		
	2.1.6 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	2%
	<b>2.2. SUPPLIER DEVELOPMENT</b>		

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2.2.1. Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	10	2% of NPAT
<b>2.3. ENTERPRISE DEVELOPMENT</b>		
2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
<b>2.4. BONUS POINTS</b>		
2.4.1. Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
2.4.2. Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

**3. GUIDING PRINCIPLES**

- 3.1.** To grow South Africa's Aviation industry in order to stimulate and facilitate economic growth, we commit to increase procurement from black-owned, black women owned and empowered enterprises and implement best practice supplier development policies.
- 3.2.** We commit to creating and nurturing new B-BBEE enterprises across the industry. This will require all stakeholders to devise strategies to develop and/or support new B-BBEE enterprises.
- 3.3.** To help set up, nurture and grow viable BEE enterprises in the Aviation sector that are majority-owned by black operators while developing existing companies.
- 3.4** All other measurement principles of code Series 400 of the Amended Codes shall apply to this statement.



**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****ANNEXE ASC400 (D)****Aviation Procurement Exclusion List**

Operating Expense	Description	Procurement Inclusions	Procurement Exclusions
Aircraft Fixed Costs	Lease Costs: International leasing arrangements		X
	Lease Costs: Local leasing arrangements	X	
	Spares Lease Costs: International leasing arrangements		X
	Spares Lease Costs: Local leasing arrangements	X	
	Aircraft Hire Charges		X
	Depreciation		X
	Crew salaries & subsistence		X
	International Aircraft Finance Costs		X
	International Aircraft Insurance		X
	Crew Positioning & Accommodation	X	
	Crew Training Costs	X	
Aircraft Variable Costs	Fuel	X	
	Landing Fees	X (If landing in privately owned airports)	X (If landing in ACSA airports)
	Navigation Charges		X
	Weather Services		X
	Maintenance Materials and Repairs	X	
	Maintenance staff		X
	Head Office AMO		X
	Maintenance-Depreciation on capital costs		X
	Maintenance Engine Hire???? (Inputs are expected from members)		X

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT  
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****DRAFT AMENDED STATEMENT ASC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-  
ECONOMIC DEVELOPMENT ELEMENT**

Issued under Section 9 of the Broad-Based Black Economic Empowerment Amendment Act No. 53 OF  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. OBJECTIVES OF THIS STATEMENT**

1.1 The objectives of this statement are to specify:

1.1.1 The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;

1.1.2 The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and

1.1.3 The formula for calculating the individual criteria specified in the SED scorecard.

**2 THE SED SCORECARD**

The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

**3 GUIDING PRINCIPLE**

3.1 Stakeholders to recognize their social responsibility by providing assistance to organizations requiring guidance and financial support in fulfilling their purpose and mandate.

3.2 Stakeholders can provide assistance to organizations, communities, institutions or charities considered worthy to receive support either in the aviation or non-aviation sector.

**4 KEY MEASUREMENT PRINCIPLES**

4.1 Measurement principles associated with Socio – Economic Development element are contained in Statement 500 of Code 500 of the Generic Code of Good Practice.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC000: THE AVIATION SECTOR ADJUSTED SPECIALISED ENTERPRISE  
SCORECARD****DRAFT AMENDED STATEMENT ASC004: THE AVIATION SECTOR SPECIALISED ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.53 OF  
2003 as amended by B-BBEE Act 46 of 2013

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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 004-200 – MANAGEMENT CONTROL FOR SPECIALISED ENTERPRISE****1. THE SPECIALISED ENTERPRISE MANAGEMENT CONTROL SCORECARD**

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>Board Participation</b>		
	Exercisable voting rights of Black board members as a percentage of all board members	3	60%
	Exercisable voting rights of Black women as a percentage of all board members	2	30%
	Black Executive directors as a percentage of total number of executive directors	3	60%
	Black Women Executive directors as a percentage of total number of executive directors	2	30%
	<b>Other Executive Management</b>		
	Black Executive Management as a percentage of all executives directors	2	60%
	Black Female Executive Management as a percentage of all executives directors	1	30%
	<b>Management with disabilities</b>		
	Black People with disabilities as a percentage of all Management	2	1%
	Black Women with disabilities as a percentage of all Management	1	0,50%
	<b>Senior Management</b>		
	Black employees in senior management as a percentage of all senior management	3	70%
	Black female employees in senior management as a percentage of all senior management	2	35%
	<b>Middle Management</b>		
	Black employees in middle management as a percentage of all middle management	2	80%
	Black female employees in middle management as a percentage of all middle management	1	40%
	<b>Junior Management</b>		
	Black employees in junior management as a percentage of all junior management	1	88%
	Black female employees in junior management as a percentage of all junior management	1	44%
	<b>Black Youth Employees</b>		
	Black youth in technical positions as a percentage of employees	3	20%

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

	in technical positions		
	<b>Employees with disabilities</b>		
	Black employees with disabilities as a percentage of all employees	2	2%
	Black women with disabilities as a percentage of all employees	1	1%
	<b>Employees in Specialised positions</b>		
	Black Pilots as a percentage of all Pilots	1	15%
	Black Female Pilots as a percentage of all Pilots	2	7,50%
	Black Technicians as a percentage of all Technicians	1	35%
	Black Female Technicians as a percentage of all Technicians	2	7,50%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement ASC 200 are applicable to this statement.
- 2.2 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the codes of Good Practice.
- 2.3 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.4 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 004-300 – SKILLS DEVELOPMENT FOR SPECIALISED ENTERPRISE****1. THE SPECIALISED ENTERPRISE SKILLS DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount		
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount	8	6%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leivable Amount	3	0,50%
	<b>Management Development Programmes</b>		
	Number of Black people participating in Management Development Programmes as a percentage of Junior Management and above	4	3%
	<b>Learnerships, Apprenticeships and Internships</b>		
	Number of Black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	5	6%
	Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	5	3%
	<b>Bonus Points</b>		
	Number of black people absorbed by the measured and Industry entity at the end of the learnerships programme	5	100%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement ASC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the Specialised Enterprise Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
- 2.4. The learning matrix under code series ASC300 is applicable to this statement.
- 2.5. The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.

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- 2.6. Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the codes of Good Practice



**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****STATEMENT ASC 004-400 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR SPECIALISED ENTERPRISE****1. THE SPECIALISED ENTERPRISE, ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Enterprise and Supplier Development</b>	<b>Preferential Procurement</b>		
	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	5	20%
	B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	15%
	<b>Bonus Points</b>	-	
	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	5	5%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	10	2% of NPAT or 0.2% of Annual Revenue/Allocated Budget/Gross Receipts/Discretionary Spend
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT or 0.1% of Annual Revenue/Allocated Budget/Gross Receipts/Discretionary Spend
	<b>Bonus Points</b>		
	Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
	Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement ASC400 are applicable to this statement.
- 2.2 Any interpretation or calculation of a Specialised Entity's score for Enterprise and Supplier Development must be made in accordance with statement ASC400
- 2.3 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the codes of Good Practice

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 004-500 – SOCIO ECONOMIC DEVELOPMENT FOR SPECIALISED ENTERPRISE****1. THE SPECIALISED ENTERPRISE SOCIO ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

Indicator	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT or 0.1% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement ASC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a Specialised Entity's score for Socio-Economic Development must be made in accordance with statement ASC500.
- 2.3. Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the codes of Good Practice.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES ASC600: THE AVIATION SECTOR QUALIFYING SMALL ENTERPRISE  
SCORECARD****DRAFT AMENDED STATEMENT ASC600: THE AVIATION SECTOR QUALIFYING SMALL ENTERPRISE  
SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No.53 OF 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 601 - OWNERSHIP FOR QSE****1. THE QSE OWNERSHIP SCORECARD**

The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Ownership</u></b>	<b>1.1. Voting Rights</b>		
	1.1.1. Exercisable voting rights in the hands of Black people	5	25% + 1 Vote
	1.1.2. Exercisable voting rights in the hands of Black Women	2	10%
	<b>1.2. Economic Interest</b>		
	1.2.1. Economic interest in the hands of Black people	5	25%
	1.2.2. Economic interest in the hands of Black Women	2	10%
	1.2.3. Black New Entrants or Black Designated Groups	3	2%
	<b>1.3. Realization Points</b>		
	1.3.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

**2. MEASUREMENT OF QSE OWNERSHIP ELEMENT**

- 2.1. The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement ASC 100 for measuring of the Ownership element.
- 2.2. Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Generic Codes of Good Practice.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 602 – MANAGEMENT CONTROL FOR QSE****3. THE QSE MANAGEMENT CONTROL SCORECARD**

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

<b>Management Control</b>	<b>1.1. Executive Management</b>		
	1.1.1. Black Executive Management as a percentage of all executives	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%
	<b>1.2. Non Executive Management</b>		
	1.2.1. Black representation at non- executive management as a percentage of all non-executive management	6	60%
	1.2.2. Black female representation at non- executive management as a percentage of all non-executive management	2	30%
	<b>1.3. Employees in Specialised Positions</b>		
	1.3.1. Black Pilots as a percentage of all Pilots	2	8%
	1.3.2 Black Female Pilots as a percentage of all Pilots	1	3%
	1.3.3. Black Technicians as a percentage of all Technicians	2	25%
	1.3.4. Black Female Technicians as a percentage of all Technicians	1	3%

**4. KEY MEASUREMENT PRINCIPLES**

- 4.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement ASC 200 are applicable to this statement.
- 4.2 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement ASC 200.
- 4.3 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 4.4 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Generic Codes of Good Practice.
- 4.5 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 603 – SKILLS DEVELOPMENT FOR QSE****1. THE QSE SKILLS DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Skills Development</u></b>	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leviable Amount	10	1.5%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement ASC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved;
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People; and
  - 2.3.3 The learning matrix under code series ASC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Code of Good Practice.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE****1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

	<b>Preferential Procurement</b>		
<b><u>Enterprise and Supplier Development</u></b>	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement ASC400 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement ASC400
- 2.3 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.



**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED STATEMENT ASC 605 – SOCIO-ECONOMIC DEVELOPMENT FOR QSE****1. THE QSE SOCIO-ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

<b><u>Socio-Economic Development</u></b>	Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT
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**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement ASC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement ASC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

**SCHEDULE 1**

**SECTOR SPECIFIC SUB INDICATORS**

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****1. OWNERSHIP****1.1. FOREIGN OWNERSHIP**

- 1.1.1. Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 1.1.2. Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this Code. They will be encouraged to sell equity in their local operations.
- 1.1.3. The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 1.1.4. Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 1.1.5. The Transport Charter Council may motivate and endorse Equity Equivalent programmes to the line Minister. The onus also lies on **the dti** to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

**2. MANAGEMENT CONTROL**

- 2.1. The SA domiciled airlines commit to:
  - 2.1.1 increasing the number of black people employed as pilots;
  - 2.1.2 Increasing the number of black women employed as pilots;
  - 2.1.3 Increasing the number of black people employed as technicians; and
  - 2.1.4 Increasing the number of black women employed as technicians.

**3. SKILLS DEVELOPMENT**

- 3.1. The Skills Development Element contained in Statement 300 of Code 300 of the Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 3.2. The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.

**4. ENTERPRISE AND SUPPLIER DEVELOPMENT**

- 4.1. A 100% Black Owned or Black Female Owned EME or QSE, that is a recipient of Qualifying Supplier Development Contributions from a Measured Entity under Code series 400 that has a minimum 3 year contract with the Measured Entity, the recognizable B-BBEE Procurement Spend that can be attributed to that Supplier will be deemed by the Measured Entity as that of a EME or QSE for the duration of the contract regardless of the current turnover of the recipient.
- 4.2. Commodities excluded from Total Measurable Procurement Spend
  - 4.2.1. The Aviation Sector has identified Aviation Fuel as commodities that they would like to prioritise in creating Black Owned EME and QSE's as suppliers thereof.
  - 4.2.2. In the interim while the sector works on interventions with Government and Airport Facilities to achieve this, the annual spend of these commodities will be excluded from Total Measurable

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

Procurement Spend Amount using the Time-Based Percentage Exclusion when calculating 2.1.2, 2.1.3, 2.14 and 2.15.

4.2.3. Time-Based Percentage Exclusion outlined below will become effective from date of publication of this charter.

4.2.3.1. 60% exclusion from the Total Measurable Spend when calculating 2.1.2, 2.1.3, 2.14 and 2.15 for the first year after publication of this charter;

4.2.3.2. 50% exclusion from the Total Measurable Spend when calculating 2.1.2, 2.1.3, 2.14 and 2.15 for the first year after publication of this charter;

4.2.3.3. 40% exclusion from the Total Measurable Spend when calculating 2.1.2, 2.1.3, 2.14 and 2.15 for the first year after publication of this charter;

4.2.3.4. 30% exclusion from the Total Measurable Spend when calculating 2.1.2, 2.1.3, 2.14 and 2.15 for the first year after publication of this charter; and

4.2.3.5. 20% exclusion from the Total Measurable Spend when calculating 2.1.2, 2.1.3, 2.14 and 2.15 for the first year after publication of this charter.

4.2.4. The Transport Charter Council, through the Minister may, by notice in the Gazette, adjust the percentages excluded in 4.2.3. Any such changes apply to compliance reports of Measured Entities prepared for Measured Periods that commences after the gazetting of the adjustment. Members of the public are also requested to make inputs during this 60 days commentary period on the above proposal.

4.3. Payments made by the Measured Entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the Measured Entity's behalf.

4.3.1. For the third party to be deemed as Suitably Qualified for the measured entity to outsource their Enterprise Development and Supplier Development initiatives and programmes, the rules below will apply, where applicable:

4.3.1.1. The economic interest and voting rights of the administrator of the fund must be at least 51% black owned;

4.3.1.2. The administrator of the fund must be B-BBEE compliant and be a superior B-BBEE contributor with a minimum recognition level of four;

4.3.1.3. The annual management fee for the programme may not exceed 20% and this must include the capacity building annual charge;

4.3.1.4. The administrator of the fund must possess the appropriate and necessary skill and experience;

4.3.1.5. The economic interest and voting rights of the administrator of the fund must be at least 51% black owned; and

4.3.1.6. The Enterprise Development Programme Manager responsible for overseeing the implementation of the programme by the administrator must be in possession of the B-BBEE Management Development Programme.

4.3.1.7. The Enterprise Development and Supplier Development initiatives and programmes should be detailed in the beneficiaries Enterprise Development and Supplier Development plans.

4.3.1.8. For the avoidance of doubt the following percentage of contributions to a Suitably Qualified third party are only deemed to be recognised by the Measured Entity towards their Enterprise Development or Supplier Development:

4.3.1.8.1. 45% of the contribution once they become payable to the third party; and

4.3.1.8.2. 100% of the contribution upon completion and/or implementation of the initiatives or programme as per the Enterprise Development and Supplier Development plan.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

- 4.4. Recognition Criteria required to determine Enterprise and Supplier Development Contributions are contained in Annexure 400 (B) of Statement 400 of Code 400 of the B-BBEE Generic Codes of Good Practice, which has been amended for the purposes of this sub-charter (Refer to ASC400 (A))

**ACSC400 (A)****Enterprise Development and Supplier Development Benefit Factor Matrix**

Qualifying Contribution type	Contribution Amount	Benefit Factor
<b>Grant and Related Contributions</b>		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
<b>Loans and Related Contributions</b>		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
<b>Equity Investments and Related Contributions</b>		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
<b>Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party</b>		
Enterprise Development and Supplier Development Investment into a fund that meets the defined criteria for the administration and execution/implementation of plan.	Investment Amount	45% upon investment and comprehensive plan of how contribution will be spent 100% once contribution is spent and there is detailed specification of spent

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

<b>Contributions made in the form of human resource capacity</b>		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
<b>Contributions made to the Transport Sector B-BBEE Charter Council</b>		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
<b>Other Contributions</b>		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

4.5. Over and above the permissible exclusions from Total Measured Procurement Spend recognisable in paragraph 6 of statement 400 of Code 400 of the Codes of Good Practice, the sub-sector would like to exclude the expenses.

## **5 SOCIO ECONOMIC DEVELOPMENT**

5.3 The spend on contributions directed in the following focus areas will be enhanced by a factor of 1.25:

- 5.3.1 HIV Treatment and Prevention;
- 5.3.2 Education; and
- 5.3.3 Rural Development structures (infrastructure).

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****SCHEDULE 2****IMPLEMENTATION AND MONITORING AND EVALUATION INTERVENTIONS****1. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL****1.1 Fundamental principles**

- 1.1.1 The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.1.2 The Charter Council will address the issues of principle and, in particular
- 1.1.3 Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from 1 November 2015 ('effective date').
- 1.1.4 Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.1.5 If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.1.6 Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.1.7 The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.1.7.4. Submit the annual review to the BEE Advisory Council, Minister of Transport, Minister of Trade and Industry and the B-BBEE Commission for publication;
  - 1.1.7.5. Prepare interim reports at appropriate intervals;
  - 1.1.7.6. Undertake the reviews identified in terms of the sub-charter;
  - 1.1.7.7. Work together with the accreditation bodies to ensure that the sector code is understood and implemented appropriately; and
  - 1.1.7.8. Engage with Government, the public sector, the private sector, the Presidential B-BEE Advisory Council, B-BBEE Commission and other regulatory agencies to promote the implementation of the sector code.
- 1.1.8. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

- 1.1.9. Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe ASC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.1.10. All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.1.11. Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.1.12. The Measured entity is a listed company; or
- 1.1.13. The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA LEVY AND B-BBEE IMPLEMENTATION**

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.



**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****SCHEDULE 3****INTERPRETATION , ABBREVIATIONS AND DEFINITIONS****PART 1: INTERPRETATION**

The Aviation Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Aviation Sector Codes any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Aviation Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Aviation Sector Codes.

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****PART 2: ABBREVIATIONS**

ACSA	Airports Company South Africa
B-BBEE Act	The Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CAA	Civil Aviation Authority
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003
DoT	Department of Transport
DPE	Department of Public Enterprises
dti	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
GDS	Growth Development Summit
IRBA	Independent Regulatory Board for Auditors
NDP	National Development Plan
NPAT	Net Profit After Tax
PP	Preferential Procurement
QSEs	Qualifying Small Enterprises
SANAS	South African National Accreditation System
SOCs	State Owned Companies

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****PART 3: DEFINITIONS**

In this Aviation Sector Codes unless the context otherwise requires: Expressions, definitions and qualifications used in the Aviation Sector Codes have the meaning assigned to them in the Aviation Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure <input checked="" type="checkbox"/> formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>a. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>b. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>AIRLINE SERVICE PROVIDER</b>	Are those service providers that give service to airline companies e.g. catering services, travel news magazine, etc. [??]
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>a. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>b. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>c. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>d. Black people living in rural and under developed areas; and</li> <li>e. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> </ul>

**DRAFT AMENDED AVIATION SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

	f. 100% Black Owned and Controlled Co-operatives
<b>BLACK YOUTH</b>	<p>a. Black people who are youth as defined in the National Youth Commission Act of 1996;</p> <p>b. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</p>
<b>EMPOWERING SUPPLIER</b>	<p>An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of the following criteria:</p> <p>a. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</p> <p>b. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</p> <p>c. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</p> <p>d. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</p> <p>e. At least 85% of labour costs should be paid to South African employees by service industry entities</p>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational,

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	restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL BUSINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED ENTERPRISES</b>	State-Owned Companies in the Aviation Industry like South African Airways, South African Express, Mango Airlines, etc.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <p>(a) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</p> <p>I. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>II. cannot dissolve itself of its responsibility to conduct a</p>

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	<p>thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>III. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003.
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the B-BBEE Act and as amended from time to time.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000 of the Codes.

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BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF  
THE B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013**

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**AMENDED CODE SERIES BSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN BUS COMMUTER AND COACH SERVICES TRANSPORT  
SECTOR**

**STATEMENT BSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 46  
of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
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**1. PREAMBLE**

- 1.1. We, the stakeholders of the Bus Commuter and Coach Services Sub-Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 1.2. We, the stakeholders of the Bus Sector, organised as Government, industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 1.3. We, the stakeholders of the Bus Sub-Sector, take opportunity to state our commitment to the align the Bus B-BBEE Codes as published in the Government Gazette on the 24 December 2008 with the Department of Trade and Industry's (**the dti**) Amended Generic Codes of Good Practice.
- 1.4. The Bus Sub-Sector Code expresses the commitments of all stakeholders in the Bus Sector to the empowerment and transformation of the Sector. All the stakeholders of the Bus Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sector Code.
- 1.5. We, the stakeholders of the Bus Sub-Sector, will submit to **the dti** to publish the Amended Bus B-BBEE Codes as a final code in terms of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended. We will ensure that the Bus B-BBEE Codes fulfils the requirements set out under section 9 for publishing in the Government gazette as a sector code, namely that it:
  - 1.5.1. Has no deviations from the dti Amended B-BBEE Codes definitions and principles;
  - 1.5.2. The calculation methodologies to measure compliance are those used in the dti Amended B-BBEE Codes; and
  - 1.5.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

**2. OBJECTIVES**

**2.1. OBJECTIVES OF THE BUS COMMUTER AND COACH SERVICES TRANSPORT SUB-SECTOR CODE**

- 2.1.1. The Bus B-BBEE Codes have been developed to advance the objectives of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013;
- 2.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the Bus Sector;
- 2.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the Bus Sector;
- 2.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and
- 2.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

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**2.2. OBJECTIVES OF THIS STATEMENT BSC000**

- 2.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Bus Commuter And Coach Services Transport Sector;
- 2.2.2. Specify the application of the Bus Commuter And Coach Services Transport Sector Codes and the basis for measurement under the Bus Commuter And Coach Services Transport Sector Codes;
- 2.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Bus Commuter And Coach Services Transport Sector
- 2.2.4. Specify the method of measuring Start-Up Enterprises;
- 2.2.5. Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of The Bus Commuter And Coach Services Transport Sub-Sector Code;
- 2.2.6. Specify the basis for determining compliance by Entities with the Bus Commuter And Coach Services Transport Sub-Sector Code; and
- 2.2.7 Provide for the Effective Date of the Bus Commuter And Coach Services Transport Sub-Sector Code.

**3. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

**3.1. OVERARCHING LONG-TERM VISION**

- 3.1.1. The Vision of the Bus Sector in South Africa is to transform the current system of public transport into a world class public transport system where different modes are fully integrated and coordinated in a network of public transport services aimed at meeting all the passenger transport needs of the country.
- 3.1.2. The signatories to this agreement believe that every company in the bus and coach sector should voluntarily commit to this charter in support of constitutional, legislative, social and economic imperatives to secure a prosperous future for all our citizens and the well being of our customers. In agreeing to commit to this balanced scorecard charter, all signatories commit themselves to be monitored, verified and rated by an accredited B-BBEE Verification Professionals.
- 3.1.3. The signatories commit to further communicate this broad-based sector code to every company in our industry's value chain to ensure maximum participation by all stakeholder

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**3.2. OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

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

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

**3.3.1. NATIONAL GOVERNMENT UNDERTAKINGS**

3.3.1.1. Government demonstrates its commitment to the bus industry by:

- 3.3.1.1.1. Actively supporting the bus industry as a core component of the transport industry in South Africa;
- 3.3.1.1.2. Actively supporting the intercity and tour charter coach and tour bus industry as a core component of the national, regional and international tourism industry;
- 3.3.1.1.3. Continuously clarifying the public transport policy direction in order to provide stability and direction to the industry;
- 3.3.1.1.4. To actively engage in discussions with the bus industry in view of the expansion of desperately needed services;
- 3.3.1.1.5. Resolve legislative and fiscal restrictions that have a negative impact on the further development of the industry as well as policy implementation;
- 3.3.1.1.6. To engage in discussions regarding issues of learner transport services;
- 3.3.1.1.7. Assist B-BBEE companies in accessing funds for training and skills development through the Transport Sector Education and Training Authority (TETA);

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<sup>1</sup> For the purpose of this bus sector sub-sector code the dominant business activities (where most revenue is generated) of the respective businesses will dictate the group within which operators reside, and for that matter the respective sector codes that apply to such companies

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- 3.3.1.1.8. Assist industry and B-BBEE companies in training and development initiatives;
- 3.3.1.1.9. To apply this Bus Sub-Sector B-BBEE code in the tender and negotiated contract processes;
- 3.3.1.1.10. Enforce and monitor compliance with existing legislation that may impact on B-BBEE such as the Employment Equity, Skills Development and Competition Acts; and
- 3.3.1.1.11. Stakeholders should use the annual B-BBEE report published by the Transport Sector B-BBEE Council to annually review progress on transformation.

**4. SCOPE OF APPLICATION**

- 4.1. The Bus Sub-Sector Broad-Based Black Economic Empowerment (B-BBEE) sector code applies to all road passenger transport services rendered by means of minibuses and buses (as defined in the National Land Transport Transition Act, 2000 and its subsequent amendments).
- 4.2. The Bus B-BBEE sub-sector code excludes road passenger transport services rendered by means of minibuses (as defined in the National Land Transport Transition Act, 2000 and its subsequent amendments) as such will be covered by the Minibus Taxi Industry B-BBEE sector code.
- 4.3. Further to clause 4.1 above, the scope of this Draft Amended Bus Sub-Sector B-BBEE sector code extends to all sub-sectors of the industry and includes inter alia:
  - 4.3.1. The Bus Commuter bus services
  - 4.3.2. Long distance bus services
  - 4.3.3. Tour and charter bus services
  - 4.3.4. Cross border bus services
  - 4.3.5. Intercity bus services
  - 4.3.6. School/learner bus services
  - 4.3.7. Commercial contract bus services
  - 4.3.8. Special hire or private hire bus services
  - 4.3.9. Subsidised and non-subsidised bus services
  - 4.3.10. Scheduled and unscheduled bus services
- 4.4. Sector B-BBEE sector code covers the following entities involved in rendering passenger bus services:
  - 4.4.1. Privately owned bus operations;
  - 4.4.2. Listed bus operations;
  - 4.4.3. State owned bus operations;
  - 4.4.4. Municipal bus services or bus operations owned by and/or metropolitan authorities; and
  - 4.4.5. Parastatals and bus operations owned by provincial authorities.
- 4.5. The Bus Sector B-BBEE sector code makes provision for Exempted Micro Enterprises (EMEs) and will cover Qualifying Small Enterprises (QSEs) as well as medium and big bus operators.

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- 4.6. The Draft Amended Bus Sub-Sector B-BBEE sector code also cross-references to the Codes of Good Practice on BEE in terms of key measurement principles and definitions and as amended.

**6. DEVELOPMENT OF THE BUS COMMUTER AND COACH SERVICES TRANSPORT SCORECARDS**

- 6.1. The Transport Sector Charter Council together with the Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Bus Commuter And Coach Services Transport Sector Codes to the Amended B-BBEE Codes of Good Practice. The Bus Commuter And Coach Services Transport Codes, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Bus Commuter And Coach Services Transport Sector.
- 6.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 6.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.
- 6.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Act and the B-BBEE Codes of Good Practice issued by **the dti**. Where there is any conflict the Codes of Practice takes precedence.
- 6.5. Sector specific sub-elements will be clearly defined in the Bus Commuter And Coach Services Transport Sub-Sector Code.

**6. BUS COMMUTER AND COACH SERVICES SUB-SECTOR B-BBEE SCORECARDS**

**6.1. BROAD BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

- 6.1.1 This Draft Amended Broad-Based Black Economic Empowerment Sector Code for the BUS COMMUTER AND COACH SERVICES Transport Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

- 6. Ownership**
- 7. Management Control**
- 8. Skills Development**
- 9. Enterprise and Supplier Development**
- 10. Socio- Economic Development**

**6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

- 6.1.2.1.** The priority Elements are as follows:

**6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
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The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

**6.1.2.1.4. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- IV. 10 points under the Preferential Procurement category;
- V. 4 points under the Supplier Development category;
- VI. 2 points under the Enterprise Development category;

**6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

6.2.3.3 A Large Enterprise is required to comply with all the Priority Elements;

6.2.3.4 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

**6.3 DISCOUNTING PRINCIPLE EFFECTS**

6.3.3.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

6.3.3.2 The discounted level of the Measured Entity due to non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Professionals ("the B-BBEE Status Level");

**6.4 WEIGHTINGS**

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1 and 6.10.3 below.

**6.4 TARGETS**

6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. BUS COMMUTER AND COACH SERVICES Transport enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

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**6.10. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

- 6.10.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.
- 6.10.2. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.
- 6.10.3. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:
- 6.10.3.1. Despite paragraphs 6.5.2 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.
- 6.10.3.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.
- 6.10.3.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.
- 6.10.4. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:
- 6.10.4.1.1. Total annual Revenue of R 10 Million or less; and
- 6.10.4.1.2. Level of Black ownership.
- 6.10.5. Any misrepresentation in terms of Para 6.5.4 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

**6.11. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

- 6.11.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.
- 6.11.2. A QSE must comply with all of the elements of the Bus Commuter and Coach Services Transport Sector Qualifying Small Enterprise Scorecard (Code BSC 600) for the purposes of measurement.
- 6.11.3. Enhanced B-BBEE recognition level for QSE:
- 6.11.3.1. A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.
- 6.11.3.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.
- 6.11.3.3. A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:
- 6.11.3.3.1. Total annual Revenue of more than R 10 Million but less than R50 Million; and
- 6.11.3.3.2. Level of Black ownership; and
- 6.11.3.3.3. Empowering Supplier status.
- 6.11.4. Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.
- 6.11.5. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3, will be required to obtain a verification certificate to substantiate their B-BBEE status.

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**6.12. ELIGIBILITY AS A LARGE ENTERPRISE**

- 6.12.1. Any enterprise within the scope of application para 4 with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.
- 6.12.2. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.13. START-UP ENTERPRISES**

- 6.13.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.
- 6.13.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5. of this Statement.
- 6.13.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.
- 6.13.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.14. ELIGIBILITY AS A BLACK NEW ENTRANT**

- 6.14.1. A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

**6.10 DURATION OF THE BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE**

- 6.10.1 An Bus Commuter And Coach Services Transport Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Act.
- 6.10.2 This Draft Amended sector code will be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.



**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
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**AMENDED CODE SERIES BSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN THE BUS COMMUTER AND COACH SERVICES TRANSPORT  
SECTOR**

**STATEMENT BSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of  
2013

**Arrangement of this statement:**

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**5. OBJECTIVES OF THIS STATEMENT**

- 5.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 5.2. Define the key measurement and guiding principles;
- 5.3. Specify the stakeholder undertakings; and
- 5.4. Specify the specific measurement principles applicable to various types of Entities.

**6. THE OWNERSHIP SCORECARD**

- 2.1 The following table represents the criteria used for deriving a score for Ownership under this statement:

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector and approved by the Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in Statement 103, code series 400 and 500 of the Amended Codes of Good Practice.	25	<b>25% of the value of the South African operations of the Multinational determined using a Standard Valuation OR 4% of Total Revenue from its South African operations annually over the period of continued measurement</b>	25	<b>25% of the value of the South African operations of the Multinational determined using a Standard Valuation OR 4% of Total Revenue from its South African operations annually over the period of continued measurement</b>
<b>Ownership</b>	<b>2.1.Voting Rights</b>				
	2.1.1.Exercisable voting rights in the hands of Black people	6	35%	6	35%
	2.1.2.Exercisable voting rights in the hands of Black Women	2	10%	2	10%
	<b>2.2.Economic Interest</b>				
	2.2.1.Economic interest in the hands of Black people	5	35%	5	35%
	2.2.2.Economic interest in the hands of Black Women	2	10%	2	10%
	2.2.3. Economic interest of the following Black natural people in Enterprise: • Black designated groups; • Black Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad Based Ownership Schemes; • Black participants in Co-operatives	3	3%	3	3%
	2.2.4.Involvement in the ownership by Black new Entrants	4	10%	4	10%
	<b>2.5. Realization Points</b>				
	2.5.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**7. GUIDING PRINCIPLES**

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

**8. KEY MEASUREMENT PRINCIPLES**

- 8.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
- 8.1.1. a Company as defined in the Companies Act of 2008 (as amended);
  - 8.1.2. a Close corporation;
  - 8.1.3. a Co-operative;
  - 8.1.4. a Trust;
  - 8.1.5. a Broad-Based Ownership Scheme;
  - 8.1.6. an Employee Share Ownership Programme;
  - 8.1.7. a partnership or other association of natural persons; and
  - 8.1.8. any form of juristic person recognised under South African law.
- 8.2. The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 8.3. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 8.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 8.5. 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 Amended Generic Code of Good Practice. The targets as contained in the ownership element of this draft amended sector code will apply.
- 8.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Generic Code of Good Practice.
- 8.7. 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 Amended Generic Code of Good Practice.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**AMENDED CODE SERIES BSC200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT OF  
BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT BSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 of the Broad-Based Black Economic Empowerment Amendment Act No.  
46 of 2013

**Arrangement of this statement”**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	Management Control Scorecard	15 & 16
3.	Guiding Principles	15
4.	Key Measurement Principles	15

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**5. OBJECTIVES OF THIS STATEMENT**

- 1.5. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 1.6. Define the key measurement and guiding principles;
- 1.7. Specify the stakeholder undertakings;
- 1.8. Specify the specific measurement principles applicable to various types of Entities;

**2. THE MANAGEMENT CONTROL SCORECARD**

- 2.1 The management control element table (see page 16 below) represents the criteria used for deriving a score for Management Control under this statement.

**3. GUIDING PRINCIPLE**

- 3.1. Industry commits to increase black participation on company boards and similar governance structures across the sector to become more representative of the overall country demographics and gender diversity.
- 3.2. We aim to increase black participation on company boards and similar governing structures across the sector to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. The industry will be transparent, eliminate unscrupulous business practices including fronting and fraud, and adopt best-practice corporate governance policies.
- 3.3. To increase the representation of black people in senior management, professional, technical and supervisory occupations in the bus industry. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

**4. KEY MEASUREMENT PRINCIPLES**

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

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Management Control</b>	<b>4.2. Board Participation</b>				
	2.1.1. Exercisable voting rights of Black board members as a percentage of all board members	2	50%	2	50%
	2.1.2. Exercisable voting rights of Black women as a percentage of all board members	1	25%	1	25%
	2.1.3. Black Executive directors as a percentage of total number of executive directors	2	50%	2	50%
	2.1.4. Black Women Executive directors as a percentage of total number of executive directors	1	25%	1	25%
	<b>2.2. Other Executive Management</b>				
	2.2.1. Black Executive Management as a percentage of all executives management	2	60%	2	60%
	2.2.2. Black Female Executive Management as a percentage of all executives management	1	30%	1	30%
	<b>2.3. Senior Management</b>				
	2.3.1. Black employees in senior management as a percentage of all senior management	2	60%	2	60%
	2.3.2. Black female employees in senior management as a percentage of all senior management	1	30%	1	30%
	<b>2.4. Middle Management</b>				
	2.4.1. Black employees in middle management as a percentage of all middle management	2	75%	2	75%
	2.4.2. Black female employees in middle management as a percentage of all middle management	1	38%	1	38%
	<b>2.5. Junior Management</b>				
	2.5.1. Black employees in junior management as a percentage of all junior management	1	88%	1	88%
	2.5.2. Black female employees in junior management as a percentage of all junior management	1	34%	1	34%
	2.5.3. Women in Semi Skilled Unskilled positions	2	25%	2	25%
	<b>2.6. Employees with disabilities</b>				
	2.6.1. Black employees with disabilities as a percentage of all employees	2	2% (Excluding Drivers)	2	2% (Excluding Drivers)
	2.6.2. Black female employees with disabilities as a percentage of all employees	1	0.5% (Excluding Drivers)	1	0.5% (Excluding Drivers)

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**AMENDED CODE SERIES BSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT ELEMENT  
OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT BSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act 53 of 2003  
as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Pages</b>
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2.	The Skills Development Scorecard	18 & 19
3.	Guiding Principles	18
4.	Mandatory Training	18
5.	Legitimate Training Expenses	18

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**6. OBJECTIVES OF THIS STATEMENT**

- 6.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;
- 6.2. Define the key measurement principles associated with the Skills Development Element; and
- 6.3. Indicate the formula for measuring the Skills Development Element

**7. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

- 2.1 The skills development element table (see page 19 below) represents the criteria used for deriving a score for Skills Development under this statement.

**8. GUIDING PRINCIPLES**

- 8.1. Our vision is to substantially increase the economic value added (or productivity) of every employee in the F&C Industry through best practice Human Resource and Skills Development policies and increase the scale of initiatives aimed at developing black professionals and technical experts.
- 3.2 All other measurement principles under code Series 300 of the Amended B-BBEE Codes shall apply to this statement.

**9. MANDATORY TRAINING**

- 9.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

**10. LEGITIMATE TRAINING EXPENSES**

- 10.1. Legitimate Training Expenses include but is not necessarily limited to:
  - 10.1.1. costs of training materials;
  - 10.1.2. costs of trainers;
  - 10.1.3. costs of training facilities including costs of catering;
  - 10.1.4. scholarships and bursaries;
  - 10.1.5. course fees;
  - 10.1.6. accommodation and travel; and
  - 10.1.7. Administration costs such as the organization of training including, where appropriate, the cost of the Measured Entity of employing a Skills Development facilitator or a training manager.



**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Skills Development</b>	<b>2.1.Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>				
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	6%	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leviable Amount	4	0.3% (Excluding Drivers)	4	0.3% (Excluding drivers)
	<b>2.2.Learnerships, Apprenticeships and Internships</b>				
	2.2.1.Number of Black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	6%	6	6%
	2.2.2.Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,50%	4	3%
	<b>2.3.Bonus Points</b>				
	2.3.1.Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%	5	100%

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**AMENDED CODE SERIES BSC400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER  
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT BSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND  
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment  
Act No 53 of 2003 as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	Enterprise and Supplier Development Scorecard	21 & 22
3.	Guiding Principles	21
4.	Key Measurement Principles	21

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**4. OBJECTIVES OF THIS STATEMENT**

- 4.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 4.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 4.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 4.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**5. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

- 2.1** The enterprise and supplier development element table (see page 22 below) represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

**6. GUIDING PRINCIPLE**

- 6.1.** Our principle is to accelerate procurement from black and black female owned suppliers, with the main objective of growing existing or emerging entrepreneurs and black industrialists to produce value-added goods and services for the industry and increase job creation, localisation as well as allowing for the creation of new businesses.
- 3.2** All other measurement under Code Series 400 of the Amended B-BBEE Codes shall apply to this statement.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Enterprise and Supplier Development</b>	<b>6.2. Preferential Procurement</b>				
	2.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%	5	80%
	2.1.2 B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%	4	20%
	2.1.3 B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%	4	20%
	2.1.4 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%	9	40%
	2.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%	5	15%
	2.1.6 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black youth owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	N/A	N/A	N/A	N/A
	<b>Bonus Points</b>				
	2.1.7 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	3%	2	3%
	<b>6.3. Supplier Development</b>				
	2.2.1 Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	10	2% of NPAT	10	2% of NPAT
	<b>6.4. Enterprise Development</b>				
	2.3.1 Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT	5	1% of NPAT
	<b>6.5. Bonus Points</b>				
	2.4.1 Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1		1	
	2.4.2 Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1		1	

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**CODE SERIES BSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT ELEMENTS OF  
BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT BSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO- ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
of 2003 as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	The Socio Economic Development Scorecard	24
3.	Guiding Principles	24
4.	Key Measurement Principles	24

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**3. OBJECTIVES OF THIS STATEMENT**

The objectives of this statement are to specify:

- 1.1. The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 1.2. The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 1.3. The formula for calculating the individual criteria specified in the SED scorecard.

**2. THE SED SCORECARD**

- 2.1 The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b><u>Socio - Economic Development</u></b>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT	5	1% of NPAT

**3. GUIDING PRINCIPLE**

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

**4. KEY MEASUREMENT PRINCIPLES**

- 4.1. Measurement principles associated with Socio – Economic Development element are contained in Statement 500 of Code 500 of the Amended Generic Code of Good Practice.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**CODE SERIES BSC600: THE BUS COMMUTER AND COACH SERVICES TRANSPORT SECTOR  
QUALIFYING SMALL ENTERPRISE SCORECARD**

**STATEMENT BSC600: THE BUS COMMUTER AND COACH SERVICES TRANSPORT SECTOR  
QUALIFYING SMALL ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment  
Act No. 53 of 2003 as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

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BSC 604	Enterprise and Supplier Development	30
BSC 605	Socio-Economic Development	31

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**STATEMENT BSC 601 - OWNERSHIP FOR QSE**

**3. THE QSE OWNERSHIP SCORECARD**

The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Ownership</b>	<b>Voting Rights</b>				
	Exercisable voting rights in the hands of Black people	5	25% + 1 Vote	5	25% + 1 Vote
	Exercisable voting rights in the hands of Black Women	2	10%	2	10%
	<b>Economic Interest</b>				
	Economic interest in the hands of Black people	5	25%	5	25%
	Economic interest in the hands of Black Women	2	10%	2	10%
	Black New Entrants or Black Designated Groups	3	2%	3	2%
	<b>Realization Points</b>				
	Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

**4. MEASUREMENT OF QSE OWNERSHIP ELEMENT**

- 4.1.** The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement BSC 100 for measuring of the Ownership element.
- 4.2.** Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Generic Codes of Good Practice.



**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**STATEMENT BSC 602 – MANAGEMENT CONTROL FOR QSE**

**1. THE QSE MANAGEMENT CONTROL SCORECARD**

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Management Control</b>	<b>1.1. Executive Management</b>				
	1.1.1. Black Executive Management as a percentage of all executives	5	50%	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%	2	25%
	<b>1.2. Non Executive Management</b>				
	1.2.1. Black representation at non-executive management as a percentage of all non-executive management	6	60%	6	60%
	1.2.2. Black female representation at non-executive management as a percentage of all non-executive management	2	30%	2	30%
	<b>1.3. Black Youth Employees</b>				
	1.3.1. Black youth in technical/professional positions as a percentage of technical/professional employees	2	10%	2	10%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement BSC 200 are applicable to this statement.
- 2.5 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement BSC 200.
- 2.6 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.7 Measurement principles needed for the application of the sector code with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Amended Generic Codes of Good Practice.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

- 2.8 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**STATEMENT BSC 603 – SKILLS DEVELOPMENT FOR QSE**

**1. THE QSE SKILLS DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b>Skills Development</b>	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	20	3%	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leviable Amount	10	1.5%	10	1.5%

**2 KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement BSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
  - 2.3.3 The learning matrix under code series BSC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**STATEMENT BSC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE**

**1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<b><u>Enterprise and Supplier Development</u></b>	<b>Preferential Procurement</b>				
	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%	3	10%
	<b>Supplier Development</b>				
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT	5	1% of NPAT
	<b>Enterprise Development</b>				
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT	5	1% of NPAT

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement BSC400 are applicable to this statement.
- 2.4 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement BSC400
- 2.5 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**STATEMENT BSC 605 – SOCIO ECONOMIC DEVELOPMENT FOR QSE**

**1. THE QSE SOCIO ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Bus Commuter Weightings	Bus Commuter Targets	Coach Services Weightings	Coach Services Targets
<u>Socio Economic Development</u>	Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT	5	1% of NPAT

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement BSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement BSC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED BUS COMMUTER AND COACH SERVICES SUB-SECTOR BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT CODE**

**SCHEDULE 1**

**SECTOR SPECIFIC SUB-INDICATORS**

**OWNERSHIP**

- 1.1.1 The ownership target is higher than that of the dti codes. Both the Bus Commuter and Coach Services have their target at 35%.

**FOREIGN OWNERSHIP**

- 4.5.1. Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 4.5.2. Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this Codes. They will be encouraged to sell equity in their local operations.
- 4.5.3. The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 4.5.4. Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 4.5.5. The Transport Charter Council may motivate Equity Equivalent programmes to the line Minister. The onus also lies on the Dti to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

**MANAGEMENT CONTROL**

- 1.3.1 The following sub indicators have been added to the element:
- 1.3.1.1 Black women who are skilled and semi skilled have been added to the element; and
- 1.3.1.2 Black female employees with disabilities.
- 1.3.2 The following elements have targets less than the dti codes:
- 1.3.2.1 Junior Management; and
- 1.3.2.2 Middle Management.

**1.4 SKILLS DEVELOPMENT**

- 1.4.1 The Skills Development Element contained in Statement 300 of Code 300 of the Amended Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 1.4.2 The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.

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**1.5 ENTERPRISE AND SUPPLIER DEVELOPMENT**

- 1.5.1 A 100% Black Owned or Black Female Owned EME or QSE, that is a recipient of Qualifying Supplier Development Contributions from a Measured Entity under Code series 400 that has a minimum 3 year contract with the Measured Entity, the recognizable B-BBEE Procurement Spend that can be attributed to that Supplier will be deemed by the Measured Entity as that of a EME or QSE for the duration of the contract regardless of the current turnover of the recipient.
- 1.5.2 Payments made by the Measured Entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the Measured Entity's behalf.
- 1.5.3 For the third party to be deemed as Suitably Qualified for the measured entity to outsource their Enterprise Development and Supplier Development initiatives and programmes, the rules below will apply, where applicable:
- 1.5.3.1 The economic interest and voting rights of the administrator of the fund must be at least 51% black owned;
- 1.5.3.2 The administrator of the fund must be B-BBEE compliant and be a superior B-BBEE contributor with a minimum recognition level of four;
- 1.5.3.3 The annual management fee for the programme may not exceed 20% and this must include the capacity building annual charge;
- 1.5.3.4 The administrator of the fund must possess the appropriate and necessary skill and experience;
- 1.5.3.5 The economic interest and voting rights of the administrator of the fund must be at least 51% black owned; and
- 1.5.3.6 The Enterprise Development Programme Manager responsible for overseeing the implementation of the programme by the administrator must be in possession of the B-BBEE Management Development Programme.
- 1.5.4 The Enterprise Development and Supplier Development initiatives and programmes should be detailed in the beneficiaries Enterprise Development and Supplier Development plans as per para 6.12 above.
- 1.5.5 For the avoidance of doubt the following percentage of contributions to a Suitably Qualified third party are only deemed to be recognised by the Measured Entity towards their Enterprise Development or Supplier Development:
- 1.5.5.1 45% of the contribution once they become payable to the third party; and
- 1.5.5.2 100% of the contribution upon completion and/or implementation of the initiatives or programme as per the Enterprise Development and Supplier Development plan.

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1.5.6 Recognition Criteria required to determine Enterprise and Supplier Development Contributions are contained in Annexure 400 (B) of Statement 400 of Code 400 of the B-BBEE Generic Codes of Good Practice, which has been amended for the purposes of this sub-charter (Refer to BSC400 (A)).

**BCSC400 (A)**

Enterprise Development and Supplier Development Benefit Factor Matrix:



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Qualifying Contribution type	Contribution Amount	Benefit Factor
<b>Grant and Related Contributions</b>		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
<b>Loans and Related Contributions</b>		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
<b>Equity Investments and Related Contributions</b>		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
<b>Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party</b>		
Enterprise Development and Supplier Development Investment into a fund that meets the defined criteria for the administration and execution/implementation of plan.	Investment Amount	45% upon investment and comprehensive plan of how contribution will be spent  100% once contribution is spent and there is detailed specification of spent
<b>Contributions made in the form of human resource capacity</b>		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%

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Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
<b>Contributions made to the Transport Sector B-BBEE Charter Council</b>		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
<b>Other Contributions</b>		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

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**SCHEDULE 2**

**IMPLEMENTATION ,MONITORING AND EVALUTION INTERVENTIONS**

**1. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL**

Fundamental principles :-

- 1.1. The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.2. The Charter Council will address the issues of principle and, in particular
- 1.3. Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from 1 November 2015 ('effective date').
- 1.4. Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.5. If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.6. Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.7. The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.7.4. Submit the annual review to the BEE Advisory Council for publication;
  - 1.7.5. Prepare interim reports at appropriate intervals;
  - 1.7.6. Undertake the reviews identified in terms of the sub-charter;
  - 1.7.7. Accredite agencies to perform audits; and
  - 1.7.8. Engage with Government, the public sector, the private sector, the Presidential B-BBEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.8. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).

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- 1.9 Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe BSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.10 All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.11 Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.11.1 The Measured entity is a listed company; or
- 1.11.2 The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA- LEVY AND B-BBEE IMPLEMENTATION**

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

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**SCHEDULE 3**

**INTERPRETATION, ABBREVIATIONS AND DEFINITIONS**

**PART 1: INTERPRETATION**

The Bus Commuter And Coach Services Transport Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Bus Commuter And Coach Services Transport Sector Codes any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the BUS COMMUTER AND COACH SERVICES Transport Sub-Sector Code. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing BUS COMMUTER AND COACH SERVICES Transport Sub-Sector Codes.

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**PART 2: ABBREVIATIONS**

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 as amended.
CDP	Continuing Professional Development
DoT	Department of Transport
DTI	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
IPAP	Industrial Policy Action Plan
NEPAD	New Partnership for Africa's Development
NDP	National Development Plan
NPAT	Net Profit After Tax
PP	Preferential Procurement
QSEs	Qualifying Small Enterprises
SIPS	Strategic Integrated Projects

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**PART 3: DEFINITIONS**

In this Bus Commuter And Coach Services Transport Sector Codes unless the context otherwise requires:

Expressions, definitions and qualifications used in the Bus Commuter And Coach Services Transport Sector Codes have the meaning assigned to them in the Bus Commuter And Coach Services Transport Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>c. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>d. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>g. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>h. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>i. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>j. Black people living in rural and under developed areas; and</li> <li>k. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>l. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>c. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>d. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>

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<b>EMPOWERING SUPPLIER</b>	<p>An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of the following criteria:</p> <ul style="list-style-type: none"> <li>f. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</li> <li>g. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</li> <li>h. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</li> <li>i. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</li> <li>j. At least 85% of labour costs should be paid to South African employees by service industry entities</li> </ul>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL BUSINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <p>(b) representations by the Measured Entity regarding its B-BBEE Status that can be</p>



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	<p>substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</p> <p>IV. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>V. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>VI. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the Act.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000.

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FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF THE  
B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT 46 OF 2013**

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ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**AMENDED CODE SERIES FCSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN FORWARDING AND CLEARING SUB-SECTOR**

**STATEMENT FCSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 46  
of 2013

**Arrangement of this statement:**

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**2. PREAMBLE**

- 1.1 We, the stakeholders of the Forwarding and Clearing (F & C) Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 1.2 We, the stakeholders of the F & C Sector, organised as Government, industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 1.3 We, the stakeholders of the F & C Sector, take opportunity to state our commitment to align the F & C to the Amended Generic Codes of Good Practice for B-BBEE.
- 1.4 The Draft Amended F & C Sub-Sector Code expresses the commitments of all stakeholders in the F & C Sector to the empowerment and transformation of the Sector. All the stakeholders of the F & C Sector share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sub-Sector Code.
- 1.5 We, the stakeholders of the F & C Sector, will submit to **the dti** to publish the Amended F & C B-BBEE Codes as a final code in terms of the Broad – Based Black Economic Empowerment Act No. 53 of 2003 as amended. We will ensure that the F & C B-BBEE Sub-sector Code fulfils the requirements set out under section 9 for publishing in the Government gazette as a sector code, namely that it:
- 1.5.1 Has no deviations from the dti Amended B-BBEE Codes definitions and principles;
- 1.5.2 The calculation methodologies to measure compliance are those used in **the dti** Amended B-BBEE Codes; and
- 1.5.3 Is sufficiently comparable to the codes in the order of elements, targets and weightings.

**2. OBJECTIVES**

**2.1. OBJECTIVES OF THE FORWARDING AND CLEARING TRANSPORT SECTOR CODES**

- 2.1.1. The F & C B-BBEE Sub-sector Codes have been developed to advance the objectives of the Broad Based Black Economic Empowerment Amendment Act No. 53 of 2003 as amended by B-BBEE Act 46 of 2013;
- 2.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the F & C Sector;
- 2.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the F & C Sector;
- 2.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and
- 2.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

**2.2. OBJECTIVES OF THIS STATEMENT FCSC000**

- 2.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Forwarding and Clearing Transport Sector;
- 2.2.2. Specify the application of the Forwarding and Clearing Transport Sub-Sector Code and the basis for measurement under the Forwarding and Clearing Transport Sub-Sector Code;

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- 2.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Forwarding and Clearing Transport Sector
- 2.2.4. Specify the method of measuring Start-Up Enterprises;
- 2.2.5. Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of the Forwarding and Clearing Transport Sector Codes;
- 2.2.6. Specify the basis for determining compliance by Entities with the Forwarding and Clearing Transport Sub-Sector Code; and
- 2.2.7 Provide for the Effective Date of the Forwarding and Clearing Transport Sub-Sector Code.

**3. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

**3.1. OVERARCHING LONG-TERM VISION**

- 3.1.1. The long-term vision is, through encouraging education and training and the promotion of life-long learning, develop the Industry so that all participants are able to compete, nationally and internationally, with the best in the world.
- 3.1.2. Part of the vision is to develop South African owned forwarding and clearing multi-national companies wherever possible.
- 3.1.3. The South African F&C Industry is well positioned to make this vision a reality and craft a broader contribution towards regional development in line with the ideals of the New Partnership for Africa's Development (NEPAD).

**3.2. DEVELOPING A WORLD CLASS INDUSTRY**

- 3.2.1. Our vision is to develop a world-class industry based on seamless integration of all transport modes and multiple transport networks, which will grow in size, stimulate South Africa's economic growth and development, and facilitate trade whilst complying with international safety standards and delivering efficient, quality services to customers. Our industry will achieve a significant increase in black participation throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.
- 3.2.2. To make this vision a reality, will require a deliberate strategy to increase access to skills, capital and economic 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 all stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the logistics value chain.
- 3.2.3. We, the signatories to this document, believe that every company in South Africa should embrace Broad-Based Black Economic Empowerment (B-BBEE) voluntarily, recognising that it is a social and 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 "Draft Amended Broad-Based BEE Sub-Sector Code for the F&C Industry" to every company to ensure maximum participation by all stakeholders.

## **DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

- 3.2.4. Accordingly, all stakeholders commit themselves to this Draft Amended Sub-Sector Code agree to have their B-BBEE achievements (in terms of the indicators in the balanced scorecard) rated by an independent B-BBEE Verification Professional that is accredited by the relevant recognised body.
- 3.2.5. We commit ourselves to good corporate governance principles and the elimination of fronting in our industry. Accordingly, we will play an active role in instituting measures for monitoring, identifying and eradicating fronting.

### **3.3. OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

- 3.3.1 To form collaborative relationships with organisations such as **the dti** and other stakeholders and promote the economic benefits of utilising and growing Broad-Based Black Economic Empowerment compliant freight forwarding companies.

#### **3.3.1. NATIONAL GOVERNMENT UNDERTAKINGS**

- 3.3.1.1. To continue to create an environment that is conducive for the country to substantially increase trade with the rest of the world, since the level of trade is the main driver of growth and, therefore, job creation in our industry. Key elements of an enabling environment for trade include: trade promotion; enhancing feeder and inland transport connections; reducing costs of data transfer; improving the quality of available maritime infrastructure & superstructure and restructuring to ensure reliability and cost effectiveness of railway and port operations.
- 3.3.1.2. Resolve legislative and fiscal restrictions, which have a negative impact on the competitiveness of South Africa and ensure a level playing field for all companies<sup>2</sup>.
- 3.3.1.3. Use its leverage in the industry to incentivise all stakeholders to achieve the objectives of this charter.
- 3.3.1.4. Work towards the achievement of the objectives of the NDP where the following three priorities will be our main focus:
- 3.3.1.4.1. Raising employment through faster economic growth;
- 3.3.1.4.2. Improving the quality of education, skills development and innovation; and
- 3.3.1.4.3. Building the capability of the government to play a developmental and transformative role.
- 3.3.1.5. Demonstrate its commitment towards developing South Africa into a leading trading nation by adopting a more harmonised approach between its various departments and parastatal institutions. This will require the setting up of structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport sector wide, and supply chain processes. Examples of crosscutting issues that require interventions across government departments and agencies include:
- 3.3.1.5.1. The dti's Export incentives;
- 3.3.1.5.2. National Treasury, and South African Revenue Services (SARS);
- 3.3.1.5.3. Department of Foreign Affairs – Free Trade Agreements;
- 3.3.1.5.4. Increasing awareness within the transport sector about available government investment incentives and grants;
- 3.3.1.5.5. Engage public and private funding institutions to highlight opportunities in the sector;
- 3.3.1.5.6. Make proposals on financing mechanisms; and

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<sup>2</sup>

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- 3.3.1.5.7. Investigate, together with other stakeholders in other Transport sub-sectors, the feasibility of setting up a Transport Sector Bank.
- 3.3.1.6. Engage public and private sector funding agencies to develop innovative funding mechanisms for B-BBEE companies seeking to invest in the sector. This will require a high-level workshop with these agencies and major B-BBEE companies to inform them about opportunities that will emerge in the transport industry, including the F&C industry, following the adoption of this sector code.
- 3.3.1.7. Increase awareness among B-BBEE companies in the transport sector about investment and matching grants, tax allowances and other incentives that are provided by the dti's The Enterprise Organisation (TEO) and investigate the possibility of motivating for new products that take into account the unique nature of the F & C industry.
- 3.3.1.8. Enforce and monitor compliance with existing legislation that may impact B-BBEE such as the Employment Equity, Skills Development and Competition Acts.
- 3.3.1.9. Ensure that government departments are focused and sensitised on the importance of customer care and relations. This will require enhanced training and education for officials in relevant government departments.
- 3.3.1.10. Assist stakeholders with analysis of the number of people in particular skills set (or job category) broken down by race, gender and people living with disability.
- 3.3.1.11. Publish an annual report on B-BBEE and job creation within the F&C industry that consolidates various reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry B-BBEE Forum.

**5. SCOPE OF APPLICATION**

- 5.1. The Forwarding & Clearing (F&C) Industry comprises of economic activities that relate to all imports and exports conducted in respect of goods entering or leaving South Africa as well as those transiting this country. It excludes importers and exporters whose core activity is not clearing and forwarding.
- 5.2. Thus, the F&C Industry serves as an input to every other industry in the National economy as well as many of those across South African borders. In addition cognisance is taken of the fact that the F&C Industry is a complex one, which involves various activities including freight management and supply chain logistics.
- 5.3. The F&C Industry is associated with all modes of transport that might be involved in the carriage of cargo as well as, service providers such as warehouses and transit sheds and the associated management of data.
- 5.4. The F&C Industry works closely with Governmental and parastatal Institutions such as SARS, the dti, the Department of Transport (DoT) and Port Authorities.

**7. DEVELOPMENT OF THE FORWARDING AND CLEARING SUB-SECTOR SCORECARDS**

- 7.1. The Department of Transport and the Transport Sector Charter Council embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Forwarding and Clearing Transport Sector Codes to the Amended B-BBEE Codes of Good Practice. The Draft Amended Forwarding and Clearing Sub-Sector Code, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Forwarding and Clearing Transport Sector.

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- 7.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 7.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.
- 7.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the Amended B-BBEE Act and the Amended B-BBEE Codes of Good Practice issued by the dti. Where there is any conflict the Amended Codes of Practice takes precedence.
- 7.5. Sector specific sub-elements will be clearly defined in the Forwarding and Clearing Transport Codes.

### **6. DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR B-BBEE SCORECARDS**

#### **6.1. BROAD BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

6.1.1 This Draft Amended Broad-Based Black Economic Empowerment Sub-Sector Code for the Forwarding and Clearing Transport Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

- 11. Ownership**
- 12. Management Control**
- 13. Skills Development**
- 14. Enterprise and Supplier Development**
- 15. Socio- Economic Development**

#### **6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

6.1.2.1. The priority Elements are as follows:

##### **6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

##### **6.1.2.1.3 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

##### **6.1.2.1.5. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- VII. 10 points under the Preferential Procurement category;
- VIII. 4 points under the Supplier Development category; and
- IX. 2 points under the Enterprise Development category.

#### **6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

6.4.3.1 A Large Enterprise is required to comply with all the Priority Elements;



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6.4.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

**6.5 DISCOUNTING PRINCIPLE EFFECTS**

**6.5.3.1** Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

**6.5.3.2** The actual points scored by the Measured Entity and the consequent level that the Measured Entity would have achieved were it not for non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Agency ("the B-BBEE Status Level");

**6.5.3.3** Notwithstanding the recognition in 6.2.3.2 above, the Measured Entity's B-BBEE Status Level and corresponding B-BBEE Recognition Level will be discounted by one level down until the next applicable verification period in which the Measured Entity can demonstrate compliance with the 40% sub-minimum requirements.

**6.3. WEIGHTINGS**

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1, 6.10.2. and 6.10.3 below.

**6.4. TARGETS**

6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Forwarding and Clearing Transport enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

**6.5. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

6.14.2. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.

6.14.3. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.

6.14.4. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

6.14.4.1. Despite paragraphs 6.5.2 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

6.14.4.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

6.14.4.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

6.14.5. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:

6.14.5.1.1. Total annual Revenue of R 10 Million or less; and

6.14.5.1.2. Level of Black ownership.

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6.14.6. Any misrepresentation in terms of Para 6.5.4. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

**6.15. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

6.15.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.

6.15.2. A QSE must comply with all of the elements of the Forwarding and Clearing Transport Sector Qualifying Small Enterprise Scorecard (Code FCSC 600) for the purposes of measurement.

6.15.3. Enhanced B-BBEE recognition level for QSE:

6.15.3.1. A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.

6.15.3.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.

6.15.3.3. A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:

6.15.3.3.1. Total annual Revenue of more than R 10 Million but less than R50 Million; and

6.15.3.3.2. Level of Black ownership; and

6.15.3.3.3. Empowering Supplier status.

6.15.4. Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

6.15.5. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3, will be required to obtain a verification certificate to substantiate their B-BBEE status.

**6.16. ELIGIBILITY AS A LARGE ENTERPRISE**

6.16.1. Any enterprise within the scope of application para 4 with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.

6.16.2. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.17. START-UP ENTERPRISES**

6.17.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.

6.17.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5. of this Statement.

6.17.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.

6.17.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.18. ELIGIBILITY AS A BLACK NEW ENTRANT**

6.18.1. A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity

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instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

**6.19. LARGE ENTERPRISES AND QSES SCORECARDS**

6.10.1 The following table represents the Large Enterprises Scorecard

Element	Weighting	Code Series Reference
Ownership	27 points	FCSC 100
Management Control	26 points	FCSC 200
Skills Development	27 points	FCSC 300
Enterprise and Supplier Development	40 points	FCSC 400
Socio-Economic Development	5 points	FCSC 500

6.10.2. The following table represents Qualifying Small Enterprise Scorecard

Element	Weighting	Code Series Reference
Ownership	26 points	FCSC 601
Management Control	21 points	FCSC 602
Skills Development	30 points	FCSC 603
Enterprise and Supplier Development	33 points	FCSC 604
Socio-Economic Development	5 points	FCSC 605

**6.11 DURATION OF THE FORWARDING AND CLEARING SUB-SECTOR CODE**

6.11.1 An Forwarding and Clearing Transport Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Act.

6.11.2 This draft amended sector code be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

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**DRAFT AMENDED CODE SERIES FCSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-  
BASED BLACK ECONOMIC EMPOWERMENT IN THE FORWARDING AND CLEARING TRANSPORT SECTOR**

**STATEMENT FCSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	The Ownership Scorecard	12
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**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**9. OBJECTIVES OF THIS STATEMENT**

- 9.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 9.2. Define the key measurement and guiding principles;
- 9.3. Specify the stakeholder undertakings; and
- 9.4. Specify the specific measurement principles applicable to various types of Entities.

**10. THE OWNERSHIP SCORECARD**

The following table represents the criteria used for deriving a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>2.1 Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector and approved by the Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in Statement 103, code series 400 and 500 of the Amended Codes of Good Practice.	25	<b>Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries
<b>Ownership</b>	<b>2.2. Voting Rights</b>		
	2.2.1. Exercisable voting rights in the hands of Black people	4	25% + 1 Vote
	2.2.1. Exercisable voting rights in the hands of Black Women	2	10%
	<b>2.3. Economic Interest</b>		
	2.3.1. Economic interest in the hands of Black people	4	25%
	2.3.2. Economic interest in the hands of Black Women	2	10%
	2.3.4. Economic interest of the following Black natural people in Enterprise: •Black designated groups; •Black Participation in Employee Ownership Schemes (ESOP); •Black beneficiaries of Broad based Ownership Schemes; •Black participants in Co-operatives	3	3%
	2.3.5. Involvement in the ownership by Black new Entrants	5	15%
	<b>2.6. Realization Points</b>		
	2.6.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

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**11. GUIDING PRINCIPLES**

- 11.1. This principle is linked to the long-term strategy of growing the domestic F&C Industry so as to ensure that B-BBEE does not become a zero-sum game. Ownership is broken down into foreign ownership and South African ownership.
- 11.2. The ownership target set is specifically aimed at the South African F&C Industry.
- 11.3. With regard to foreign ownership, foreign companies, with local representation, will implement B-BBEE strategies, according to the guidelines provided by the F&C Sub-Sector Code. They will be encouraged to sell equity in their local operations. However, foreign companies that are unable to sell equity in their local operations should use the Equity Equivalent guidelines provided in the Code 100 of the Amended B-BBEE Codes of Good Practice and set off increased achievements in this regard against the ownership requirement.

**12. FOREIGN OWNERSHIP**

- 12.1. Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 12.2. Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this draft amended sub-sector code. They will be encouraged to sell equity in their local operations.
- 12.3. The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 12.4. Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 12.5. The Transport Charter Council may motivate and endorse Equity Equivalent programmes to the line Minister. The onus also lies on the **the dti** to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

**13. KEY MEASUREMENT PRINCIPLES**

- 13.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
  - 13.1.1. a Company as defined in the Companies Act of 2008 (as amended);
  - 13.1.2. a Close corporation;
  - 13.1.3. a Co-operative;
  - 13.1.4. a Trust
  - 13.1.5. a Broad-Based Ownership Scheme;
  - 13.1.6. an Employee Share Ownership Programme;
  - 13.1.7. a partnership or other association of natural persons; and
  - 13.1.8. any form of juristic person recognised under South African law.

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- 13.2. The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 13.3. Government has made commitments as listed in Para 4.2. hereto that are necessary for the facilitation of the transfer of Rights of Ownership in the Forwarding and Clearing Transport Sector.
- 13.3.1. Government must report annually to the Charter Council on the interventions implemented to achieve these commitments.
- 13.3.2. The Transport Sector Charter Council will publish a notice once all these commitments have been implemented.
- 13.4. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 13.5. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Generic Codes of Good Practice.
- 13.6. 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 Amended Generic Codes of Good Practice. The targets as contained in the ownership element of this draft amended sector code will apply.
- 13.7. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Generic Code of Good Practice.
- 13.8. 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 Amended Generic Code of Good Practice.

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ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**DRAFT AMENDED CODE SERIES FCSC200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT  
OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT FCSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.  
53 OF 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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## DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT SUB-SECTOR CODE

### 6. OBJECTIVES OF THIS STATEMENT

- 4.3. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 4.4. Define the key measurement and guiding principles;
- 4.5. Specify the stakeholder undertakings; and
- 4.6. Specify the specific measurement principles applicable to various types of Entities.

### 7. THE MANAGEMENT CONTROL SCORECARD

The following table represents the criteria used for deriving a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>2.1.Board Participation</b>		
	2.1.1.Exercisable voting rights of Black board members as a percentage of all board members	1.5	60%
	2.1.2.Exercisable voting rights of Black women as a percentage of all board members	1.5	25%
	2.1.3.Black Executive directors as a percentage of total number of executive directors	1.5	60%
	2.1.4.Black Women Executive directors as a percentage of total number of executive directors	1.5	25%
	<b>2.2.Youth Executives</b>		
	2.2.1.Black Youth in executive management as a percentage of all executive management	1	5%
	<b>2.3.Other Executive Management</b>		
	2.3.1.Black Executive Management as a percentage of all executives management	1.5	60%
	2.3.2.Black Female Executive Management as a percentage of all executives management	1,5	30%
	<b>2.4.Senior Management</b>		
	2.4.1.Black employees in senior management as a percentage of all senior management	1.5	60%
	2.4.2.Black female employees in senior management as a percentage of all senior management	1.5	30%
	<b>2.5.Middle Management</b>		
	2.5.1.Black employees in middle management as a percentage of all middle management	1.5	75%
	2.5.2. Black female employees in middle management as a percentage of all middle management	1.5	38%
	<b>2.6.Junior Management</b>		
	2.6.1.Black employees in junior management as a percentage of all junior management	1	88%
	2.6.2.Black female employees in junior management as a percentage of all junior management	1	44%
	<b>2.7.Employees with disabilities</b>		
	2.7.1.Black employees with disabilities as a percentage of all employees	1.5	2%
	2.7.2.Black female employees with disabilities as a percentage of all employees	1.5	1%
	<b>2.8.Bonus</b>		
	2.8.1. Black Youth in management as a percentage of all management	2	2,50%

### 8. GUIDING PRINCIPLE

- 8.1. Our overarching and guiding principle is to increase the participation of black people in the F&C Industry company boards, similar governing structures, and management, professional and technical occupations to create decision-making structures that truly represent the racial and gender diversity of our country. The industry will be transparent, eliminate unscrupulous business

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practices including fronting, and adopt best-practice corporate governance policies as outlined in the King III report.

- 8.2. This will require that all stakeholders create a supportive culture within their organizations to be an 'Employer of Choice', attract new talent, facilitate the development of existing employees and accelerate their progress into key positions within the industry. By complying with the Employment Equity (EE) Act, and presenting accurate figures and statistics on EE to the Department of Labour (DoL), within the spirit of this Charter.

9. **KEY MEASUREMENT PRINCIPLES**

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

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**DRAFT AMENDED CODE SERIES FCSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT FCSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No 53 of 2003 as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Pages</b>
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2.	The Skills Development Scorecard	19
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4.	Mandatory Training	19

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
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**11. OBJECTIVES OF THIS STATEMENT**

- 11.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;
- 11.2. Define the key measurement principles associated with the Skills Development Element; and
- 11.3. Indicate the formula for measuring the Skills Development Element

**12. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

The following table represents the criteria used for deriving a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	7	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people with disabilities as a percentage of the Leviable Amount	5	0,50%
	<b>2.2. Learnerships, Apprenticeships and Internships and Training</b>		
	2.2.1. Number of Black Employees participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	4	2,5%
	2.2.2. Number of Black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,5%
	<b>2.3. Bonus Points</b>		
	2.4.1. Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%

**13. GUIDING PRINCIPLES**

- 13.1. Our vision is to substantially increase the economic value added (or productivity) of every employee in the F&C Industry through best practice Human Resource and Skills Development policies and increase the scale of initiatives aimed at developing black professionals and technical experts.

**14. MANDATORY TRAINING**

- 14.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**DRAFT AMENDED CODE SERIES FCSC400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER  
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT FCSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND SUPPLIER  
DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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3.	Guiding Principles	22

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**7. OBJECTIVES OF THIS STATEMENT**

- 7.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 7.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 7.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 7.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**8. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement

Element	Indicators of Empowerment	Weightings	Targets
<b>Enterprise and Supplier Development</b>	<b>2.1. PREFERENTIAL PROCUREMENT</b>		
	2.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	2.1.2. B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	3	15%
	2.1.3. B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	15%
	2.1.4. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	8	40%
	2.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	<b>Bonus Points</b>		
	2.1.6 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	2%
	<b>2.2. SUPPLIER DEVELOPMENT</b>		
	2.2.1. Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	2.2.2. Annual value of all Supplier Development Contributions made by the measured entity to at least 51% Black Women Owned EME's and QSE's as a percentage of the target	5	1% of NPAT
	<b>2.3. ENTERPRISE DEVELOPMENT</b>		
	2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
	<b>2.4. BONUS POINTS</b>		
	2.4.1. Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

	2.4.2. Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	
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**9. GUIDING PRINCIPLE**

- 9.1. Our principle is to accelerate procurement from black and black female owned suppliers, with the main objective of growing existing or emerging entrepreneurs and black industrialists to produce value-added goods and services for the industry and increase job creation, localisation as well as allowing for the creation of new businesses.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**DRAFT AMENDED CODE SERIES FCSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT  
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT FCSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO- ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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4.	Key Measurement Principles	24



**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**4. OBJECTIVES OF THIS STATEMENT**

The objectives of this statement are to specify:

- 4.2. The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 4.2.1. The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 4.3. The formula for calculating the individual criteria specified in the SED scorecard.

**5. THE SED SCORECARD**

The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Socio-Economic Development</u></b>	2.1. Annual value of Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	7.5	1.5% of NPAT

**6. GUIDING PRINCIPLE**

- 6.1. Individual companies will implement socio-economic development programmes in line with their corporate values.

**7. KEY MEASUREMENT PRINCIPLES**

- 7.1. Measurement principles associated with Socio-Economic Development element are contained in Statement 500 of Code 500 of the Amended Generic Code of Good Practice.
- 7.2. Measurement principles required for evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE****DRAFT AMENDED CODE SERIES FCSC600: THE FORWARDING AND CLEARING TRANSPORT SECTOR  
QUALIFYING SMALL ENTERPRISE SCORECARD****STATEMENT FCSC600: THE FORWARDING AND CLEARING TRANSPORT SECTOR QUALIFYING  
SMALL ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**STATEMENT FCSC 601 - OWNERSHIP FOR QSE**

**5. THE QSE OWNERSHIP SCORECARD**

The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Ownership</b>	<b>1.1. Voting Rights</b>		
	1.1.1. Exercisable voting rights in the hands of Black people	5	25% + 1 Vote
	1.1.2. Exercisable voting rights in the hands of Black Women	2	10%
	<b>1.2. Economic Interest</b>		
	1.2.1. Economic interest in the hands of Black people	5	25%
	1.2.2. Economic interest in the hands of Black Women	2	10%
	1.2.3. Black New Entrants or Black Designated Groups	3	2%
	<b>1.3. Realization Points</b>		
	1.3.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

**6. MEASUREMENT OF QSE OWNERSHIP ELEMENT**

- 6.1. The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement FCSC 100 for measuring of the Ownership element.
- 6.2. Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Generic Codes of Good Practice.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**STATEMENT FCSC 602 – MANAGEMENT CONTROL FOR QSE**

**1. THE QSE MANAGEMENT CONTROL SCORECARD**

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

<b><u>Management Control</u></b>	<b>1.1. Executive Management</b>		
	1.1.1. Black Executive Management as a percentage of all executives	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%
	<b>1.2. Non Executive Management</b>		
	1.2.1. Black representation at non- executive management as a percentage of all non-executive management	6	60%
	1.2.2. Black female representation at non-executive management as a percentage of all non-executive management	2	30%
	<b>1.3. Black Youth Employees</b>		
	1.3.1. Black youth in technical/professional positions as a percentage of technical/professional employees	2	10%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement FCSC 200 are applicable to this statement.
- 2.9 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement FCSC 200.
- 2.10 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.11 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Amended Generic Codes of Good Practice.
- 2.12 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

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**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**STATEMENT FCSC 603 – SKILLS DEVELOPMENT FOR QSE**

**1. THE QSE SKILLS DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Skills Development</u></b>	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leviable Amount	10	1.5%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement FCSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
  - 2.3.3 The learning matrix under code series FCSC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Code of Good Practice.

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ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**STATEMENT FCSC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE**

**1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

	<b>Preferential Procurement</b>		
<b><u>Enterprise and Supplier Development</u></b>	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement FCSC400 are applicable to this statement.
- 2.6 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement FCSC400
- 2.7 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.



**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**STATEMENT FCSC 605 – SOCIO-ECONOMIC DEVELOPMENT FOR QSE**

**1. THE QSE SOCIO-ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

<b><u>Socio-Economic Development</u></b>	Annual value of Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT
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**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement FCSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement FCSC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**SCHEDULE 1**

**SECTOR SPECIFIC SUB INDICATORS**

**5. MANAGEMENT CONTROL**

- 5.1. Black youth employees have been included as a sub-indicator as the F & C sector would like increase the number of youth in Technical and/or Professional positions in the sector.
- 5.2. Black female employees with disabilities.
- 5.3. Bonus points will be awarded for Black Youth in all management positions.

**6. SKILLS DEVELOPMENT**

- 6.1. The Skills Development Element contained in Statement 300 of Code 300 of the Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 6.2. The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.
- 6.3. The F& C Private Sector additionally commit to:
  - 6.3.1. International, regional and local assignments that provide high-quality operational and managerial exposure;
  - 6.3.2. Young International Freight Forwarder of the Year (YIFFY) programme; FIATA (Federation of International Freight Forwarders Associations) Diploma and Higher Diploma in Supply Chain; Continuous Professional Development (CPD) programmes related to the industry;
  - 6.3.3. Coaching & Mentoring programmes from SAQA accredited Coaches and Mentors;
  - 6.3.4. Learnerships and Internship programmes with particular emphasis on the NQF 5 to NQF 10 qualifications; and
  - 6.3.5. Technical Vocational Education Training (TVET) and University programmes where industry or their approved representatives have collaborated with the tertiary institution to provide appropriate, skills directed quality education. Industry makes available a representative to sit on the appropriate faculties of these institutions to ensure this collaboration; this would meet the Empowering Supplier Skills Transfer criteria.
  - 6.3.6. The F & C Sector endeavour to create the following Skills programmes;
    - 6.3.6.1. Temporary placements of unemployed learners (Work place Experience with emphasis on Leadership and soft skills and/or intercompany exchange programmes to maximise individual exposure, Internships with accredited skills programmes appropriate to the qualification, 18.2 Learnerships) with emphasis in EME, QSE entities, SIP's initiatives and learners from TVET colleges or other recognised accredited institutions, where this would meet the beneficiation criteria of the Empowering Supplier criteria;
    - 6.3.6.2. Provision of Adult Education and Training (AET) and other life skill training;
    - 6.3.6.3. Intra-Industry and International exposure programmes for example the International Leadership Development Programmes (ILDLP), where emphasis on executive development where appropriate; and
    - 6.3.6.4. Industry understands that the costs associated with the implementation of the above Skills Development interventions include direct and associated indirect costs.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**7. ENTERPRISE AND SUPPLIER DEVELOPMENT**

- 7.1. Recognition Criteria required to determine Enterprise and Supplier Development Contributions are contained in Annexure 400 (B) of Statement 400 of Code 400 of the Amended B-BBEE Generic Codes of Good Practice, which has been amended for the purposes of this sub-charter (Refer to FCSC400 (B))
- 7.2. The spend on contributions directed in the following focus areas will be enhanced by a factor of 1.25:
  - 7.2.1. Co-operatives;
  - 7.2.2. Trade fair and Expos for the promotion of South African products; and
  - 7.2.3. Industry financial Enterprise Development Fund.

**8. SOCIO-ECONOMIC DEVELOPMENT**

- 8.1. The spend on contributions directed in the following focus areas will be enhanced by a factor of 1.25:
  - 8.1.1. Industry financial funding vehicle;
  - 8.1.2. Wellness clinics and programmes;
  - 8.1.3. Trade fair and Expos for the promotion of South African products; and
  - 8.1.4. Bursaries and funding for entrepreneurial skills development for youth.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**SCHEDULE 2**

**IMPLEMENTATION ,MONITORING AND EVALUTION INTERVENTIONS**

**2. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL**

**1.1 Fundamental principles**

- 1.1.1 The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.1.2. The Charter Council will address the issues of principle and, in particular
- 1.1.3. Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from the effective date.
- 1.1.4. Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.1.5. If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.1.6. Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.1.7. The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.1.7.4. Submit the annual review to the BEE Advisory Council for publication;
  - 1.1.7.5. Prepare interim reports at appropriate intervals;
  - 1.1.7.6. Undertake the reviews identified in terms of the sub-charter;
  - 1.1.7.7. Accredite agencies to perform audits; and
  - 1.1.7.8. Engage with Government, the public sector, the private sector, the BEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.1.8. When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
  - 1.1.8.1. The verification methodologies and procedures;
  - 1.1.8.2. More than 51% Black ownership;
  - 1.1.8.3. B-BBEE Certificate of the agency;
  - 1.1.8.4. SANAS / IRBA Accreditation;
  - 1.1.8.5. Completion of the dti MDP programmes;
  - 1.1.8.6. Attendance of DoT Sector Code Training;
  - 1.1.8.7. Demonstration of understanding of Sector Codes; and
  - 1.1.8.8. Prior Experience in rating Sector enterprises.

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

- 1.1.9. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.1.10. Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe FCSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.1.11. All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.1.12. Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless-
- 1.1.13. The Measured entity is a listed company; or
- 1.1.14. The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA LEVY AND B-BBEE IMPLEMENTATION**

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

## DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT SUB-SECTOR CODE

### SCHEDULE 3

#### INTERPRETATION , ABBREVIATIONS AND DEFINITIONS

##### PART 1: INTERPRETATION

The Forwarding and Clearing Transport Sub-Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Forwarding and Clearing Transport Sub-Sector Code any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Forwarding and Clearing Transport Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Forwarding and Clearing Transport Sector Codes.

##### PART 2: ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 as amended by B-BBEE Act 46 of 2013
CDP	Continuing Professional Development
DoT	Department of Transport
Dti	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
IPAP	Industrial Policy Action Plan
NEPAD	New Partnership for Africa's Development
NDP	National Development Plan
NPAT	Net Profit After Tax
PP	Preferential Procurement
QSEs	Qualifying Small Enterprises
SIPS	Strategic Integrated Projects

**DRAFT AMENDED FORWARDING AND CLEARING SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT SUB-SECTOR CODE**

**PART 3: DEFINITIONS**

n this Forwarding and Clearing Transport Sector Codes unless the context otherwise requires: Expressions, definitions and qualifications used in the Forwarding and Clearing Transport Sector Codes have the meaning assigned to them in the Forwarding and Clearing Transport Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>e. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>f. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>m. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>n. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>o. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>p. Black people living in rural and under developed areas; and</li> <li>q. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>r. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>e. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>f. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>
<b>EMPOWERING SUPPLIER</b>	An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of

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	<p>the following criteria:</p> <ul style="list-style-type: none"> <li>k. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</li> <li>l. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</li> <li>m. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</li> <li>n. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</li> <li>o. At least 85% of labour costs should be paid to South African employees by service industry entities</li> </ul>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL BUSINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <ul style="list-style-type: none"> <li>(c) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</li> </ul> <p>VII. A verification professional considering aforementioned evidence or</p>



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	<p>documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>VIII. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>IX. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003.
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the Act and as amended from time to time.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000 of the Codes

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**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF  
THE B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013**

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**DRAFT AMENDED CODE SERIES MSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN MARITIME TRANSPORT AND SERVICES INDUSTRY SECTOR**

**STATEMENT MSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No.53 OF 2003 as  
amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 1. PREAMBLE

- 2.1. We, the stakeholders of the Maritime Transport and Services Industry Sector (MT & SI), recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 2.2. We, the stakeholders of the Maritime Transport and Services Industry Sector, organised as Government, Industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and to contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 2.3. We, the stakeholders of the Maritime Transport and Services Industry Sector, take the opportunity to state our commitment to align the Maritime Transport and Services Industry B-BBEE Codes with the Department of Trade and Industry's (**the dti**) Amended Generic Codes of Good Practice.
- 2.4. The Draft Amended Maritime Transport and Services Industry Sub-Sector Code expresses the commitments of all stakeholders in the Maritime Transport and Services Industry Sector to the empowerment and transformation of the Sector. All the stakeholders of the Maritime Transport and Services Industry Sector share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sub-Sector Code.
- 2.5. We, the stakeholders of the Maritime Transport and Services Industry Sector, will submit the Amended Maritime Transport and Services Industry B-BBEE Codes to **the dti** for publication as a final code in terms of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013 (B-BBEE Act). We will ensure that the Maritime Transport and Services Industry B-BBEE Codes fulfil the requirements set out under section 9 of the B-BBEE Act for publication in the Government Gazette as a sector code, namely that it:
  - 2.5.1. Has no deviations from **the dti** Amended B-BBEE Codes definitions and principles;
  - 2.5.2. The calculation methodologies to measure compliance are those used in **the dti** Amended B-BBEE Codes; and
  - 2.5.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

### 3. OBJECTIVES

#### 3.1. OBJECTIVES OF THE MARITIME TRANSPORT AND SERVICES INDUSTRY SECTOR CODES

- 3.1.1. The MT & SI B-BBEE Codes have been developed to advance the objectives of the Broad Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013;
- 3.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the MT & SI Sector;
- 3.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the MT & SI Sector;
- 3.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and
- 3.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

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### **3.2. OBJECTIVES OF THIS STATEMENT MSC000**

- 3.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Maritime Transport and Services Industry Sector;
- 3.2.2. Specify the application of the Maritime Transport and Services Industry Sub-Sector Code and the basis for measurement under the Maritime Transport and Services Industry Sub-Sector Code;
- 3.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Maritime Transport and Services Industry Sector.
- 3.2.4. Specify the method of measuring Start-Up Enterprises;
- 3.2.5. Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of the Maritime Transport and Services Industry Sub-Sector Code;
- 3.2.6. Specify the basis for determining compliance by Entities with the Maritime Transport and Services Industry Sub-Sector Code; and
- 3.2.7. Provide for the Effective Date of the Maritime Transport and Services Industry Sub-Sector Code.

## **4. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

### **3.1. OVERARCHING LONG-TERM VISION**

- 3.1.1 Our overarching long-term vision is to develop South Africa to become one of the world's top 35 maritime nations by the year 2020. Among the top 35 ship-owning economies, there are 17 in Asia, 14 in Europe and 4 in the Americas. Practically half of the world tonnage 49.7% is owned by shipping companies from just four countries – Greece, Japan, Germany and China. Owners from Bermuda, Brazil and the Isle of Man specialize mostly in large ships, notably tankers and dry bulk carriers. Owners from Indonesia, the Russian Federation and Viet Nam have a large number of smaller ships, including vessels deployed in coastal and inter-island services.<sup>3</sup>
- 3.1.2 In 2014, 300-million tons of cargo passed through South Africa's nine ports – with 98% of the nation's trade done by sea – but not one cargo-carrying vessel flew a South African flag. Only about 1 600 vessels, mostly fishing and harbour boats, were on the country's national maritime register. It was essential for South Africa to attract commercial shipping vessels owned by local companies.
- 3.1.3 There is a need to create a vibrant shipping industry and create the thousands of seafaring and related maritime jobs expected of a thriving maritime sector and South Africa has the maritime infrastructure and scale in place. Further, having its own ships would mitigate the impact on the industry of relying on foreign vessels.
- 3.1.4 Research indicates that South Africa is the only country in the Brazil, Russia, India, China and South Africa economic grouping, known as Brics, not to have its own ships. The Department of Transport is recommitted to accelerating the finalisation of the Maritime Transport Policy,

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<sup>3</sup> United Nations Conference on Trade and Development – Review of Maritime Transport 2012 Report.

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which would revitalise the maritime industry and will continue efforts to make it attractive to fly the national flag.

- 3.1.5 The South African MT & SI is, therefore, well positioned to make this vision become a reality and make a broader contribution towards sub-regional integration in line with the objectives of the New Partnership for Africa's Development (NEPAD) and the African Maritime Partnership, whilst at the same time promoting the participation of previously disadvantaged communities in this historic continental initiative.
- 3.1.6 Our vision is to substantially increase the numbers of SA flagged vessels and develop new South African shipping companies that are globally competitive, not only in trade between South Africa and the rest of the world. These companies must eventually be able to compete with other merchant navies operating on other lucrative international trade routes, e.g. the Far East and Europe and America.

**3.2. MARITIME TRANSPORT AND SERVICES INDUSTRY SECTOR STAKEHOLDER UNDERTAKINGS**

- 3.2.1 Our vision is to develop a world-class industry, based on seamless integration of all modes and multiple networks that will grow in size stimulate economic growth and development, facilitate trade, comply with international safety standards and deliver efficient and quality services to customers. Our industry seeks to 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, most of which are on landside operations.
- 3.2.2 To make this vision become a reality will require a deliberate strategy to increase access to skills, capital and economic 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 all stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the MT & SI value chain.
- 3.2.3 To through the Ship South African Campaign to persuade local cargo owners to increase the cargo carried on South African ships to 25% of the total within the next five years. South African companies, with particular focus on B-BBEE compliant companies, should broker 25% of all cargo handled by brokers within the next five years, subject to review. promote a collaborative relationship with stakeholders in the mining and liquid fuels industries
- 3.2.4 The new mining and liquid fuels industry leadership should place shipping on the agenda as part of their strategic level discussions on export and import programmes. These industries are well positioned to facilitate the utilisation of black shipping service providers in joint ventures with established companies. What we are calling for is a clear strategy or plan that will result in the bulk of cargo going through South African ports to be carried on South African ships.
- 3.2.5 We, the signatories to this document, believe that every company in South Africa must embrace Broad-Based Black Economic Empowerment (B-BBEE), recognising that it is a constitutional, legislative and 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 B-BBEE sector

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code for the Maritime Transport and Services Industry to every company within our industry to ensure maximum participation by all stakeholders.

- 3.2.6 Accordingly, all Stakeholders commit themselves to this Draft Amended Sub-Sector Code agree to have their B-BBEE achievements measured against the indicators in the scorecard and verified by an independent accredited B-BBEE verification professional.. The independent B-BBEE verification will go a long way towards eliminating fronting in the industry.

### 5. SCOPE OF APPLICATION

5.5. The MT & SI is often associated with shipping lines involved in the carriage of cargo and associated service providers. More specifically, economic activities in South Africa which share a relationship with the sea include the following:

- 5.5.1. Enterprises concerned with the marine transport of cargo and services ancillary to such transport;
  - 5.5.2. Enterprises concerned with the manufacture, provision, maintenance and repair of marine equipment, including marine craft;
  - 5.5.3. The commercial ports system and authorities responsible for the provision and operation of navigational aids, including lighthouses;
  - 5.5.4. Institutions concerned with rescue, salvage and anti-pollution operations;
  - 5.5.5. Government departments and agencies concerned with international maritime relations, administration of maritime safety, the protection and conservation of the marine environment and law enforcement within South Africa's offshore jurisdiction; and
  - 5.5.6. Institutions concerned with marine and maritime education, training and resources.
- 5.6. The following activities, which constitute part of the MT & SI, broadly defined, **are excluded** for the purposes of developing a Broad-Based Black Economic Empowerment (B-BBEE) Code, as appropriate policies are formalised for these entities by other Government Departments:
- 5.6.1. Enterprises concerned with the exploitation of renewable and non-renewable marine resources (Departments of Energy, Department of Tourism and Department of Agriculture, Forestry and Fishery);
  - 5.6.2. The Marine Tourism Industry (Department of Tourism and Department of Agriculture, Forestry and Fishery); and
  - 5.6.3. Naval defence (Department of Defence).

### 8. DEVELOPMENT OF THE MARITIME TRANSPORT AND SERVICES INDUSTRY SCORECARDS

- 8.1. The Transport Sector Charter Council and Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Maritime Transport and Services Industry Sub-Sector Code to the Amended B-BBEE Codes of Good Practice. The Maritime Transport and Services Industry Codes, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Maritime Transport and Services Industry Sector.
- 8.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 8.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.

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- 8.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Act and the B-BBEE Codes of Good Practice issued by **the dti**. Where there is any conflict the Amended Codes of Practice takes precedence.
- 8.5. Sector specific sub-elements will be clearly defined in the Maritime Transport and Services Industry Sub-Sector Code.

### **6. MARITIME TRANSPORT AND SERVICES INDUSTRY B-BBEE SCORECARDS**

#### **6.1. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

- 6.1.1 This Draft Amended Broad-Based Black Economic Empowerment Sub-Sector Code for the Maritime Transport and Services Industry Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Amendment Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

- 16. Ownership**
- 17. Management Control**
- 18. Skills Development**
- 19. Enterprise and Supplier Development**
- 20. Socio- Economic Development**

#### **6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

- 6.1.2.1. The priority Elements are as follows:

##### **6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

##### **6.1.2.1.4 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

##### **6.1.3.1.3. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- X. 10 points under the Preferential Procurement category;
- XI. 4 points under the Supplier Development category; and
- XII. 2 points under the Enterprise Development category.

#### **6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

- 6.5.3.4 A Large Enterprise is required to comply with all the Priority Elements; and
- 6.5.3.5 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.



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**6.6 DISCOUNTING PRINCIPLE EFFECTS**

6.2.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

6.2.1.1 The discounted level of the Measured Entity due to non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Professional ("the B-BBEE Status Level");

**6.5. WEIGHTINGS**

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1, 6.10.2. and 6.10.3 below.

**6.6. TARGETS**

6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Maritime Transport and Services Industry enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

**6.20. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

6.20.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.

6.20.2. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.

6.20.3. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

6.20.3.1. Despite paragraphs 6.5.2 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

6.20.3.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

6.20.3.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

6.20.4. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:

6.20.4.1.1. Total annual Revenue of R 10 Million or less; and

6.20.4.1.2. Level of Black ownership.

6.20.5. Any misrepresentation in terms of Para 6.5.4 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

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- 6.21.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.
- 6.21.2. A QSE must comply with all of the elements of the Maritime Transport and Services Industry Sector Qualifying Small Enterprise Scorecard (Code MSC 600) for the purposes of measurement.
- 6.21.3. Enhanced B-BBEE recognition level for QSE:
- 6.21.3.1. A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.
- 6.21.3.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.
- 6.21.3.3. A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:
- 6.21.3.3.1. Total annual Revenue of more than R 10 Million but less than R50 Million; and
- 6.21.3.3.2. Level of Black ownership; and
- 6.21.3.3.3. Empowering Supplier status.
- 6.21.4. Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.
- 6.21.5. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3, will be required to obtain a verification certificate to substantiate their B-BBEE status.

**6.22. ELIGIBILITY AS A LARGE ENTERPRISE**

- 6.22.1. Any enterprise within the scope of application para 4 with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.
- 6.22.2. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.23. START-UP ENTERPRISES**

- 6.23.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.
- 6.23.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5. of this Statement.
- 6.23.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.
- 6.23.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.24. ELIGIBILITY AS A BLACK NEW ENTRANT**

- 6.9.1 A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

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**6.10 DURATION OF THE MARITIME TRANSPORT AND SERVICES INDUSTRY SUB-SECTOR CODE**

- 6.10.1** An Maritime Transport and Services Industry Sub-Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Amendment Act.
- 6.10.2** This draft amended sub-sector code be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES MSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE MARITIME TRANSPORT AND SERVICES INDUSTRY****STATEMENT MSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No 53 of 2003 as amended by B-BBEE Act. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	The Ownership Scorecard	11
3.	Guiding Principles	12
4.	Key Measurement Principles	12

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 14. OBJECTIVES OF THIS STATEMENT

- 14.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 14.2. Define the key measurement and guiding principles;
- 14.3. Specify the stakeholder undertakings; and
- 14.4. Specify the specific measurement principles applicable to various types of Entities.

### 15. THE OWNERSHIP SCORECARD

- 2.1 The following table represents the criteria used for deriving a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>2.1 Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector will be approved by the Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in Statement 103, code series 400 and 500 of the Codes of Good Practice.	25	<b>Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries
<b>Ownership</b>	<b>2.2. Voting Rights</b>		
	2.2.1. Exercisable voting rights in the hands of Black people	4	25% + 1 Vote
	2.2.1. Exercisable voting rights in the hands of Black Women	2	10%
	<b>2.3. Economic Interest</b>		
	2.3.1. Economic interest in the hands of Black people	4	25%
	2.3.2. Economic interest in the hands of Black Women	2	10%
	2.3.4. Economic interest of the following Black natural people in Enterprise: • Black designated groups; • Black Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad based Ownership Schemes; • Black participants in Co-operatives	4	5%
	2.3.5. Involvement in the ownership by Black new Entrants	5	7.5%
	<b>2.6. Realization Points</b>		
	2.6.1. Net Value/Net Economic Interest	8	Formula A and Formula B of

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

			Annexure 100 (D) of the DTI Codes
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### 16. GUIDING PRINCIPLES

- 16.1. Our vision is to achieve significant black ownership, management control and operational involvement throughout the industry value chain. We recognise the unique nature of the industry, the high levels of risk and the capital-intensive nature of the business. However, we will collectively strive to overcome these obstacles by developing unique funding and equity participation initiatives. Our challenge is to identify opportunities across the public and private sectors to accelerate black ownership.

### 17. KEY MEASUREMENT PRINCIPLES

- 17.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
- 17.1.1. a Company as defined in the Companies Act of 2008 (as amended);
  - 17.1.2. a Close corporation;
  - 17.1.3. a Co-operative;
  - 17.1.4. a Trust;
  - 17.1.5. a Broad-Based Ownership Scheme;
  - 17.1.6. an Employee Share Ownership Programme;
  - 17.1.7. a partnership or other association of natural persons; and
  - 17.1.8. any form of juristic person recognised under South African law.
- 17.2. The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 17.3. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 17.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 17.5. 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 Amended Generic Code of Good Practice. The targets as contained in the ownership element of this draft amended sector code will apply.
- 17.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Generic Code of Good Practice.
- 17.7. 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 Amended Generic Code of Good Practice.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES MSC200: MEASUREMENT OF THE MANAGEMENT CONTROL  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT MSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	Management Control Scorecard	14
3.	Guiding Principles	15
4.	Key Measurement Principles	15

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 10. OBJECTIVES OF THIS STATEMENT

- 4.7. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 4.8. Define the key measurement and guiding principles;
- 4.9. Specify the stakeholder undertakings; and
- 4.10. Specify the specific measurement principles applicable to various types of Entities.

### 11. THE MANAGEMENT CONTROL SCORECARD

- 2.1 The following table represents the criteria used for deriving a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>2.1. Board Participation</b>		
	2.1.1. Exercisable voting rights of Black board members as a percentage of all board members	2	50%
	2.1.2. Exercisable voting rights of Black women as a percentage of all board members	1	25%
	2.1.3. Black Executive directors as a percentage of total number of executive directors	2	50%
	2.1.4. Black Women Executive directors as a percentage of total number of executive directors	1	25%
	<b>2.2. Other Executive Management</b>		
	2.2.1. Black Executive Management as a percentage of all executives management	2	60%
	2.2.2. Black Female Executive Management as a percentage of all executives management	1	30%
	<b>2.3. Senior Management</b>		
	2.3.1. Black employees in senior management as a percentage of all senior management	2	60%
	2.3.2. Black female employees in senior management as a percentage of all senior management	1	30%
	<b>2.4. Middle Management</b>		
	2.4.1. Black employees in middle management as a percentage of all middle management	2	75%
	2.4.2. Black female employees in middle management as a percentage of all middle management	1	38%
	<b>2.5. Junior Management</b>		
	2.5.1. Black employees in junior management as a percentage of all junior management	1	88%
	2.5.2. Black female employees in junior management as a percentage of all junior management	1	44%
	<b>2.6. Black Youth Employees</b>		
	2.6.1. Black youth in technical/professional positions as a percentage of technical/professional employees	1,5	10%
	2.6.2. Black youth in all other positions as a percentage of all employees	0,5	5%
	<b>2.7. Employees with disabilities</b>		



**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
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2.7.1.Black employees with disabilities as a percentage of all employees	2	2%
2.7.2.Black female employees with disabilities as a percentage of all employees	1	1%

**12. GUIDING PRINCIPLE**

- 12.1.** Our guiding principle is to increase the participation of black people on MT & SI company boards and similar governing structures to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. This involves the promotion of the appointment of black people to board of directors, executive positions, and top management positions. The appointment of black women to these positions is an integral part of this guiding principle. The industry will be transparent, endeavour to eliminate unscrupulous business practices including misrepresentation and fraud, and adopt best-practice corporate governance policies as outlined in the King III report.
- 12.2.** This will require that all stakeholders create a supportive culture within their organizations to be an 'Employer of Choice', attract new talent, facilitate the development of existing employees and accelerate their progress into key positions within the industry. By complying with the Employment Equity (EE) Act, and presenting accurate figures and statistics on EE to the Department of Labour (DoL), within the spirit of this Charter.

**13. KEY MEASUREMENT PRINCIPLES**

- 13.1.** Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Amended Generic Code of Good Practice.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES MSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT MSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Pages</b>
1.	Objectives of this Statement	17
2.	The Skills Development Scorecard	17
3.	Guiding Principles	17
4.	Mandatory Training	18

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 15. OBJECTIVES OF THIS STATEMENT

- 15.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;
- 15.2. Define the key measurement principles associated with the Skills Development Element; and
- 15.3. Indicate the formula for measuring the Skills Development Element.

### 16. THE SKILLS DEVELOPMENT ELEMENT SCORECARD

- 2.1 The following table represents the criteria used for deriving a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leviable Amount	5	0,50%
	<b>2.2. Management Development Programmes</b>		
	2.2.1. Number of Black people participating in Management Development Programmes as a percentage of Junior Management and above	4	2,5%
	<b>2.3. Learnerships, Apprenticeships and Internships and Training</b>		
	2.3.1. Number of Black Employees participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	4	2,5%
	2.3.2. Number of Black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,5%
	<b>2.4. Bonus Points</b>		
	2.4.1. Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%

### 17. GUIDING PRINCIPLES

- 17.1. Our vision is to substantially increase the economic value add of every black employee in the Maritime Transport and Services Industry through the application of best practice Human Resource and Skills Development policies and an increase in the scale of initiatives aimed at

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

developing black professionals and technical experts. Training black people, including black women and black people living with disabilities, will facilitate this.

### 18. MANDATORY TRAINING

18.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

#### Mandatory Training List

Number	Name of Training	Description	Legislation support	Proposed Threshold	Justification/Motivation	% of Current Spend
1	Marine Training	Advanced Marine Fire Fighting	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	70%
2	Marine Training	Basic Rigging	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	50%
3	Marine Training	Basic Working at Heights	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	50%
4	Marine Training	Competence in Survival Craft & Rescue Boats	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
5	Marine Training	First Aid at Sea	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
6	Marine Training	Global Maritime Distress Signals System	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	50%
7	Marine Training	Marine Fire Fighting	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
8	Marine Training	Marine First Aid	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
9	Marine Training	Master Port Operations	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	60%
10	Marine Training	Medical Care / Ship Captain	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%

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11	Marine Training	Medical First Aid	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
12	Marine Training	Operation of a Forklift up to 15000 kg - Workshop	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
13	Marine Training	Personal Safety & Social Responsibility	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
14	Marine Training	Personal Survival Techniques (PST)	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
15	Marine Training	Proficiency in Lifecraft	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	70%
16	Marine Training	Proficiency in Survival Craft	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	70%
17	Marine Training	Ship Safety Officer	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
18	Marine Training	Ship Security Officer	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
19	Marine Training	Skipper Course for Divers Craft	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
20	Marine Training	Skippers License and VHF Radio License	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
21	Marine Training	Truck Mounted Crane	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	70%
22	Marine Training	Vessel Traffic Controller	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	70%
23	Marine Training	Private Pilot License (PPL)	SAMSA Regulations, 1998	80%	The business will not be able to continue and fined for non-compliance	80%
24	Marine Training	Rotorcraft general &	SAMSA Regulations,	80%	The business will not be able to continue and	80%

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		Trade certification	1998		fined for non-compliance	
25	Safety & Compliance Training	Fire Fighter 1	Fire Brigade Services Act	80%	The business will not be able to continue and fined for non-compliance	80%
26	Safety & Compliance Training	Fire Fighter 2	Fire Brigade Services Act	80%	The business will not be able to continue and fined for non-compliance	80%
27	Safety & Compliance Training	Fire Prevention & Safety	Fire Brigade Services Act	80%	The business will not be able to continue and fined for non-compliance	80%
28	Safety & Compliance Training	First Aid Level 1	Occupational Health & Safety Act, 1993	80%	The business will not be able to continue and fined for non-compliance	80%
29	Safety & Compliance Training	First Aid Level 2	Occupational Health & Safety Act, 1993	80%	The business will not be able to continue and fined for non-compliance	80%
30	Safety & Compliance Training	First Aid Level 3	Occupational Health & Safety Act, 1993	80%	The business will not be able to continue and fined for non-compliance	80%
31	Safety & Compliance Training	Advanced Fire Fighting	Fire Brigade Services Act	80%	The business will not be able to continue and fined for non-compliance	80%
33	Safety & Compliance Training	Basic Fire Fighting	Fire Brigade Services Act	80%	The business will not be able to continue and fined for non-compliance	80%
34	Safety & Compliance Training	Environmental Management	Regulated by Department of Environmental Affairs: National Environmental Management Act no 107 of 1998	80%	The business will not be able to continue and fined for non-compliance	50%
35	Safety & Compliance Training	Risk Control training	Regulated by Department of Environmental Affairs: National Environmental Management Act no 107 of 1998	80%	The business will not be able to continue and fined for non-compliance	50%

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36	Straddle Novice/Recertification	Operate a Container Straddle Carrier		100%	Core for Business Continuity	3%
37	Crane Novice/Recertification	Operate a crane		100%	Core for Business Continuity	3%
38	RMG Novice/Recertification	Operate a Rail Mounted Gantry		100%	Core for Business Continuity	3%
39	Bulk equipment	Operate Reclaimer, Stacker, Shiploader, Unloader		100%	Core for Business Continuity	3%
40	Counter Balanced Lift Truck Novice/Recertification	Operate a Counter Balanced Lift Truck		100%	Core for Business Continuity	3%
41	Container High Reach Stacker Novice/Recertification	Operate Container High Reach Stacker		100%	Core for Business Continuity	3%
42	Driver Articulated Vehicle Familiarization	Driver Articulated Vehicle training		100%	Core for Business Continuity	3%
43	Empty Container Handler Novice/Recertification	Operate and empty container handler		100%	Core for Business Continuity	3%
44	Front End Loader - Bobcat Novice/Recertification	Operate a front end loader		100%	Core for Business Continuity	3%
45	Mobile Elevating Work Platform Novice/Recertification	Operate a Mobile Elevating Work Platform		100%	Core for Business Continuity	3%
46	Mobile Harbour Crane - Novice/Recertification	Operate a Mobile Harbour Crane		100%	Core for Business Continuity	1%
47	Overhead Gantry Crane Cabin Controlled - Novice/Recertification	Operate an overhead gantry crane cabin controlled		100%	Core for Business Continuity	1%
48	Overhead Gantry Crane Pendant Novice/Recertification	Operate an overhead gantry crane pendant controlled		100%	Core for Business Continuity	1%
49	Rubber Tyred Gantry Crane	Operate a Rubber Tyred		100%	Core for Business Continuity	1%

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	Novice/relicensing	Gantry Crane				
50	Ship to Shore Crane Novice/Recertification	Operate a cantilever ship to shore crane		100%	Core for Business Continuity	2%
51	Wharfside Rail Mounted Jib Crane - Novice/Recertification	Operate a wharfside rail mounted jib crane		100%	Core for Business Continuity	1%
52	Tractor Trailer - Novice/Recertification	Operate a tractor trailer		100%	Core for Business Continuity	1%
53	A- Brown and C- Green	Entering of substations		100%	Core for Business Continuity	1%
54	First Aid	Emergency procedure		100%	Core for Business Continuity	1%
55	SHE Rep, Fire Fighting, RCAT	Safety Procedures		100%	Core for Business Continuity	1%
56	Personal safety & social responsibility	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
57	Medical first aid	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
58	Competency in security awareness	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
59	Competence in survival craft	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
60	Designated security duties	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
61	Global maritime distress & safety systems	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
62	Personal survival techniques	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
63	Able seafarer deck	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
64	Ship security officer	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
65	Able seafarer engine	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
66	Bridge watchkeeping	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
67	ECDIS	SAMSA Code Ancillary Course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	



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68	Auxiliary boiler familiarisation	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
69	Engine room plant familiarization	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
70	Engine room watchkeeping	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
71	Marpol	SAMSA Code Ancillary Course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
72	Refrigeration	SAMSA Code Ancillary Course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
73	Communication level 1	SAMSA code ancillary course (STCW)		100%	Compulsory for obtaining/revalidating seagoing qualification	
74	Fire warden	As required by occupational health and safety act		Minimum required by OHS Act	Employee's trained in excess of the minimum number are for the development of employees and their well-being and is not required by law.	
77	Reachstacker licence	Training to obtain a licence to drive a reach stacker or similar equipment, used in container handling		Allow initial training, disallow subsequent certifications	Initial training should be allowed to be included as this is to the development of the individual and requires the use of the company's resources (equipment, fuel, licenced driver to supervise). Subsequent licences could be considered as not claimable, as this is not developmental but required for the employee to continue working in their current capacity.	

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES MSC400: MEASUREMENT OF THE ENTERPRISE AND  
SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT MSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND  
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 10. OBJECTIVES OF THIS STATEMENT

- 10.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 10.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 10.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 10.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

### 11. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

- 2.1** The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Enterprise and Supplier Development</u></b>	<b>2.1.1. PREFERENTIAL PROCUREMENT</b>		
	2.1.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	2.1.1.2. B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	3	15%
	2.1.1.3. B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	15%
	2.1.1.4. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%
	2.1.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	12%
	<b>Bonus Points</b>		
	2.1.1.6 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	2%
	<b>2.2. SUPPLIER DEVELOPMENT</b>		

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2.2.1. Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	10	2% of NPAT
<b>2.3. ENTERPRISE DEVELOPMENT</b>		
2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
<b>2.4. BONUS POINTS</b>		
2.4.1. Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
2.4.2. Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

**12. GUIDING PRINCIPLE**

- 12.1.** To grow South Africa's Maritime Transport and Services Industry in order to stimulate and facilitate economic growth, we commit to increase procurement from black-owned, black women owned and empowered enterprises and implement best practice supplier development policies.
- 12.2.** We commit to creating and nurturing new B-BBEE enterprises across the industry. This will require all stakeholders to devise strategies to develop and/or support new B-BBEE enterprises.
- 12.3.** To help set up, nurture and grow viable BEE enterprises in the Maritime Transport and Services Industry sector that are majority-owned by black operators while developing existing companies

**DRAFT AMENDED CODE SERIES MSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT  
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT MSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO- ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as  
amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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3.	Guiding Principles	28

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 5. OBJECTIVES OF THIS STATEMENT

The objectives of this statement are to specify:

- 7.3. The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 7.4. The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 7.5. The formula for calculating the individual criteria specified in the SED scorecard.

### 8. THE SED SCORECARD

- 2.1 The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

### 9. GUIDING PRINCIPLE

- 9.1. Stakeholders to recognize their social responsibility by providing assistance to organizations requiring guidance and financial support in fulfilling their purpose and mandate.
- 9.2. Stakeholders can provide assistance to organizations, communities, institutions or charities considered worthy to receive support either in the Maritime Transport and Services Industry or non-Maritime Transport and Services Industry sector.

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**DRAFT AMENDED CODE SERIES MSC000: THE MARITIME TRANSPORT AND SERVICES INDUSTRY  
ADJUSTED SPECIALISED ENTERPRISE SCORECARD**

**STATEMENT MSC004: THE MARITIME TRANSPORT AND SERVICES INDUSTRY SPECIALISED  
ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003 as  
amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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ECONOMIC EMPOWERMENT CODE**

**STATEMENT MSC 004-200 – MANAGEMENT CONTROL FOR SPECIALISED ENTERPRISE**

**1. THE SPECIALISED ENTERPRISE MANAGEMENT CONTROL SCORECARD**

1.1 The following table represents the indicators and methods for calculating a score for Management Control under this statement:

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>Board Participation</b>		
	Exercisable voting rights of Black board members as a percentage of all board members	3	60%
	Exercisable voting rights of Black women as a percentage of all board members	2	30%
	Black Executive directors as a percentage of total number of executive directors	3	75%
	Black Women Executive directors as a percentage of total number of executive directors	2	40%
	<b>Other Executive Management</b>		
	Black Executive Management as a percentage of all executives directors	3	75%
	Black Female Executive Management as a percentage of all executives directors	2	35%
	<b>Management with disabilities</b>		
	Black People with disabilities as a percentage of all Management	2	1%
	Black Women with disabilities as a percentage of all Management	1	0,50%
	<b>Senior Management</b>		
	Black employees in senior management as a percentage of all senior management	2	65%
	Black female employees in senior management as a percentage of all senior management	1	35%
	<b>Middle Management</b>		
	Black employees in middle management as a percentage of all middle management	2	80%
	Black female employees in middle management as a percentage of all middle management	1	40%
	<b>Junior Management</b>		
	Black employees in junior management as a percentage of all junior management	2	88%
	Black female employees in junior management as a percentage of all junior management	1	44%
	<b>Black Youth Employees</b>		
	Black youth in technical positions as a percentage of employees in technical positions	2	15%
	<b>Employees with disabilities</b>		
	Black employees with disabilities as a percentage of all employees	2	2%
	Black women with disabilities as a percentage of all employees	1	1%



**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**6. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement MSC 200 are applicable to this statement.
- 2.13 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the codes of Good Practice.
- 2.14 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.15 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### STATEMENT MSC 004-300 – SKILLS DEVELOPMENT FOR SPECIALISED ENTERPRISE

#### 1. THE SPECIALISED ENTERPRISE SKILLS DEVELOPMENT SCORECARD

1.1 The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount		
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount	8	6%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leivable Amount	4	0,50%
	<b>Management Development Programmes</b>		
	Number of Black people participating in Management Development Programmes as a percentage of Junior Management and above	3	3%
	<b>Learnerships, Apprenticeships and Internships</b>		
	Number of Black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	5%
	Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	5	3%
	<b>Bonus Points</b>		
	Number of black people absorbed by the measured and Industry entity at the end of the learnerships programme	5	100%

#### 2. KEY MEASUREMENT PRINCIPLES

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement MSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the Specialised Enterprise Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
- 2.4. The learning matrix under code series MSC300 is applicable to this statement.

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ECONOMIC EMPOWERMENT CODE**

- 2.5. The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.6. Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice

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ECONOMIC EMPOWERMENT CODE**

**STATEMENT MSC 004-400 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR SPECIALISED ENTERPRISE**

**1. THE SPECIALISED ENTERPRISE, ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

1.1 The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Enterprise and Supplier Development</b>	<b>Preferential Procurement</b>		
	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	5	20%
	B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	8	40%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black youth owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	2	10%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% owned by Black people living with disabilities based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	2	5%
	<b>Bonus Points</b>		
	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	3	5%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	15	2% of NPAT or 0.2% of Annual Revenue/Allocated Budget/Gross

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ECONOMIC EMPOWERMENT CODE**

			Receipts/Discretionary Spend
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT or 0.1% of Annual Revenue/Allocated Budget/Gross Receipts/Discretionary Spend
	<b>Bonus Points</b>		
	Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
	Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement MSC400 are applicable to this statement.
- 2.8 Any interpretation or calculation of a Specialised Entity's score for Enterprise and Supplier Development must be made in accordance with statement MSC400
- 2.9 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**STATEMENT MSC 004-500–SOCIO ECONOMIC DEVELOPMENT FOR SPECIALISED  
ENTERPRISE**

**1. THE SPECIALISED ENTERPRISE SOCIO-ECONOMIC DEVELOPMENT SCORECARD**

- 1.1 The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

Indicator	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	Annual value of Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	10	1.5% of NPAT or 0.15% Annual Revenue/Allocated Budget/Gross Receipts /Discretionary Spend

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement MSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a Specialised Entity's score for Socio-Economic Development must be made in accordance with statement MSC500.
- 2.3. Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES MSC600: THE MARITIME TRANSPORT AND SERVICES INDUSTRY  
QUALIFYING SMALL ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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ECONOMIC EMPOWERMENT CODE**

**STATEMENT MSC 601 - OWNERSHIP FOR QSE**

**7. THE QSE OWNERSHIP SCORECARD**

1.1 The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Ownership</b>	<b>1.1. Voting Rights</b>		
	1.1.1. Exercisable voting rights in the hands of Black people	5	25% + 1 Vote
	1.1.2. Exercisable voting rights in the hands of Black Women	2	10%
	<b>1.2. Economic Interest</b>		
	1.2.1. Economic interest in the hands of Black people	5	25%
	1.2.2. Economic interest in the hands of Black Women	2	10%
	1.2.3. Black New Entrants or Black Designated Groups	3	2%
	<b>1.3. Realization Points</b>		
	1.3.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

**8. MEASUREMENT OF QSE OWNERSHIP ELEMENT**

- 8.1. The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement MSC 100 for measuring of the Ownership element.
- 8.2. Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Generic Codes of Good Practice.



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ECONOMIC EMPOWERMENT CODE**

**STATEMENT MSC 602 – MANAGEMENT CONTROL FOR QSE**

**3. THE QSE MANAGEMENT CONTROL SCORECARD**

3.1 The following table represents the indicators and methods for calculating a score for Management Control under this statement:

<b><u>Management Control</u></b>	<b>1.1. Executive Management</b>		
	1.1.1. Black Executive Management as a percentage of all executives	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%
	<b>1.2. Non Executive Management</b>		
	1.2.1. Black representation at non- executive management as a percentage of all non-executive management	6	60%
	1.2.2. Black female representation at non-executive management as a percentage of all non-executive management	2	30%

**4. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement MSC 200 are applicable to this statement.
- 2.16 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement MSC 200.
- 2.17 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.18 Measurement principles needed for the application of the sector code with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Amended Generic Codes of Good Practice.
- 2.19 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### STATEMENT MSC 603 – SKILLS DEVELOPMENT FOR QSE

#### 1. THE QSE SKILLS DEVELOPMENT SCORECARD

1.1 The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Skills Development</u></b>	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leviable Amount	10	1.5%

#### 2. KEY MEASUREMENT PRINCIPLES

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement MSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
  - 2.3.3 The learning matrix under code series MSC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Codes of Good Practice.

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### STATEMENT MSC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE

#### 1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

1.1 The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

	Preferential Procurement		
<b><u>Enterprise and Supplier Development</u></b>	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

#### 2. KEY MEASUREMENT PRINCIPLES

- 2.1 The key measurement principles and sub-minimum requirements under statement MSC400 are applicable to this statement.
- 2.10 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement MSC400
- 2.11 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.

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ECONOMIC EMPOWERMENT CODE**

**STATEMENT MSC 605 – SOCIO-ECONOMIC DEVELOPMENT FOR QSE**

**1. THE QSE SOCIO-ECONOMIC DEVELOPMENT SCORECARD**

- 1.1 The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

<b><u>Socio-Economic Development</u></b>	Annual value of Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT
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**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement MSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement MSC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****SCHEDULE 1****SECTOR SPECIFIC SUB-INDICATORS****9. OWNERSHIP****9.3. FOREIGN OWNERSHIP**

- 1.1.1 Foreign Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 1.1.2 Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this Sub-Sector Code. They will be encouraged to sell equity in their local operations.
- 1.1.3 The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 1.1.4 Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 1.1.5 The Transport Sector Charter Council may motivate and endorse Equity Equivalent programmes to the Line Minister. The onus also lies on **the dti** to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

**2 MANAGEMENT CONTROL**

- 2.1 Black youth employees have been included as a sub-indicator as the MT & SI sector would like increase the number of youth in Technical and/or Professional positions in the sector.
- 2.2 The Specialised Enterprises have also included Black people living with disabilities in management as a sub-indicator.

**3 SKILLS DEVELOPMENT**

- 3.1 The Skills Development Element contained in Statement 300 of Code 300 of the Amended Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 3.2 The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****4 ENTERPRISE AND SUPPLIER DEVELOPMENT**

- 4.1 A 100% Black Owned or Black Female Owned EME or QSE, that is a recipient of Qualifying Supplier Development Contributions from a Measured Entity under Code series 400 that has a minimum 3 year contract with the Measured Entity, the recognizable B-BBEE Procurement Spend that can be attributed to that Supplier will be deemed by the Measured Entity as that of a EME or QSE for the duration of the contract regardless of the current turnover of the recipient.
- 4.2 Payments made by the Measured Entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the Measured Entity's behalf.
- 4.2.1 For the third party to be deemed as Suitably Qualified for the measured entity to outsource their Enterprise Development and Supplier Development initiatives and programmes, the rules below will apply, where applicable:
- 4.2.1.1 The economic interest and voting rights of the administrator of the fund must be at least 51% black owned;
- 4.2.1.2 The administrator of the fund must be B-BBEE compliant and be a superior B-BBEE contributor with a minimum recognition level of four;
- 4.2.1.3 The annual management fee for the programme may not exceed 20% and this must include the capacity building annual charge;
- 4.2.1.4 The administrator of the fund must possess the appropriate and necessary skill and experience;
- 4.2.1.5 The economic interest and voting rights of the administrator of the fund must be at least 51% black owned; and
- 4.2.1.6 The Enterprise Development Programme Manger responsible for overseeing the implementation of the programme by the administrator must be in possession of the B-BBEE Management Development Programme.
- 4.2.1.7 The Enterprise Development and Supplier Development initiatives and programmes should be detailed in the beneficiaries Enterprise Development and Supplier Development plans as per para 6.12 above.
- 4.2.1.8 For the avoidance of doubt the following percentage of contributions to a Suitably Qualified third party are only deemed to be recognised by the Measured Entity towards their Enterprise Development or Supplier Development:
- 4.2.1.8.1 45% of the contribution once they become payable to the third party; and
- 4.2.1.8.2 100% of the contribution upon completion and/or implementation of the initiatives or programme as per the Enterprise Development and Supplier Development plan.

**5. SOCIO-ECONOMIC DEVELOPMENT****5.1 Maritime Awareness Campaign**

- 5.1.1 Given the lack of awareness about the impact and contribution of the MT & SI in our economy, it becomes an imperative to embark on a comprehensive Maritime awareness campaign.

## DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### SCHEDULE 2

#### MCSC400 (A)

#### Enterprise Development and Supplier Development Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
<b>Grant and Related Contributions</b>		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
<b>Loans and Related Contributions</b>		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
<b>Equity Investments and Related Contributions</b>		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
<b>Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party</b>		
Enterprise Development and Supplier Development Investment into a fund that meets the defined criteria for the administration and execution/implementation of plan.	Investment Amount	45% upon investment and comprehensive plan of how contribution will be spent 100% once contribution is spent and there is detailed specification of spent
<b>Contributions made in the form of human resource capacity</b>		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%

**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK  
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Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
<b>Contributions made to the Transport Sector B-BBEE Charter Council</b>		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
<b>Other Contributions</b>		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

- 3.1 Over and above the permissible exclusions from Total Measured Procurement Spend recognisable in paragraph 6 of statement 400 of Code 400 of the Codes of Good Practice, the sub-sector would like to exclude the expenses.
- 3.2 The Specialised Enterprises have also included spend on 51% Black Youth and 51% Black people living with disabilities as a sub-indicator.



**DRAFT AMENDED MARITIME TRANSPORT AND SERVICES INDUSTRY BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****SCHEDULE 3****IMPLEMENTATION AND MONITORING AND EVALUATION INTERVENTIONS****3. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL****1.1 Fundamental principles :**

- 1.1.1 The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.1.2 The Charter Council will address the issues of principle and, in particular
- 1.1.3 Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from the effective date.
- 1.1.4 Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.1.5 If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.1.6 Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.1.7 The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.1.7.2 Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.1.7.4 Submit the annual review to the Presidential BEE Advisory Council for publication;
  - 1.1.7.5 Prepare interim reports at appropriate intervals;
  - 1.1.7.6 Undertake the reviews identified in terms of the sub-code;
  - 1.1.7.7 Accredite agencies to perform audits; and
  - 1.1.7.8 Engage with Government, the public sector, the private sector, the Presidential BEE Advisory Council, B-BBEE Commission and other regulatory agencies to promote the implementation of the sub-sector code.
- 1.1.8 When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
  - 1.1.8.1 The verification methodologies and procedures;
  - 1.1.8.2 More than 51% Black ownership;
  - 1.1.8.3 B-BBEE Certificate of the agency;
  - 1.1.8.4 Relevant Accreditation body;
  - 1.1.8.5 Completion of the dti MDP programmes;
  - 1.1.8.6 Attendance of DoT Sector Code Training;
  - 1.1.8.7 Demonstration of understanding of Sector Codes; and

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- 1.1.8.8 Prior Experience in rating Sector enterprises.
- 1.1.9 The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.1.10 Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe MSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.1.11 All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.1.12 Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.1.13 The Measured entity is a listed company; or
- 1.1.14 The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1 This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA LEVY AND B-BBEE IMPLEMENTATION**

- 3.1 When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

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**SCHEDULE 4**

**INTERPRETATION , ABBREVIATIONS AND DEFINITIONS**

**PART 1: INTERPRETATION**

The Maritime Transport and Services Industry Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Maritime Transport and Services Industry Sector Codes any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Maritime Transport and Services Industry Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Maritime Transport and Services Industry Sector Codes.

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### PART 2: ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 and amended from time to time
DOT	Department of Transport
dti	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
MT & SI	Maritime Transport and Services Industry
NDP	National Development Plan
NPAT	Net Profit After Tax
PP	Preferential Procurement
QSEs	Qualifying Small Enterprises
SAMSA	South African Maritime Authority
TETA	Transport Education and Training Authority
TNPA	Transnet National Ports Authority
TPT	Transnet Port Terminals

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### PART 3: DEFINITIONS

In this Draft Amended Maritime Transport and Services Industry Sector Codes unless the context otherwise requires:

Expressions, definitions and qualifications used in the Maritime Transport and Services Industry Sector Codes have the meaning assigned to them in the Maritime Transport and Services Industry Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure <input checked="" type="checkbox"/> formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>g. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>h. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>AIRLINE SERVICE PROVIDER</b>	Are those service providers that give service to airline companies e.g. catering services, travel news magazine, etc. [??]
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>s. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>t. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>u. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>v. Black people living in rural and under developed areas; and</li> <li>w. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>x. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>g. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>h. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>

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<b>EMPOWERING SUPPLIER</b>	<p>An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of the following criteria:</p> <ul style="list-style-type: none"> <li>p. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</li> <li>q. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</li> <li>r. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</li> <li>s. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</li> <li>t. At least 85% of labour costs should be paid to South African employees by service industry entities</li> </ul>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL BUSINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED ENTERPRISE</b>	State-Owned Companies in the Maritime Industry such as Transnet National Ports Authority, Transnet Ports Terminal, etc.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:

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	<p>(d) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</p> <p>X. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>XI. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>XII. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the Act as amended.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000 of the Codes.

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TRANSPORT PUBLIC SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF  
THE B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT 46 OF 2013**



**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES PSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN PUBLIC SECTOR TRANSPORT SECTOR**

**STATEMENT PSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as  
amended by B-BBEE Act No. 46 of 2013

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**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****2. PREAMBLE**

- 4.1. We, the stakeholders of the Transport Public Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 4.2. We, the stakeholders of the Public Sector, organised as Government, industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 4.3. The Public Sub-Sector Code expresses the commitments of all stakeholders in the Public Sector to the empowerment and transformation of the Sector. All the stakeholders of the Public Sub-Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sector Code.
- 4.4. We, the stakeholders of the Public Sector, will submit to the dti to publish the Amended Public B-BBEE Codes as a final code in terms of the Broad – Based Black Economic Empowerment Act No. 53 of 2003 as amended. We will ensure that the Public B-BBEE Codes fulfils the requirements set out under section 9 for publishing in the Government gazette as a sector code, namely that it:
- 4.4.1. Has no deviations from the dti Amended B-BBEE Codes definitions and principles;
- 4.4.2. The calculation methodologies to measure compliance are those used in the dti Amended B-BBEE Codes; and
- 4.4.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

**2. OBJECTIVES****2.1. OBJECTIVES OF THE TRANSPORT PUBLIC SECTOR CODES**

- 2.1.1. The Transport Public Sector B-BBEE Codes have been developed to advance the objectives of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013;
- 2.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the Transport Public Sector;
- 2.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the Public Sector;
- 2.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and
- 2.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

**2.2. OBJECTIVES OF THIS STATEMENT PSC000**

- 2.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Public Sector Transport Sector;

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- 2.2.2. Specify the application of the Public Sector Transport Sub-Sector Code and the basis for measurement under the Public Sector Transport Sub-Sector Code;
- 2.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Public Sector Transport Sector
- 2.2.4. Specify the method of measuring Start-Up Enterprises;
- 2.2.5. Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of The Public Sector Transport Sector Codes;
- 2.2.6. Specify the basis for determining compliance by Entities with the Public Sector Transport Sector Codes; and
- 2.2.7 Provide for the Effective Date of the Public Sector Transport Sub-Sector Code.

### **3. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

#### **3.1. DEPARTMENT OF TRANSPORT**

##### **3.1.1. GUIDING PRINCIPLES**

###### **3.1.1.1. A World Class Industry**

We, 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.

###### **3.1.1.2. Accelerating B-BBEE in the Transport Sector**

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.

###### **3.1.1.3. A world Class Department of Transport**

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.

##### **3.1.2. THREE PILLARS OF THE SCORECARD**

- 3.1.2.1 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 B-BBEE objectives amongst

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

- 3.1.2.2 Secondly, the Codes seeks to encourage transport SOCs 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.
- 3.1.2.3 Thirdly, the Codes has an external focus because the DoT is the facilitator and the custodian of the Transport Sector B-BBEE Codes. Stakeholders expect the Department to play a critical role in the Implementation of the 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 charter process will spawn.
- 3.1.2.4 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.

### **3.2 STATE-OWNED COMPANIES**

#### **3.2.1 GUIDING PRINCIPLES**

- 3.2.1.1 Our vision is to maximise the impact on the economy of the SOCs and agencies that report to the DoT and ensure that they continue to implement aggressive transformation policies. The SOCs 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 SOCs and agencies in areas such as ownership, employment equity, enterprise and supplier development and job creation.

### **4. SCOPE OF APPLICATION**

- 4.1. The Broad-Based Black Economic Empowerment Public Sub-Sector Code is specifically aimed at accelerating transformation within the Transport Sector. The key stakeholders in this process are:
- 4.1.1. Department of Transport;
- 4.1.2. Transport Agencies;
- 4.1.3. State-Owned Companies (SOCs);
- 4.1.4. Provincial Departments of Transport;
- 4.1.5. Local authorities (including metropolitan councils);

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4.1.6. Labour; and

4.1.7. Transport Education and Training Authority.

### **4.2. Guiding Principle**

4.2.1. We 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 Sector Code. Accordingly, we will invest new financial and human resources and capacity to participate meaningfully in the process.

### **4.3. Undertakings**

4.3.1. The sector commits to:

4.3.1.1. Embrace and lead the implementation of the Transport Sector B-BBEE Codes 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.

4.3.1.2. Monitor actual progress made in meeting B-BBEE targets, together with stakeholders.

4.3.1.3. 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.

4.3.1.4. Co-ordinate the Transport B-BBEE Steering Committee and participate in establishing the Transport Sector B-BBEE Charter Council that will drive the overall B-BBEE Strategy for the Transport Sector.

4.3.1.5. Ensure inter-departmental co-ordination of B-BBEE initiatives across government.

## **9. DEVELOPMENT OF THE TRANSPORT PUBLIC SECTOR SCORECARDS**

9.1. The Transport Sector Charter Council and Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Public Sector Transport Sector Codes to the Amended B-BBEE Codes of Good Practice. The Public Sector Transport Codes, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Public Sector Transport Sector.

9.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.

9.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.

9.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Amendment Act and the Amended B-BBEE Codes of Good Practice issued by the dti. Where there is any conflict the Codes of Practice takes precedence.

9.5. Sector specific sub-elements will be clearly defined in the Public Sector Transport Codes.

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****6. TRANSPORT PUBLIC SECTOR B-BBEE SCORECARDS****6.1. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

6.1.1 This Broad-Based Black Economic Empowerment Codes for the PUBLIC SECTOR Transport Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Amendment Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

**21. Ownership**

**22. Management Control**

**23. Skills Development**

**24. Enterprise and Supplier Development**

**25. Socio- Economic Development**

**6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

6.1.2.1. The priority Elements are as follows:

**6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

**6.1.2.1.5 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

**6.1.3.1.4. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- XIII. 10 points under the Preferential Procurement category;
- XIV. 4 points under the Supplier Development category; and
- XV. 2 points under the Enterprise Development category.

**6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

6.6.3.1 A Large Enterprise is required to comply with all the Priority Elements;

6.6.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

**6.7 DISCOUNTING PRINCIPLE EFFECT**

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**6.7.3.1** Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

**6.7.3.2** The discounted level achieved by the Measured Entity due to non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Professionals ("the B-BBEE Status Level");

### **6.8 WEIGHTINGS**

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1 and 6.10.3 below.

### **6.4. TARGETS**

6.4.1 The target represents the ideal scenario at which measured entities will score full points for proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

### **6.5. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

6.24.1. Any enterprise within the scope of application para 4 with a Total Annual Revenue/Allocated Budget/Gross Receipts of R10 Million or less qualifies as an Exempted Micro-Enterprise.

6.24.2. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.

6.24.3. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

6.24.3.1. Despite paragraphs 6.5.2 an EME which is at least 75% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

6.24.3.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

6.24.3.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

6.24.4. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:

6.24.4.1.1. Total annual Revenue/Allocated Budget/Gross Receipts of R10 Million or less; and

6.24.4.1.2. Level of Black ownership.

6.24.5. Any misrepresentation in terms of Para 6.5.4 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

### **6.25. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

- 6.25.1. Any enterprise within the scope of application para 4 with a Total Annual Revenue/Allocated Budget/Gross Receipts of R10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.
- 6.25.2. A QSE must comply with all of the elements of the Public Sector Transport Sector Qualifying Small Enterprise Scorecard (Code PSC 600) for the purposes of measurement.
- 6.25.3. Enhanced B-BBEE recognition level for QSE:
- 6.25.3.1. A Qualifying Small Enterprise which is at least 75% Black Owned qualifies for Level One B-BBEE recognition.
- 6.25.3.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.
- 6.25.3.3. A QSE that is 51% Black owned or 75% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:
- 6.25.3.3.1. Total annual Revenue/Allocated Budget/Gross Receipts of more than R 10 Million but less than R50 Million; and
- 6.25.3.3.2. Level of Black ownership; and
- 6.25.3.3.3. Empowering Supplier status.
- 6.25.4. Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.
- 6.25.5. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3, will be required to obtain a verification certificate to substantiate their B-BBEE status.

**6.26. ELIGIBILITY AS A LARGE ENTERPRISE**

- 6.26.1. Any enterprise within the scope of application para 4 with a Total Annual Revenue/Allocated Budget/Gross Receipts of above R50 Million qualifies as a Large Enterprise.
- 6.26.2. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.27. START-UP ENTERPRISES**

- 6.27.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.
- 6.27.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5. of this Statement.
- 6.27.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.
- 6.27.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.



**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**6.28. ELIGIBILITY AS A BLACK NEW ENTRANT**

- 6.28.1. A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total value of more than R50 million, measured using a standard valuation method.

**6.10 DURATION OF THE TRANSPORT PUBLIC SECTOR SECTOR CODES**

- 6.10.1** An Transport Public Sector Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Amedment Act.
- 6.10.2** This sector code will be reviewed every 2.5 years with the assistance of Industry and the Transport Sector B-BBEE Charter Council and revised every 5 years.

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES PSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-  
BASED BLACK ECONOMIC EMPOWERMENT IN THE PUBLIC SECTOR TRANSPORT SECTOR****STATEMENT PSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
OF 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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2.	The Ownership Scorecard	12 & 13
3.	Guiding Principles	12

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**18. OBJECTIVES OF THIS STATEMENT**

- 18.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 18.2. Define the key measurement and guiding principles;
- 18.3. Specify the stakeholder undertakings; and
- 18.4. Specify the specific measurement principles applicable to various types of Entities.

**19. THE OWNERSHIP SCORECARD**

- 2.1 The ownership element table (see page 13 below) represents the criteria used for deriving a score for Ownership under this statement.

**20. GUIDING PRINCIPLES**

- 20.1. Our guiding principle is to increase black ownership of assets, management control and operational involvement across the entire spectrum of the Public industry value chain and design appropriate funding mechanisms to facilitate the process. We recognise that the majority of Public industry assets are publicly owned. However, the challenge is to identify opportunities outside the public sector and use the purchasing power of the Public Parastatals to fast track the development of new black enterprises in the industry.

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

Indicator	Indicators of Empowerment	Government Weightings	Government Targets	SOC1 Weightings <sup>4</sup>	SOC1 Targets (Privatised)	SOC2 Weightings <sup>5</sup>	SOC2 Targets
<u>Ownership</u>	2.1.Voting Rights	N/A	N/A			N/A	N/A
	2.1.1.Exercisable voting rights in the hands of Black people			4	30%		
	2.1.2.Exercisable voting rights in the hands of Black Women			2	10%		
	2.2.Economic Interest						
	2.2.1. Economic interest in the hands of Black people			4	30%		
	2.2.2. Economic interest in the hands of Black Women			2	10%		
	2.2.3. Economic interest of the following Black natural people in Enterprise: • Black designated groups; •Black Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad based Ownership Schemes; • Black participants in Co-operatives			3	3%		
	2.2.4. Involvement in the ownership by Black new Entrants			2	5%		
	2.5. Realization Points						
	2.5.1. Net Value/Net Economic Interest			8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes		

<sup>4</sup> These are points/weightings allocation in the event of an asset disposal and/or upon restructuring.

<sup>5</sup> These are points/weightings allocation prior to disposal of assets and/or restructuring.

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES PSC200: MEASUREMENT OF THE MANAGEMENT CONTROL  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT PSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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4.	Key Measurement Principles	15

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE****14. OBJECTIVES OF THIS STATEMENT**

- 4.11. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 4.12. Define the key measurement and guiding principles;
- 4.13. Specify the stakeholder undertakings;
- 4.14. Specify the specific measurement principles applicable to various types of Entities;

**5. THE MANAGEMENT CONTROL SCORECARD**

- 2.1 The management control table (see page 16 below) represents the criteria used for deriving a score for Management Control under this statement.

**6. GUIDING PRINCIPLE**

- 6.1. Industry commits to increase black participation on company boards and similar governance structures across the sector to become more representative of the overall country demographics and gender diversity.
- 6.2. We aim to increase black participation on company boards and similar governing structures across the sector to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. The industry will be transparent, eliminate unscrupulous Public iness practices including fronting and fraud, and adopt best-practice corporate governance policies.
- 6.3. To increase the representation of black people in senior management, professional, technical and supervisory occupations in the Public industry. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

**7. KEY MEASUREMENT PRINCIPLES**

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

## DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicators of Empowerment	Government Weightings	Government Targets	SOC1 Weightings (Privatised)	SOC1 Targets (Privatised)	SOC2 Weightings	SOC2 Targets
<b>2.1. Board Participation</b>						
2.1.1. Exercisable voting rights of Black board members as a percentage of all board members	N/A	N/A	2	50%	3	60%
2.1.2. Exercisable voting rights of Black women as a percentage of all board members			1	25%	2	30%
2.1.4. Black Executive directors as a percentage of total number of executive directors	3	75%	2	50%	3	75%
2.1.5. Black Women Executive directors as a percentage of total number of executive directors	2	35%	1	25%	2	40%
<b>2.2. Black Youth in Management</b>						
2.2.1. Black Youth in Management as a percentage of senior management and above	4	20%	N/A	N/A	3	15%
<b>2.3. Other Executive Management</b>						
2.3.1. Black Executive Management as a percentage of all Executives Management	3	70%	2	60%	3	75%
2.3.2. Black Female Executive Management as a percentage of all Executives Management	2	35%	1	30%	2	35%
<b>2.4. Management with disabilities</b>						
2.4.1. Black People with disabilities as a percentage of all Management	2	2%	N/A	N/A	2	2%
2.4.2. Black Women with disabilities as a percentage of all Management	1	1%			1	1%
<b>2.5. Senior Management</b>						
2.5.1. Black employees in senior management as a percentage of all senior management	2	70%	2	60%	2	60%
2.5.2. Black female employees in senior management as a percentage of all senior management	1	35%	1	30%	1	30%
<b>2.6. Middle Management</b>						
2.6.1. Black employees in middle management as a percentage of all middle management	2	75%	2	75%	2	75%
2.6.2. Black female employees in middle management as a percentage of all middle management	1	38%	1	38%	1	38%
<b>2.7. Junior Management</b>						
2.7.1. Black employees in junior management as a percentage of all junior management	1	88%	2	88%	1	88%
2.7.2. Black female employees in junior management as a percentage of all junior management	1	44%	1	44%	1	44%
<b>2.8. Black Youth Employees</b>						
2.8.1. Black youth in technical positions as a percentage of employees in technical positions	2	30%	N/A	N/A	2	20%
2.8.2. Black youth in all other positions as a percentage of employees	1	10%	1	10%	1	10%
<b>2.9. Employees with disabilities</b>						
2.9.1. Black employees with disabilities as a percentage of all employees	2	2%	2	2%	2	2%
2.9.2. Black women with disabilities as a percentage of all employees	1	1%	N/A	N/A	1	1%

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES PSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT PSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment  
Act No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Pages</b>
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3.	Guiding Principles	18
4.	Mandatory Training	18
5.	Legitimate Training Expenses	18



**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**19. OBJECTIVES OF THIS STATEMENT**

- 19.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;
- 19.2. Define the key measurement principles associated with the Skills Development Element; and
- 19.3. Indicate the formula for measuring the Skills Development Element

**20. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

- 2.1 The skills development table (see page 19 below) represents the criteria used for deriving a score for Skills Development under this statement.

**21. GUIDING PRINCIPLES**

- 21.1. Our vision is to substantially increase the economic value added (or productivity) of every employee in the F&C Industry through best practice Human Resource and Skills Development policies and increase the scale of initiatives aimed at developing black professionals and technical experts.

**22. MANDATORY TRAINING**

- 22.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

**23. LEGITIMATE TRAINING EXPENSES**

- 23.1. Legitimate Training Expenses include but is not necessarily limited to:
  - 23.1.1. costs of training materials;
  - 23.1.2. costs of trainers;
  - 23.1.3. costs of training facilities including costs of catering;
  - 23.1.4. scholarships and bursaries;
  - 23.1.5. course fees;
  - 23.1.6. accommodation and travel; and
  - 23.1.7. Administration costs such as the organization of training including, where appropriate, the cost of the Measured Entity of employing a Skills Development facilitator or a training manager.

## DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Government Weightings	Government Targets	SOC1 Weightings (Privatised)	SOC1 Targets (Privatised)	SOC2 Weightings	SOC2 Targets
<b>Skills Development</b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>						
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	6%	8	6%	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leviable Amount	6	0,50%	3	0,30%	6	0,50%
	<b>2.2. Learnerships, Apprenticeships and Internships</b>						
	2.2.1. Number of Black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	3%	4	2,50%	6	3%
	2.2.2. Number of Black people living with disabilities participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	3	3%	N/A	N/A	3	3%
	2.2.3. Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	5	3%	4	2,50%	5	3%
	<b>2.3. Bonus Points</b>						
	2.3.1. Number of black people absorbed by the measured and Industry entity at the end of the learnerships programme	5	100%	5	100%	5	100%

**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES PSC400: MEASUREMENT OF THE ENTERPRISE AND  
SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT PSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND  
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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2.	Enterprise and Supplier Development Scorecard	21 & 22
3.	Guiding Principles	21
4.	Key Measurement Principles	21

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**DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**13. OBJECTIVES OF THIS STATEMENT**

- 13.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 13.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 13.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 13.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**14. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

- 2.1 The enterprise and supplier development element table (see page 22 below) represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

**15. GUIDING PRINCIPLE**

- 15.1. Our principle is to accelerate procurement from black and black female owned suppliers, with the main objective of growing existing or emerging entrepreneurs and black industrialists to produce value-added goods and services for the industry and increase job creation, localisation as well as allowing for the creation of new Public inesses.

## DRAFT AMENDED TRANSPORT PUBLIC SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Government Weightings	Government Targets	SOC1 Weightings (Privatised)	SOC1 Targets (Privatised)	SOC2 Weightings	SOC2 Targets
<b>Enterprise and Supplier Development</b>	<b>2.1. Preferential Procurement</b>						
	2.1.1. B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage (%) of Total Measured Procurement Spend (TMPS)	5	80%	5	80%	5	80%
	2.1.2. B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a % of TMPS	5	20%	4	20%	5	20%
	2.1.3. B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a % of TMPS	4	20%	4	20%	4	20%
	2.1.4. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a % of the TMPS	8	40%	10	40%	8	40%
	2.1.5. B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a % of the TMPS	4	15%	4	15%	4	15%
	2.1.6. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black Youth owned based on the applicable B-BBEE Procurement Recognition Levels as a % of the TMPS	4	30%	4	20%	4	20%
	2.1.7. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% owned by people living with a disability based on the applicable B-BBEE Procurement Recognition Levels as a % of the TMPS	3	15%	3	10%	3	10%
	<b>Bonus Points</b>						
	2.1.8 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	3	5%	2	2%	3	5%
	<b>2.2. Supplier Development</b>						
	2.2.1. Annual value of all Supplier Development Contributions made by the measured entity as a % of the target	15	0.2% of Allocated budget/ Discretionary spend	10	2% of NPAT or 0.2% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend	15	2% of NPAT or 0.2% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend
	<b>2.3. Enterprise Development</b>						
	2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a % of the target	5	0.1% of Allocated budget / Discretionary spend	5	1% of NPAT or 0.1% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend	5	1% of NPAT or 0.1% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend
	<b>2.4. Bonus Points</b>						
	2.4.1. Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1		1		1	
	2.4.2. Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1		1		1	

**DRAFT AMENDED TRANSPORT PUBLIC SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES PSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT  
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT PSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 of the Broad-Based Black Economic Empowerment Amendment Act No. 53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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4.	Key Measurement Principles	24

**DRAFT AMENDED TRANSPORT PUBLIC SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**7. OBJECTIVES OF THIS STATEMENT**

- 2.1 The objectives of this statement are to specify:
  - 2.1.1 The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
  - 1.1.2 The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
  - 1.1.3 The formula for calculating the individual criteria specified in the SED scorecard.

**2 THE SED SCORECARD**

- 2.1 The following table represents the criteria for deriving a score for Socio-Economic Development under this statement.

**3 GUIDING PRINCIPLE**

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

**4 KEY MEASUREMENT PRINCIPLES**

- 4.1 Measurement principles associated with Socio – Economic Development element are contained in Statement 500 of Code 500 of the Amended Generic Code of Good Practice.

## DRAFT AMENDED TRANSPORT PUBLIC SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Government Weightings	Government Targets	SOC1 Weightings (Privatised)	SOC1 Targets (Privatised)	SOC2 Weightings	SOC2 Targets
<u>Socio Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	N/A	N/A	5	1% of NPAT or 0.1% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend	5	1% of NPAT or 0.1% Annual Revenue/ Allocated budget/ Gross receipts / Discretionary spend



**DRAFT AMENDED TRANSPORT PUBLIC SECTOR BROAD-BASED BLACK ECONOMIC  
EMPOWERMENT CODE**

**SCHEDULE 1**

**SUB-SECTOR SPECIFIC INDICATORS**

**10. OWNERSHIP**

- 9.4. The ownership target is higher than that of the dti codes.

**11. MANAGEMENT CONTROL**

- 9.5. The following sub indicators have been added to the element:

- 11.1.1. Black Youth in Management
- 11.1.2. Black Management with Disabilities
- 11.1.3. Black Youth employees in Technical positions
- 11.1.4. Black female employees with disabilities.

**12. SKILLS DEVELOPMENT**

- 9.6. The Skills Development Element contained in Statement 300 of Code 300 of the Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 9.7. The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.
- 9.8. The following sub indicators have been added to the element:
- 12.1.1. Black people living with disabilities participating in Learnerships, Apprenterships and Internships.

**13. ENTERPRISE AND SUPPLIER DEVELOPMENT**

- 9.9. A 100% Black Owned or Black Female Owned EME or QSE, that is a recipient of Qualifying Supplier Development Contributions from a Measured Entity under Code series 400 that has a minimum 3 year contract with the Measured Entity, the recognizable B-BBEE Procurement Spend that can be attributed to that Supplier will be deemed by the Measured Entity as that of a EME or QSE for the duration of the contract regardless of the current turnover of the recipient.
- 9.10. Payments made by the Measured Entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the Measured Entity's behalf.
- 4.3 For the third party to be deemed as Suitably Qualified for the measured entity to outsource their Enterprise Development and Supplier Development initiatives and programmes, the rules below will apply, where applicable:

**PCSC400 (A)**

Enterprise Development and Supplier Development Benefit Factor Matrix

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Qualifying Contribution type	Contribution Amount	Benefit Factor
<b>Grant and Related Contributions</b>		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
<b>Loans and Related Contributions</b>		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
<b>Equity Investments and Related Contributions</b>		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
<b>Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party</b>		
Enterprise Development and Supplier Development Investment into a fund that meets the defined criteria for the administration and execution/implementation of plan.	Investment Amount	45% upon investment and comprehensive plan of how contribution will be spent  100% once contribution is spent and there is detailed specification of spent

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<b>Contributions made in the form of human resource capacity</b>		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
<b>Contributions made to the Transport Sector B-BBEE Charter Council</b>		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
<b>Other Contributions</b>		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment  Maximum points that can be scored is 15% of 10 points

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**SCHEDULE 2**

**IMPLEMENTATION ,MONITORING AND EVALUTION INTERVENTIONS**

**4. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL**

**Fundamental principles :-**

- 1.1. The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.2. The Charter Council will address the issues of principle and, in particular
- 1.3. Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from 1 November 2015 ('effective date').
- 1.4. Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.5. If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.6. Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.7. The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.7.4. Submit the annual review to the Presidential BEE Advisory Council for publication;
  - 1.7.5. Prepare interim reports at appropriate intervals;
  - 1.7.6. Undertake the reviews identified in terms of the sub-charter;
  - 1.7.7. Accredite agencies to perform audits; and
  - 1.7.8. Engage with Government, the public sector, the private sector, the BEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.8. When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
  - 1.8.1. The verification methodologies and procedures;
  - 1.8.2. More than 51% Black ownership;

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- 1.8.3. B-BBEE Certificate of the agency;
- 1.8.4. Accreditation by relevant body;
- 1.8.5. Completion of the dti MDP programmes;
- 1.8.6. Attendance of DoT Sector Code Training;
- 1.8.7. Demonstration of understanding of Sector Codes; and
- 1.8.8. Prior Experience in rating Sector enterprises.
- 1.9. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A Public iness plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.10. Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe PSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.11. All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.12. Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.13. The Measured entity is a listed company; or
- 1.14. The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA LEVY AND B-BBEE IMPLEMENTATION**

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

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EMPOWERMENT CODE****SCHEDULE 3****INTERPRETATION , ABBREVIATIONS AND DEFINITIONS****PART 1: INTERPRETATION**

The Public Sector Transport Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Public Sector Transport Sector Codes any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Public Sector Transport Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Public Sector Transport Sector Codes.

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**PART 2: ABBREVIATIONS**

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
DOT	Department of Transport
DPE	Department of Public Enterprises
DTI	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
GDS	Growth Development Summit
NDP	National Development Plan
NPAT	Net Profit After Tax
NSF	National Skills Fund
PP	Preferential Procurement
PEP	Personal Empowerment Plans
QSEs	Qualifying Small Enterprises
TMPS	Total Measured Procurement Spend

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### PART 3: DEFINITIONS

In this Public Sector Transport Sector Codes unless the context otherwise requires:

Expressions, definitions and qualifications used in the Public Sector Transport Sector Codes have the meaning assigned to them in the Public Sector Transport Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure <input checked="" type="checkbox"/> formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>i. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>j. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>y. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>z. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>aa. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>bb. Black people living in rural and under developed areas; and</li> <li>cc. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>dd. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>i. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>j. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>
<b>EMPOWERING SUPPLIER</b>	An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of



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	<p>the following criteria:</p> <ul style="list-style-type: none"> <li>u. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</li> <li>v. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</li> <li>w. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</li> <li>x. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</li> <li>y. At least 85% of labour costs should be paid to South African employees by service industry entities</li> </ul>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of Public inesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or Public iness where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL PUBLIC INESS</b>	Means a Measured Entity with a Public iness in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED POSITIONS</b>	Positons held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <p>(e) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a</p>

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	<p>representation by management of the Measured Entity attesting to the facts.</p> <p>XIII. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>XIV. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>XV. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013.
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the B-BBEE Act as amended from time to time.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000 of the Codes.

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EMPOWERMENT CODE**

**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF THE  
B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013**

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ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES RSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN RAIL TRANSPORT AND SERVICES INDUSTRY SECTOR**

**STATEMENT RSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

**Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
of 2003 as amended by B-BBEE Act 46 of 2013**

**Arrangement of this statement:**

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### 1. PREAMBLE

- 4.5. We, the stakeholders of the Rail Transport and Services Industry Sector (RT & SI), recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 4.6. We, the stakeholders of the Rail Transport and Services Industry Sector, organised as Government, Industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and to contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 4.7. We, the stakeholders of the Rail Transport and Services Industry Sector, take the opportunity to state our commitment to align the Rail Transport and Services Industry B-BBEE Codes with the Department of Trade and Industry's (**the dti**) Amended Generic Codes of Good Practice for B-BBEE
- 4.8. The Rail Transport and Services Industry Sub-sector Sector Code expresses the commitments of all stakeholders in the Rail Transport and Services Industry Sector to the empowerment and transformation of the Sector. All the stakeholders of the Rail Transport and Services Industry Sub-Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sector Code.
- 4.9. We, the stakeholders of the Rail Transport and Services Industry Sector, will submit the Amended Rail Transport and Services Industry B-BBEE Codes to **the dti** for publication as a final code in terms of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013 (B-BBEE Act). We will ensure that the Rail Transport and Services Industry B-BBEE Codes fulfil the requirements set out under section 9 of the B-BBEE Act for publication in the Government Gazette as a sector code, namely that it:
  - 4.9.1. Has no deviations from **the dti** Amended B-BBEE Codes definitions and principles;
  - 4.9.2. The calculation methodologies to measure compliance are those used in **the dti** Amended B-BBEE Codes; and
  - 4.9.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

### 5. OBJECTIVES

#### 5.1. OBJECTIVES OF THE RAIL TRANSPORT AND SERVICES INDUSTRY SUB-SECTOR CODE

- 5.1.1. The RT & SI B-BBEE Sub-Sector Code have been developed to advance the objectives of the Broad Based Black Economic Empowerment Act 53 of 2003 as amended (B-BBEE Act);
- 5.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the RT & SI Sector;
- 5.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the RT & SI Sector;
- 5.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and

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5.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

**5.2. OBJECTIVES OF THIS STATEMENT RSC000**

5.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Rail Transport and Services Industry Sector;

5.2.2. Specify the application of the Rail Transport and Services Industry Sub-Sector Codes and the basis for measurement under the Rail Transport and Services Industry Sector Codes;

5.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Rail Transport and Services Industry Sector;

5.2.4. Specify the method of measuring Start-Up Enterprises;

5.2.5. Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of the Rail Transport and Services Industry Sub-Sector Code;

5.2.6. Specify the basis for determining compliance by Entities with the Rail Transport and Services Industry Sub-Sector Code; and

5.2.7. Provide for the Effective Date of the Rail Transport and Services Industry sub-Sector Code.

**6. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

**3.1. OVERARCHING LONG-TERM VISION**

3.1.1. Our overarching vision is to develop a world-class Rail industry that will grow in size, stimulate economic growth and development, facilitate trade, comply with safety standards agreed with the Railway Safety Regulator (RSR) Act 16 of 2002. In addition deliver efficient and quality services to customers, and 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.

3.1.2. To make this vision become a reality will require a deliberate strategy to increase access to skills, capital and economic opportunities. 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 all stakeholders to facilitate the creation of new black owned enterprises (and the development of existing ones) who can participate in economic opportunities throughout the Rail industry value chain.

3.1.3. We, the signatories to this document, believe that every company in South Africa must embrace Black Economic Empowerment (BEE) voluntarily, recognising that it is an economic imperative to secure a prosperous future for all our country's citizens. Accordingly, we commit ourselves to embark on a major communications and marketing campaign that will take this "Broad-Based

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Black Economic Empowerment (B-BBEE) Codes for the Rail Industry” to every organisation within our industry to ensure maximum participation by all stakeholders.

- 3.1.4. Accordingly, all private sector stakeholders committing themselves to this Draft Amended sub-sector Code will agree to have their B-BBEE achievements (in terms of the indicators in the balanced scorecard) rated by an independent accredited B-BBEE Verification Professional. Public sector organisations will in addition be monitored and their contributions annually verified in a separate process that will be designed by the DoT and DPE. However, an independent B-BBEE Verification Professional agency/company will verify the B-BBEE contribution of their suppliers. The B-BBEE verification agencies will go a long way towards eliminating any form of misrepresentation and fraudulent practices within the industry. Other parties committed to this Codes will have their contributions assessed and verified as to their compliance to their undertakings.

### **3.2. RAIL TRANSPORT AND SERVICES INDUSTRY SECTOR STAKEHOLDER UNDERTAKINGS**

- 3.2.7 Government is the most important player in the industry through its ownership of the majority of Rail industry assets and operations and the employment of the majority of workers. Accordingly, Government commits to demonstrate the political will to revive the Rail network.
- 3.2.8 Make decisive and direct interventions to enhance the competitiveness of Rail as a mode of transport for freight and commuters. This will also require urgent action to improve the internal efficiencies of the state-owned operators.
- 3.2.9 Set up structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport and Rail Sector BEE processes. Examples of cross-cutting issues that require interventions across government departments and agencies include:
- 3.2.9.1 The countrywide shortage of matriculants with mathematics and science at higher grade.
- 3.2.9.2 The countrywide shortage of engineers and artisans across all disciplines.
- 3.2.9.3 Increasing awareness within the transport sector of available government investment incentives and grants.
- 3.2.9.4 Monitoring of stakeholder achievements in terms of the indicators on the Rail Sub-sector Balanced B-BBEE Scorecard.
- 3.2.9.5 Accelerate its programme (together with the relevant Parastatals) to increase investments in freight and passenger Rail infrastructure to eliminate current backlogs and expand the network, where necessary.
- 3.2.9.6 Convene a multi-stakeholder forum to investigate the scale of B-BBEE opportunities at the edges of the main network – e.g. private sector operations, private sidings, shunting, industrial townships, mining, tourism – and reach agreement on the modalities of effecting the entry of black entrepreneurs into the industry.



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- 3.2.9.7 Continue existing initiatives with Transnet Freight Rail (TFR) formally known as Spoornet, provincial governments, local communities and the business sector to revive branch lines.
- 3.2.9.8 Investigate (together with the relevant Parastatals and labour) the possibility of introducing job-sharing programmes at TFR, Shosholozu Meyl and SARCC/MetroRail.
- 3.2.9.9 Ensure that the restructuring of Rail assets to effect new institutional arrangements must proceed in a manner that results in an increase in black participation at all levels – in employment and the procurement of services and goods.
- 3.2.9.10 Enforce and monitor compliance with existing legislation that may impact on B-BBEE such as the Employment equity, Skills Development and Competition Acts.
- 3.2.9.11 Publish an annual report on B-BBEE and job creation within the Rail industry that consolidates reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry BEE Forum.
- 3.2.9.12 We, the signatories to this document, believe that every company in South Africa must embrace Broad-Based Black Economic Empowerment (B-BBEE), recognising that it is a constitutional, legislative and 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 B-BBEE Codes for the Rail Transport and Services Industry to every company within our industry to ensure maximum participation by all stakeholders.
- 3.2.9.13 Accordingly, all Stakeholders commit themselves to this Charter agree to have their B-BBEE achievements measured against the indicators in the scorecard and verified by an independent B-BBEE verification professional that is accredited. The independent B-BBEE verification will go a long way towards eliminating fronting in the industry.

**6. SCOPE OF APPLICATION**

- 4.1. The scope of this draft sub-sector code extends to the entire Rail industry value chain. The key players are the state-owned operators and infrastructure companies.
- 4.2. However, the challenge is for these companies to use their purchasing power to drive the transformation of the entire Rail industry value chain, including manufacturers, suppliers' consultants and maintenance companies.
- 4.3. The sector code will also have an impact on other sectors of the economy that are not Rail specific, for example, general services.

**10. DEVELOPMENT OF THE RAIL TRANSPORT AND SERVICES INDUSTRY SCORECARDS**

- 10.1. The Transport Sector Charter Council and the Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Rail Transport and Services Industry Sub-Sector Code to the Amended B-BBEE Codes of Good

## **DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

Practice. The Draft Amended Rail Transport and Services Industry sub-sector Code, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Rail Transport and Services Industry Sector.

- 10.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 10.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.
- 10.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Amendment Act and the Amended B-BBEE Codes of Good Practice issued by the dti. Where there is any conflict the Amended Codes of Practice takes precedence.
- 10.5. Sector specific sub-elements will be clearly defined in the Rail Transport and Services Industry Code.

### **6. RAIL TRANSPORT AND SERVICES INDUSTRY B-BBEE SCORECARDS**

#### **6.1. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

- 6.1.1 This Broad-Based Black Economic Empowerment Sub-Sector Code for the Rail Transport and Services Industry Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Amendment Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

**26. Ownership**

**27. Management Control**

**28. Skills Development**

**29. Enterprise and Supplier Development**

**30. Socio- Economic Development**

#### **6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

**6.1.2.1.** The priority Elements are as follows:

##### **6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

##### **6.1.2.1.6 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

##### **6.1.3.1.5. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier

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Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- XVI. 10 points under the Preferential Procurement category;
- XVII. 4 points under the Supplier Development category; and
- XVIII. 2 points under the Enterprise Development category.

### **6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

- 6.8.3.1 A Large Enterprise is required to comply with all the Priority Elements;
- 6.8.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

### **6.9 DISCOUNTING PRINCIPLE EFFECTS**

- 6.2.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:
  - 6.2.1.1 The discounted level achieved by the Measured Entity due to non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Professional ("the B-BBEE Status Level");

### **6.7. WEIGHTINGS**

- 6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1, 6.10.2. and 6.10.3 below.

### **6.8. TARGETS**

- 6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Rail Transport and Services Industry enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

### **6.29. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

- 6.29.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.
- 6.29.2. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.
- 6.29.3. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:
  - 6.29.3.1. Despite paragraphs 6.5.2 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

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ECONOMIC EMPOWERMENT CODE**

- 6.29.3.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.
- 6.29.3.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.
- 6.29.4. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:
- 6.5.4.1 Total annual Revenue of R 10 Million or less; and
- 6.5.4.2 Level of Black ownership.
- 6.5.5 Any misrepresentation in terms of Para 6.5.4 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

**6.6 ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

- 6.6.1 Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.
- 6.6.2 A QSE must comply with all of the elements of the Rail Transport and Services Industry Sector Qualifying Small Enterprise Scorecard (Code RSC 600) for the purposes of measurement.
- 6.6.3 Enhanced B-BBEE recognition level for QSE:
- 6.6.3.1 A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.
- 6.6.3.2 A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.
- 6.6.3.3 A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:
- 6.6.3.3.1 Total annual Revenue of more than R 10 Million but less than R50 Million; and
- 6.6.3.3.2 Level of Black ownership; and
- 6.6.3.3.3 Empowering Supplier status.
- 6.6.4 Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.
- 6.6.5 For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3, will be required to obtain a verification certificate to substantiate their B-BBEE status.

**6.7 ELIGIBILITY AS A LARGE ENTERPRISE**

- 6.7.1 Any enterprise within the scope of application para 4, with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.
- 6.7.2 The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.8 START-UP ENTERPRISES**

- 6.8.1 A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.

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- 6.8.2 A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5. of this Statement.
- 6.8.3 In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.
- 6.8.4 Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.9 ELIGIBILITY AS A BLACK NEW ENTRANT**

- 6.9.1 A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

**6.10 DURATION OF THE RAIL TRANSPORT AND SERVICES INDUSTRY SUB-SECTOR CODE**

- 6.10.1 An Rail Transport and Services Industry Sub-Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Act.
- 6.10.2 This draft amended sector code be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES RSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-  
BASED BLACK ECONOMIC EMPOWERMENT IN THE RAIL TRANSPORT AND SERVICES INDUSTRY  
SECTOR**

**STATEMENT RSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003 as  
amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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4.	Key Measurement Principles	13

**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**21. OBJECTIVES OF THIS STATEMENT**

- 21.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 21.2. Define the key measurement and guiding principles;
- 21.3. Specify the stakeholder undertakings; and
- 21.4. Specify the specific measurement principles applicable to various types of Entities.

**22. THE OWNERSHIP SCORECARD**

- 2.1 The following table represents the criteria used for deriving a score for Ownership under this statement:

**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Foreign Ownership</u></b> Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector and approved by the Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in Statement 103, code series 400 and 500 of the Amended Codes of Good Practice.	25	<b><u>Foreign Ownership</u></b> Provide evidence of a global practice against selling equity to locals in investee countries
<b><u>Ownership</u></b>	<b>Voting Rights</b>		
	Exercisable voting rights in the hands of Black people	4	25% + 1 Vote
	Exercisable voting rights in the hands of Black Women	2	10%
	<b>Economic Interest</b>		
	Economic interest in the hands of Black people	4	25%
	Economic interest in the hands of Black Women	2	10%
	Economic Interest in the hands of Black People living with disabilities	1	3%
	Economic interest of the following Black natural people in Enterprise: • Black designated groups; • Black Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad based Ownership Schemes; • Black participants in Co-operatives	3	5%
	Involvement in the ownership by Black new Entrants	2	15%
	<b>Realization Points</b>		
	Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes



**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**23. GUIDING PRINCIPLES**

- 23.1. Our guiding principle is to increase black ownership of assets, management control and operational involvement across the entire spectrum of the Rail industry value chain and design appropriate funding mechanisms to facilitate the process. We recognise that the majority of Rail industry assets are publicly owned. However, the challenge is to identify opportunities outside the public sector and use the purchasing power of the Rail Parastatals to fast track the development of new black enterprises in the industry.
- 23.2. All other measurement principles of Code Series 100 of the Amended B-BBEE Codes of Good Practices shall apply to this statement.

**24. KEY MEASUREMENT PRINCIPLES**

- 24.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
- 24.1.1. a Company as defined in the Companies Act of 2008 (as amended);
  - 24.1.2. a Close corporation;
  - 24.1.3. a Co-operative;
  - 24.1.4. a Trust;
  - 24.1.5. a Broad-Based Ownership Scheme;
  - 24.1.6. an Employee Share Ownership Programme;
  - 24.1.7. a partnership or other association of natural persons; and
  - 24.1.8. any form of juristic person recognised under South African law.
- 24.2. The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 24.3. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 24.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Generic Code of Good Practice.
- 24.5. 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 Amended Generic Code of Good Practice. The targets as contained in the ownership element of this draft sub-sector code will apply.
- 24.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Generic Code of Good Practice.

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- 24.7. 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 Amended Generic Codes of Good Practice.

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ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES RSC200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT  
OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT RSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.  
53 OF 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**15. OBJECTIVES OF THIS STATEMENT**

- 7.2. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 7.3. Define the key measurement and guiding principles;
- 7.4. Specify the stakeholder undertakings;
- 7.5. Specify the specific measurement principles applicable to various types of Entities;

**16. THE MANAGEMENT CONTROL SCORECARD**

- 2.1 The following table represents the criteria used for deriving a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>Board Participation</b>		
	Exercisable voting rights of Black board members as a percentage of all board members	2	50%
	Exercisable voting rights of Black women as a percentage of all board members	1	25%
	Black Executive directors as a percentage of total number of executive directors	2	50%
	Black Women Executive directors as a percentage of total number of executive directors	1	25%
	<b>Youth in Management</b>		
	Black Youth in management as a percentage of senior management and above	3	15%
	<b>Other Executive Management</b>		
	Black Executive Management as a percentage of all executives directors	2	60%
	Black Female Executive Management as a percentage of all executives directors	1	30%
	<b>Management with disabilities</b>		
	Black People with disabilities as a percentage of all Management	2	2%
	Black Women with disabilities as a percentage of all Management	1	1%
	<b>Senior Management</b>		
	Black employees in senior management as a percentage of all senior management	2	60%
	Black female employees in senior management as a percentage of all senior management	1	30%
	<b>Middle Management</b>		
	Black employees in middle management as a percentage of all middle management	2	75%
	Black female employees in middle management as a percentage of all middle management	1	38%
	<b>Junior Management</b>		

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ECONOMIC EMPOWERMENT CODE**

Black employees in junior management as a percentage of all junior management	1	88%
Black female employees in junior management as a percentage of all junior management	1	44%
Women in Semi Skilled Unskilled positions	1	15%
<b>Black Youth Employees</b>		
Black youth in technical/proffessional positions as a percentage of technical/professional employees	3	40%
Black youth in all other positions as a percentage of all employees	1	20%
<b>Employees with disabilities</b>		
Black employees with disabilities as a percentage of all employees	1,5	2%
Black female employees with disabilities as a percentage of all employees	0,5	1%

**17. GUIDING PRINCIPLE**

- 17.1. Our guiding principle is to increase the participation of black people on Rail company boards and similar governing structures to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. This involves the promotion of the appointment of black people to board of directors, executive positions, and top management positions. The appointment of black women to these positions is an integral part of this guiding principle. The industry will be transparent, endeavour to eliminate unscrupulous business practices including misrepresentation and fraud, and adopt best-practice corporate governance policies as outlined in the King III report.
- 17.2. To increase the participation of black people in top management, senior management and professional and technical occupations in the Rail industry to create a workforce that truly represents the racial, ethnic and gender diversity of our country. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

**18. KEY MEASUREMENT PRINCIPLES**

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

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ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES RSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**24. OBJECTIVES OF THIS STATEMENT**

- 24.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;  
 24.2. Define the key measurement principles associated with the Skills Development Element; and  
 24.3. Indicate the formula for measuring the Skills Development Element

**25. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

- 2.1 The following table represents the criteria used for deriving a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount</b>		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leivable Amount	5	0,50%
	<b>2.2. Management Development Programmes</b>		
	2.2.1. Number of Black people participating in Management Development Programmes as a percentage of Junior Management and above	4	2,5%
	<b>2.3. Learnerships, Apprenticeships and Internships and Training</b>		
	2.3.1. Number of Black Employees participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	4	2,5%
	2.3.2. Number of Black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,5%
	<b>2.4. Bonus Points</b>		
	2.4.1. Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%

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**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**26. GUIDING PRINCIPLES**

- 26.1. Our vision is to substantially increase the economic value add of every black employee in the Rail Transport and Services Industry through the application of best practice Human Resource and Skills Development policies and an increase in the scale of initiatives aimed at developing black professionals and technical experts. Training black people, including black women and black people living with disabilities, will facilitate this.
- 3.2 All other measurement principles of Code Series 300 of the Amended B-BBEE Codes of Good Practice shall apply to this statement.



**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES RSC400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER  
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND SUPPLIER  
DEVELOPMENT**

Issued under Section 9 of the Broad-Based Black Economic Empowerment Amendment Act No  
53 of 2003 as amended by B-BBEE Act. 46 of 2013

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## DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 16. OBJECTIVES OF THIS STATEMENT

- 16.1. Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 16.2. Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 16.3. Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 16.4. Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

### 17. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD

- 2.1 The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Enterprise and Supplier Development</u></b>	<b>Preferential Procurement</b>		
	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	3	15%
	B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	12%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black youth owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	2	10%
	<b>Bonus Points</b>		
	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	2%
	<b>Supplier Development</b>		

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Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	10	2% of NPAT
<b>Enterprise Development</b>		
Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
<b>Bonus Points</b>		
Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

**18. GUIDING PRINCIPLES**

- 18.1. Our guiding principle is to use the significant purchasing power of the Rail Parastatals to develop and support existing BEE companies in the sector and make deliberate attempts to identify new entrants, particularly in areas such heavy engineering and maintenance, which have traditionally excluded black people. A key area of focus will be to identify areas where there is relatively little procurement from black suppliers and develop strategies to rectify the situation. However, quality and specification issues have to be reflected under procurement in order to ensure compliance with safety standards.
- 18.2. To grow South Africa's Rail Transport and Services Industry in order to stimulate and facilitate economic growth, we commit to increase procurement from black-owned, black women owned and empowered enterprises and implement best practice supplier development policies.
- 18.3. We commit to creating and nurturing new B-BBEE enterprises across the industry. This will require all stakeholders to devise strategies to develop and/or support new B-BBEE enterprises.
- 18.4. To help set up, nurture and grow viable BEE enterprises in the Rail Transport and Services Industry sector that are majority-owned by black operators while developing existing companies.
- 3.5 All other measurement principles of Code Series 400 of the Amended B-BBEE Codes of Practice apply to to this statement.

**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE**

**DRAFT AMENDED CODE SERIES RSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT  
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
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**8. OBJECTIVES OF THIS STATEMENT**

The objectives of this statement are to specify:

- 9.11. The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 9.12. The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 9.13. The formula for calculating the individual criteria specified in the SED scorecard.

**10. THE SED SCORECARD**

- 2.1 The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio-Economic Development</u>	2.1. Annual value of Socio Economic-Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

**11. GUIDING PRINCIPLE**

- 11.1. Stakeholders to recognize their social responsibility by providing assistance to organizations requiring guidance and financial support in fulfilling their purpose and mandate.
- 11.2. Stakeholders can provide assistance to organizations, communities, institutions or charities considered worthy to receive support either in the Rail Transport and Services Industry or non-Rail Transport and Services Industry sector.

**12. KEY MEASUREMENT PRINCIPLES**

- 12.1. Measurement principles associated with Socio – Economic Development element are contained in Statement 500 of Code 500 of the Amended Generic Code of Good Practice.

**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES RSC000: THE RAIL TRANSPORT AND SERVICES INDUSTRY SECTOR  
ADJUSTED SPECIALISED ENTERPRISE SCORECARD****STATEMENT RSC004: THE RAIL TRANSPORT AND SERVICES INDUSTRY SECTOR SPECIALISED  
ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
OF 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**STATEMENT RSC 004-200 – MANAGEMENT CONTROL FOR SPECIALISED ENTERPRISE**

**1. THE SPECIALISED ENTERPRISE MANAGEMENT CONTROL SCORECARD**

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>Board Participation</b>		
	Exercisable voting rights of Black board members as a percentage of all board members	3	60%
	Exercisable voting rights of Black women as a percentage of all board members	2	30%
	Black Executive directors as a percentage of total number of executive directors	3	75%
	Black Women Executive directors as a percentage of total number of executive directors	2	40%
	<b>Black Youth in Management</b>		
	Black Youth in Management as a percentage of senior management and above	3	15%
	<b>Other Executive Management</b>		
	Black Executive Management as a percentage of all executives directors	3	75%
	Black Female Executive Management as a percentage of all executives directors	2	35%
	<b>Management with disabilities</b>		
	Black People with disabilities as a percentage of all Management	2	1%
	Black Women with disabilities as a percentage of all Management	1	0,50%
	<b>Senior Management</b>		
	Black employees in senior management as a percentage of all senior management	2	65%
	Black female employees in senior management as a percentage of all senior management	1	35%
	<b>Middle Management</b>		
	Black employees in middle management as a percentage of all middle management	2	80%
	Black female employees in middle management as a percentage of all middle management	1	40%
	<b>Junior Management</b>		
	Black employees in junior management as a percentage of all junior management	2	88%
	Black female employees in junior management as a percentage of all junior management	1	44%
	Women in Semi Skilled Unskilled positions	1	30%
	<b>Black Youth Employees</b>		
	Black youth in technical positions as a percentage of employees in technical positions	2	15%
	Black youth in all other positions as a percentage of employees	1	20%
	<b>Employees with disabilities</b>		
	Black employees with disabilities as a percentage of all employees	2	2%
	Black women with disabilities as a percentage of all employees	1	1%

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**9. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RSC 200 are applicable to this statement.
- 2.20 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.
- 2.21 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.22 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

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### STATEMENT RSC 004-300 – SKILLS DEVELOPMENT FOR SPECIALISED ENTERPRISE

#### 1. THE SPECIALISED ENTERPRISE SKILLS DEVELOPMENT SCORECARD

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Indicator	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount		
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	6%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leviable Amount	4	0,50%
	<b>Management Development Programmes</b>		
	Number of Black people participating in Management Development Programmes as a percentage of Junior Management and above	3	3%
	<b>Learnerships, Apprenticeships and Internships</b>		
	Number of Black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	6%
	Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	5	3%
	<b>Bonus Points</b>		
	Number of black people absorbed by the measured and Industry entity at the end of the learnerships programme	5	100%

#### 2. KEY MEASUREMENT PRINCIPLES

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the Specialised Enterprise Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
- 2.4. The learning matrix under code series RSC300 is applicable to this statement.
- 2.5. The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.6. Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice

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**STATEMENT RSC 004-400 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR SPECIALISED ENTERPRISE**

**1. THE SPECIALISED ENTERPRISE, ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

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Indicator	Indicators of Empowerment	Weightings	Targets
<b>Enterprise and Supplier Development</b>	<b>Preferential Procurement</b>		
	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	5	20%
	B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	8	40%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black youth owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	2	10%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% owned by Black people living with disabilities based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	2	5%
	<b>Bonus Points</b>		-
	B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	3	5%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	15	2% of NPAT or 0.2% of Annual Revenue/Allocated Budget/Gross Receipts/Discretionary Spend
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT or 0.1% of Annual Revenue/Allocated Budget/Gross Receipts/Discretionary Spend
	<b>Bonus Points</b>		
	Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	

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	Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	
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**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement RSC400 are applicable to this statement.
- 2.12 Any interpretation or calculation of a Specialised Entity's score for Enterprise and Supplier Development must be made in accordance with statement RSC400
- 2.13 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

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**STATEMENT RSC 004-500 – SOCIO ECONOMIC DEVELOPMENT FOR SPECIALISED ENTERPRISE**

**1. THE SPECIALISED ENTERPRISE SOCIO ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

Indicator	Indicators of Empowerment	Weightings	Targets
<b><u>Socio-Economic Development</u></b>	Annual value of Socio-Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT or 0.10% Annual Revenue/ Allocated Budget/ Gross Receipts/Discretionary Spend

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement RSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a Specialised Entity's score for Socio-Economic Development must be made in accordance with statement RSC500.
- 2.3 Measurement principles required in evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

**DRAFT AMENDED RAIL TRANSPORT AND SERVICES SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODE****DRAFT AMENDED CODE SERIES RSC600: THE RAIL TRANSPORT AND SERVICES INDUSTRY  
SECTOR QUALIFYING SMALL ENTERPRISE SCORECARD****STATEMENT RSC600: THE RAIL TRANSPORT AND SERVICES INDUSTRY SECTOR QUALIFYING  
SMALL ENTERPRISE SCORECARD**

Issued under Section 9(5) of the Broad-Based Black Economic Empowerment Amendment Act  
No 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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**STATEMENT RSC 601 - OWNERSHIP FOR QSE**

**9. THE QSE OWNERSHIP SCORECARD**

1.1 The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Ownership</b>	<b>1.1. Voting Rights</b>		
	1.1.1. Exercisable voting rights in the hands of Black people	5	25% + 1 Vote
	1.1.2. Exercisable voting rights in the hands of Black Women	2	10%
	<b>1.2. Economic Interest</b>		
	1.2.1. Economic interest in the hands of Black people	5	25%
	1.2.2. Economic interest in the hands of Black Women	2	10%
	1.2.3. Black New Entrants or Black Designated Groups	3	2%
	<b>1.3. Realization Points</b>		
	1.3.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

**10. MEASUREMENT OF QSE OWNERSHIP ELEMENT**

- 10.1.** The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement RSC 100 for measuring of the Ownership element.
- 10.2.** Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Codes of Good Practice.

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### STATEMENT RSC 602 – MANAGEMENT CONTROL FOR QSE

#### 3. THE QSE MANAGEMENT CONTROL SCORECARD

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

<b>Management Control</b>	<b>1.1. Executive Management</b>		
	1.1.1. Black Executive Management as a percentage of all executives	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%
	<b>1.2. Non Executive Management</b>		
	1.2.1. Black representation at non- executive management as a percentage of all non-executive management	6	60%
	1.2.2. Black female representation at non- executive management as a percentage of all non-executive management	2	30%
	<b>1.3. Employees in Specialised Positions</b>		
	1.3.1. Black Pilots as a percentage of all Pilots	2	8%
	1.3.2 Black Female Pilots as a percentage of all Pilots	1	3%
	1.3.3. Black Technicians as a percentage of all Technicians	2	25%
	1.3.4. Black Female Technicians as a percentage of all Technicians	1	3%

#### 4. KEY MEASUREMENT PRINCIPLES

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RSC 200 are applicable to this statement.
- 2.23 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement RSC 200.
- 2.24 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.25 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Amended Codes of Good Practice.
- 2.26 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

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ECONOMIC EMPOWERMENT CODE**

**STATEMENT RSC 603 – SKILLS DEVELOPMENT FOR QSE**

**1. THE QSE SKILLS DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leviable Amount	10	1.5%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
  - 2.3.3 The learning matrix under code series RSC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Codes of Good Practice.

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**STATEMENT RSC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE**

**1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

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	<b>Preferential Procurement</b>		
<b><u>Enterprise and Supplier Development</u></b>	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

## **2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement RSC400 are applicable to this statement.
- 2.14 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement RSC400
- 2.15 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.

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**STATEMENT RSC 605 – SOCIO-ECONOMIC DEVELOPMENT FOR QSE**

**1. THE QSE SOCIO ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

<b><u>Socio-Economic Development</u></b>	Annual value of Socio Economic-Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT
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**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement RSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement RSC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

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**SCHEDULE 1**

**SECTOR SPECIFIC SUB-INDICATORS**

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**12.2. OWNERSHIP**

- 12.3. Economic Interest in the hands of Black People living with disabilities is a sector specific sub-indicator that was introduced by this sector.

**12.4. FOREIGN OWNERSHIP**

- 13.1.1. Foreign Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 13.1.2. Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this Codes. They will be encouraged to sell equity in their local operations.
- 13.1.3. The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 13.1.4. Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 13.1.5. The Transport Sector Charter Council may motivate and endorse Equity Equivalent programmes to the line Minister. The onus also lies on the dti to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

**12.5. MANAGEMENT CONTROL**

- 1.4.1 Black youth employees have been included as a sub-indicator as the RT & SI sector would like increase the number of youth in Senior management and above as well as Technical and/or Professional positions in the sector.
- 1.4.2 The Specialised Enterprises have also included Black people living with disabilities in management as a sub-indicator.

**1.5 SKILLS DEVELOPMENT**

- 1.5.1 The Skills Development Element contained in Statement 300 of Code 300 of the Amended Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 1.5.2 The sector have included Management Development Programmes sub – indicator.
- 1.5.3 The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.



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### 1.6 ENTERPRISE AND SUPPLIER DEVELOPMENT

- 1.6.1 A 100% Black Owned or Black Female Owned EME or QSE, that is a recipient of Qualifying Supplier Development Contributions from a Measured Entity under Code series 400 that has a minimum 3 year contract with the Measured Entity, the recognizable B-BBEE Procurement Spend that can be attributed to that Supplier will be deemed by the Measured Entity as that of a EME or QSE for the duration of the contract regardless of the current turnover of the recipient.
- 1.6.2 Payments made by the Measured Entity to suitably qualified and experienced third parties to perform Enterprise Development and Supplier Development on the Measured Entity's behalf.
- 1.7 Recognition Criteria required to determine Enterprise and Supplier Development Contributions are contained in Annexure 400 (B) of Statement 400 of Code 400 of the Amended B-BBEE Generic Codes of Good Practice, which has been amended for the purposes of this sub-sector code (Refer to RSC400 (A)).

### RCSC400 (A)

#### Enterprise Development and Supplier Development Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
<b>Grant and Related Contributions</b>		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
<b>Loans and Related Contributions</b>		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
<b>Equity Investments and Related Contributions</b>		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
<b>Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party</b>		
Enterprise Development and Supplier Development	Investment Amount	45% upon

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Investment into a fund that meets the defined criteria for the administration and execution/implementation of plan.		investment and comprehensive plan of how contribution will be spent 100% once contribution is spent and there is detailed specification of spent
<b>Contributions made in the form of human resource capacity</b>		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
<b>Contributions made to the Transport Sector B-BBEE Charter Council</b>		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
<b>Other Contributions</b>		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

1.8 Over and above the permissible exclusions from Total Measured Procurement Spend recognisable in paragraph 6 of statement 400 of Code 400 of the Codes of Good Practice, the sub-sector would like to exclude the expenses.

1.9 The Specialised Enterprises have also included spend on 51% Black Youth and 51% Black people living with disabilities as a sub-indicator.

## **6. SOCIO-ECONOMIC DEVELOPMENT**

### **6.1. Rail Awareness Campaign**

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6.1.1 Given the lack of awareness about the impact and contribution of the RT & SI in our economy, it becomes an imperative to embark on a comprehensive Rail awareness campaign.

**6.2 Enhanced Recognition Factor**

6.2.1 The spend on contributions directed in the following focus areas will be enhanced by a factor of 1.25:

6.2.1.1 HIV Treatment and Prevention;

6.2.1.2. Education; and

6.2.1.3. Rural Development structures.

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**SCHEDULE 2**

**IMPLEMENTATION AND MONITORING AND EVALUTION INTERVENTIONS**

**5. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL**

**- Fundamental principles –**

- 1.1. The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.2. The Charter Council will address the issues of principle and, in particular
- 1.3. Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from the effective date.
- 1.4. Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.5. If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.6. Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.7. The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.7.4. Submit the annual review to the BEE Advisory Council for publication;
  - 1.7.5. Prepare interim reports at appropriate intervals;
  - 1.7.6. Undertake the reviews identified in terms of the sub-charter;
  - 1.7.7. Accredite agencies to perform audits; and
  - 1.7.8. Engage with Government, the public sector, the private sector, the BEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.8. When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
  - 1.8.1. The verification methodologies and procedures;
  - 1.8.2. More than 51% Black ownership;
  - 1.8.3. B-BBEE Certificate of the agency;

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- 1.8.4. SANAS / IRBA Accreditation;
- 1.8.5. Completion of the dti MDP programmes;
- 1.8.6. Attendance of DoT Sector Code Training;
- 1.8.7. Demonstration of understanding of Sector Codes; and
- 1.8.8. Prior Experience in rating Sector enterprises.
- 1.9. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.10. Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe RSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.11. All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.12. Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.13. The Measured entity is a listed company; or
- 1.14. The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA- LEVY AND B-BBEE IMPLEMENTATION**

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

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ECONOMIC EMPOWERMENT CODE****SCHEDULE 3****INTERPRETATION , ABBREVIATIONS AND DEFINITIONS****PART 1: INTERPRETATION**

The Rail Transport and Services Industry Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Rail Transport and Services Industry Sub-Sector Code any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Sector Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Rail Transport and Services Industry Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Rail Transport and Services Industry Sector Codes.

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**PART 2: ABBREVIATIONS**

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
DOT	Department of Transport
DPE	Department of Public Enterprises
dti	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
GDS	Growth Development Summit
NDP	National Development Plan
NPAT	Net Profit After Tax
NSF	National Skills Fund
PP	Preferential Procurement
QSEs	Qualifying Small Enterprises
RSR	Railway Safety Regulator
SARCC	South African Rail Commuter Corporation
TFR	Transnet Freight Rail

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### PART 3: DEFINITIONS

In this Rail Transport and Services Industry Sector Codes unless the context otherwise requires:

Expressions, definitions and qualifications used in the Rail Transport and Services Industry Sub-Sector Code have the meaning assigned to them in the Rail Transport and Services Industry Sub-Sector Code gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment 53 of 2003 as amended by B-BBEE Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure <input checked="" type="checkbox"/> formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>k. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>l. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>ee. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>ff. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>gg. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>hh. Black people living in rural and under developed areas; and</li> <li>ii. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>jj. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>k. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>l. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>
<b>EMPOWERING SUPPLIER</b>	An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of the following criteria:



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	<p>z. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</p> <p>aa. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</p> <p>bb. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</p> <p>cc. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</p> <p>dd. At least 85% of labour costs should be paid to South African employees by service industry entities</p>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL BUSINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED ENTERPRISES</b>	State-Owned Companies within the Rail Industry like Transnet Freight Rail, Transnet Engineering, etc.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <p>(f) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</p>

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	<p>XVI. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>XVII. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>XVIII. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the B-BBEE Act as amended from time to time
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000 of the Amended Codes.

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**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF THE  
B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013**

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**DRAFT AMENDED CODE SERIES RFSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN ROAD FREIGHT TRANSPORT SECTOR**

**STATEMENT RFSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003 as  
amended by B-BBEE Act 46 of 2013

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**1. PREAMBLE**

- 6.1. We, the stakeholders of the Road Freight Transport and Logistics (Road Freight Transport) Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 6.2. We, the stakeholders of the Road Freight Transport Sector, organised as Government, industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 6.3. We, the stakeholders of the Road Freight Transport Sector, take opportunity to state our commitment to align the Draft Amended Road Freight Transport B-BBEE Sub-Sector Code with the Amended Generic Codes of Good Practice for B-BBEE..
- 6.4. The Road Freight Transport Sub-Sector Code expresses the commitments of all stakeholders in the Road Freight Transport Sector to the empowerment and transformation of the Sector. All the stakeholders of the Road Freight Transport Sub-Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sector Code.
- 6.5. We, the stakeholders of the Road Freight Transport Sector, will submit to **the dti** to publish the Amended Road Freight Transport B-BBEE Codes as a final code in terms of the Broad – Based Black Economic Empowerment Act No. 53 of 2003 as amended. We will ensure that the Road Freight Transport B-BBEE Codes fulfils the requirements set out under section 9 for publishing in the Government gazette as a sector code, namely that it:
- 6.5.1.1. Has no deviations from **the dti** Amended B-BBEE Codes definitions and principles;
- 6.5.1.2. The calculation methodologies to measure compliance are those used in **the dti** Amended B-BBEE Codes; and
- 6.5.1.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

**7. OBJECTIVES OF THIS STATEMENT**

**7.1. OBJECTIVES OF THE ROAD FREIGHT TRANSPORT SECTOR CODES**

- 7.1.1. The Road Freight Transport B-BBEE Sub-Sector Code have been developed to advance the objectives of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013;
- 7.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the Road Freight Transport Sector;
- 7.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the Road Freight Transport Sector;
- 7.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and

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7.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

**7.2. OBJECTIVES OF THIS STATEMENT RFSC000**

- 7.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Road Freight Transport Sector;
- 7.2.2. Specify the application of the Road Freight Transport Sub-Sector Code and the basis for measurement under the Road Freight Transport Sub-Sector Code;
- 7.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Road Freight Transport Sector;
- 7.2.4. Specify the method of measuring Start-Up Enterprises;
- 7.2.5. Specify the elements of B-BBEE for all Enterprises Scorecard of the Road Freight Transport Sector Codes;
- 7.2.6. Specify the basis for determining compliance by Entities with the Road Freight Transport Sector Codes; and
- 7.2.7. Provide for the Effective Date of the Road Freight Transport Sub-Sector Code.

**8. LONG-TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS**

**8.1. OVERARCHING LONG-TERM VISION**

- 8.1.1. Our overarching vision is to develop a world-class industry, based on seamless integration of all modes and multiple networks, that will grow in size, stimulate economic growth and development, facilitate trade, comply with international safety standards, and deliver efficient and quality services to customers. Our industry will also achieve a significant increase in black participation in 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.
- 8.1.2. 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.
- 8.1.3. We, 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

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“Broad-Based BEE Sector Code” for the Road Freight Industry” to every organisation within our industry to ensure maximum participation by all stakeholders.

- 8.1.4. Accordingly, all private sector stakeholders who commit themselves to this 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 Professionals or company that is accredited. 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.

**8.2. OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS****3.2.1. NATIONAL GOVERNMENT UNDERTAKINGS**

- 3.2.1.1. 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.
- 3.2.1.2. To engage industry and reach consensus on setting 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.
- 3.2.1.3. 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.
- 3.2.1.4. 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.
- 3.2.1.5. 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.
- 3.2.1.6. Enforce and monitor compliance with existing legislation that may impact on BEE such as the Employment Equity (EE), Skills Development and Competition Acts.
- 3.2.1.7. 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.
- 3.2.1.8. Publish an annual report on B-BBEE and job creation within the Road Freight Transport industry that consolidates reports, B-BBEE verification and other information from all stakeholders.



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3.2.1.9. Publish an annual report on the jobs created through the labour-intensive road construction programme.

**3.2.2. ROAD FREIGHT TRANSPORT AND LOGISTICS SECTOR INDUSTRY UNDERTAKINGS**

3.2.2.1. To form collaborative relationships with organisations such as **the 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 Transport Industry companies.

**7. SCOPE OF APPLICATION**

4.1. The scope of this Draft Amended Broad-Based Black Economic Empowerment (B-BBEE) Sub-Sector Code is limited to the Road Freight Transport and Logistics Industry and includes inter alia:

- 4.1.1. Supply Chain Management Companies;
- 4.1.2. Logistics companies;
- 4.1.3. Trucking companies;
- 4.1.4. Transport Management companies;
- 4.1.5. Transport Brokers;
- 4.1.6. Associated Labour Brokers;
- 4.1.7. BEE Operators;
- 4.1.8. Management Companies for Owner Drivers;
- 4.1.9. South African registered Cross Border Operators;
- 4.1.10. Parcel Delivery Services;
- 4.1.11. Motor ferry Companies; and
- 4.1.12. Cash In transit Companies.

**11. DEVELOPMENT OF THE ROAD FREIGHT TRANSPORT SUB-SECTOR SCORECARDS**

- 11.1. The Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Road Freight Transport Sector Codes to the Amended B-BBEE Codes of Good Practice by **the dti**. The Road Freight Transport Codes, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Road Freight Transport Sector.
- 11.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 11.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.
- 11.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Act and the B-BBEE Codes of Good Practice issued by **the dti**. Where there is any conflict the Codes of Practice takes precedence.

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11.5. Sector specific sub-elements will be clearly defined in the Road Freight Transport Codes.

**6. ROAD FREIGHT TRANSPORT SUB-SECTOR B-BBEE SCORECARDS****6.1. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

6.1.1 This Draft Amended Broad-Based Black Economic Empowerment Sub-Sector Code for the Road Freight Transport Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

- **Ownership**
- **Management Control**
- **Skills Development**
- **Enterprise and Supplier Development**
- **Socio-Economic Development**

**6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

6.1.2.1. The priority Elements are as follows:

**6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

**6.1.2.1.7 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

**6.1.3.1.6. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

- 10 points under the Preferential Procurement category;
- 4 points under the Supplier Development category; and
- 2 points under the Enterprise Development category.

**6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

6.9.3.1 A Large Enterprise is required to comply with all the Priority Elements; and

6.9.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

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**6.10 DISCOUNTING PRINCIPLE EFFECTS**

6.2.1 Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

6.2.1.1 Only the discounted level of the Measured Entity will be recognised by the Verification Professional ("the B-BBEE Status Level").

**6.3. WEIGHTINGS**

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1, 6.10.2. and 6.10.3 below.

**6.4. TARGETS**

6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Road Freight Transport enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

**6.5. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

6.29.5. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.

6.29.6. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.

6.29.7. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

6.29.7.1. Despite paragraphs 6.5.2 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

6.29.7.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

6.29.7.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

6.29.8. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission(CIPC) on an annual basis, confirming the following:

6.29.8.1.1. Total annual Revenue of R 10 Million or less; and

6.29.8.1.2. Level of Black ownership.

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6.29.9. Any misrepresentation in terms of Para 6.5.4 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

**6.30. ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

6.30.1. Any enterprise within the scope of application para 4 with a total annual Revenue of R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.

6.30.2. A QSE must comply with all of the elements of the Road Freight Transport Sector Qualifying Small Enterprise Scorecard (Code RFSC 600) for the purposes of measurement.

6.30.3. Enhanced B-BBEE recognition level for QSE:

6.30.3.1. A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.

6.30.3.2. A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.

6.30.3.3. A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:

6.30.3.3.1. Total annual Revenue of more than R 10 Million but less than R50 Million; and

6.30.3.3.2. Level of Black ownership; and

6.30.3.3.3. Empowering Supplier status.

6.30.4. Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

6.30.5. For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3. will be required to obtain a verification certificate to substantiate their B-BBEE status.

**6.31. ELIGIBILITY AS A LARGE ENTERPRISE**

6.31.1. Any enterprise within the scope of application para 4 with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.

6.31.2. The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.32. START-UP ENTERPRISES**

6.32.1. A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.

6.32.2. A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5 of this Statement.

6.32.3. In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.

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- 6.32.4. Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50 Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.33. ELIGIBILITY AS A BLACK NEW ENTRANT**

- 6.33.1. A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total cumulative value of more than R 50 million, measured using a standard valuation method.

**6.13. DURATION OF THE ROAD FREIGHT TRANSPORT SUB-SECTOR CODE**

- 6.13.1. An Road Freight Transport Sub-Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Amendment Act.
- 6.13.2. This Draft Amended sub-sector code will be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES****DRAFT AMENDED CODE SERIES RFSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE ROAD FREIGHT TRANSPORT SECTOR****STATEMENT RFSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**25. OBJECTIVES OF THIS STATEMENT**

- 25.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 25.2. Define the key measurement and guiding principles;
- 25.3. Specify the stakeholder undertakings; and
- 25.4. Specify the specific measurement principles applicable to various types of Entities.

**26. THE OWNERSHIP SCORECARD**

The following table represents the criteria used for deriving a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>2.1 Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries	Equity equivalent programmes supported by the line minister of the transport sector and approved by the Minister of Trade and Industry. N.B. Contributions toward these programmes re measured as the actual contributions made using the general principles set out in Statement 103, code series 400 and 500 of the Amended Codes of Good Practice.	25	<b>Foreign Ownership</b> Provide evidence of a global practice against selling equity to locals in investee countries
<b>Ownership</b>	<b>2.2. Voting Rights</b>		
	2.2.1. Exercisable voting rights in the hands of Black people	4	25% + 1 Vote
	2.2.1. Exercisable voting rights in the hands of Black Women	2	10%
	<b>2.3. Economic Interest</b>		
	2.3.1. Economic interest in the hands of Black people	4	25%
	2.3.2. Economic interest in the hands of Black Women	2	10%
	2.3.4. Economic interest of the following Black natural people in Enterprise: <ul style="list-style-type: none"> <li>• Black designated groups Black;</li> <li>• Participation in Employee Ownership Schemes (ESOP);</li> <li>• Black beneficiaries of Broad based Ownership Schemes;</li> <li>• Black participants in Co-operatives</li> </ul>	3	3%

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	2.3.5. Involvement in the ownership by Black new Entrants	4	15%
	<b>2.6. Realization Points</b>		
	2.6.1. Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

## **27. GUIDING PRINCIPLES**

27.1. Our guiding principles are to increase black ownership, management control and operational involvement throughout the Road Freight Transport 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 Transport Industry. Businesses in this industry range from large corporate organisations to small family businesses and even owner-driver operations. However, we, the stakeholders, will collectively strive to address these challenges and develop innovative mechanisms to increase black ownership.

## **28. KEY MEASUREMENT PRINCIPLES**

28.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:

- 28.1.1. a Company as defined in the Companies Act of 2008 (as amended);
- 28.1.2. a Close corporation;
- 28.1.3. a Co-operative;
- 28.1.4. a Trust;
- 28.1.5. a Broad-Based Ownership Scheme;
- 28.1.6. an Employee Share Ownership Programme;
- 28.1.7. a partnership or other association of natural persons; and
- 28.1.8. any form of juristic person recognised under South African law.

28.2. The Rights of Ownership held by black people in South African multinationals are measurable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.

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

28.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Codes of Good Practice.



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- 28.5. 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 Amended Codes of Good Practice. The targets as contained in the ownership element of this sub-sector code will apply.
- 28.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Codes of Good Practice.
- 28.7. 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 Amended Codes of Good Practice.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC200: MEASUREMENT OF THE MANAGEMENT CONTROL ELEMENT  
OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT RFSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.  
53 OF 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**19. OBJECTIVES OF THIS STATEMENT**

- 7.6. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 7.7. Define the key measurement and guiding principles;
- 7.8. Specify the stakeholder undertakings; and
- 7.9. Specify the specific measurement principles applicable to various types of Entities.

**20. THE MANAGEMENT CONTROL SCORECARD**

The following table represents the criteria used for deriving a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Management Control</b>	<b>2.1. Board Participation</b>		
	2.1.1. Exercisable voting rights of Black board members as a percentage of all board members	2	50%
	2.1.2. Exercisable voting rights of Black women as a percentage of all board members	1	25%
	2.1.3. Black Executive directors as a percentage of total number of executive directors	2	50%
	2.1.4. Black Women Executive directors as a percentage of total number of executive directors	1	25%
	<b>2.2. Other Executive Management</b>		
	2.2.1. Black Executive Management as a percentage of all executives management	2	60%
	2.2.2. Black Female Executive Management as a percentage of all executives management	1	30%
	<b>2.3. Senior Management</b>		
	2.3.1. Black employees in senior management as a percentage of all senior management	2	60%
	2.3.2. Black female employees in senior management as a percentage of all senior management	1	30%
	<b>2.4. Middle Management</b>		
	2.4.1. Black employees in middle management as a percentage of all middle management	2	75%
	2.4.2. Black female employees in middle management as a percentage of all middle management	1	38%
	<b>2.5. Junior Management</b>		
	2.5.1. Black employees in junior management as a percentage of all junior management	2	95%
	2.5.2. Black female employees in junior management	2	47%

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	as a percentage of all junior management		
	2.5.3. Black females in Semi skilled and unskilled positions as a percentage of all people in semi skilled and unskilled positions	2	15%
	<b>2.6. Black Youth Employees</b>		
	2.6.1. Black youth in technical/professional positions as a percentage of technical/professional employees	2	15%
	<b>2.7. Employees with disabilities</b>		
	2.7.1. Black employees with disabilities as a percentage of all employees	2	2% (office staff but not limited to)
	2.7.2. Black female employees with disabilities as a percentage of all employees	1	1% (office staff but not limited to)

**21. GUIDING PRINCIPLE**

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

**22. KEY MEASUREMENT PRINCIPLES**

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

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ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RFSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF  
2003 as amended by B-BBEE Act 46 of 2013

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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

**27. OBJECTIVES OF THIS STATEMENT**

- 27.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;  
 27.2. Define the key measurement principles associated with the Skills Development Element; and  
 27.3. Indicate the formula for measuring the Skills Development Element

**28. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

The following table represents the criteria used for deriving a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	6%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people with disabilities as a percentage of the Leviable Amount	5	0,50% (office staff but limited to)
	<b>2.2. Learnerships, Apprenticeships and Internships and Training</b>		
	2.2.1. Number of Black Employees participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	5	3%
	2.2.2. Number of Black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2,5%
	<b>2.3. Bonus Points</b>		
	2.3.1. Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**29. GUIDING PRINCIPLES**

- 29.1. Our vision is to substantially increase the economic value add of every black employee in the Road Freight Transport industry through the application of best practice Human Resource and Skills Development policies and an increase in the scale of initiatives aimed at developing black professionals and technical experts. A key element will be to identify the critical skills, retain and create quality employment in the sector.

**30. MANDATORY TRAINING**

- 30.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.
- 30.2. NOTE: The Transport Sector Charter Council, Department of Transport together with Stakeholders will address the issue of the Mandatory Training list as well as Priority Skills during the 60 DAYS COMMENTARY PERIOD. Member sof the public are also requested to give inputs wit regard to this matter.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC400: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER  
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RFSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND  
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
53 of 2003 as amended by B-BBEE Act. 46 of 2013

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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

**19. OBJECTIVES OF THIS STATEMENT**

- 19.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 19.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 19.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 19.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**20. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<b>Enterprise and Supplier Development</b>	<b>2.1.1. PREFERENTIAL PROCUREMENT</b>		
	2.1.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%
	2.1.1.2. B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	3	15%
	2.1.1.3. B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	15%
	2.1.1.4. B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%
	2.1.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	4	12%
	<b>Bonus Points</b>		
	2.1.6 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	2%
	<b>2.2. SUPPLIER DEVELOPMENT</b>		
	2.2.1. Annual value of all Supplier Development Contributions	10	2% of NPAT

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ECONOMIC EMPOWERMENT CODES**

	made by the measured entity as a percentage of the target		
	<b>2.3. ENTERPRISE DEVELOPMENT</b>		
	2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
	<b>2.4. BONUS POINTS</b>		
	2.4.1. Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
	2.4.2. Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1	

**21. GUIDING PRINCIPLE**

- 21.1.** To grow South Africa's Road Freight Transport industry in order to stimulate and facilitate economic growth, we commit to increase procurement from black-owned, black women owned and empowered enterprises and implement best practice supplier development policies.
- 21.2.** We commit to creating and nurturing new B-BBEE enterprises across the industry. This will require all stakeholders to devise strategies to develop and/or support new B-BBEE enterprises.
- 21.3.** To help set up, nurture and grow viable BEE enterprises in the Road Freight Transport sector that are majority-owned by black operators while developing existing companies.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC500: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT  
ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT RFSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO- ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**10. OBJECTIVES OF THIS STATEMENT**

The objectives of this statement are to specify:

- 12.6. The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 12.7. The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 12.8. The formula for calculating the individual criteria specified in the SED scorecard.

**13. THE SED SCORECARD**

The following table represents the criteria for deriving a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

**14. GUIDING PRINCIPLES**

- 14.1. Stakeholders to recognize their social responsibility by providing assistance to organizations requiring guidance and financial support in fulfilling their purpose and mandate.
- 14.2. Stakeholders agree to support community development and social projects. These projects include, study bursaries, job creation programmes and internships.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**DRAFT AMENDED CODE SERIES RFSC600: THE ROAD FREIGHT TRANSPORT SECTOR QUALIFYING SMALL  
ENTERPRISE SCORECARD**

**STATEMENT RFSC600: THE ROAD FREIGHT TRANSPORT SECTOR QUALIFYING SMALL  
ENTERPRISE SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act  
53 of 2003 as amended by B-BBEE Act 46 of 2013

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**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**STATEMENT RFSC 601 - OWNERSHIP FOR QSE**

**11. THE QSE OWNERSHIP SCORECARD**

The following table represents the indicators and methods for calculating a score for Ownership under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Ownership</b>	<b>1.1. Voting Rights</b>		
	1.1.1. Exercisable voting rights in the hands of Black people	5	25% + 1 Vote
	1.1.2. Exercisable voting rights in the hands of Black Women	2	10%
	<b>1.2. Economic Interest</b>		
	1.2.1. Economic interest in the hands of Black people	5	25%
	1.2.2. Economic interest in the hands of Black Women	2	10%
	1.2.3. Black New Entrants or Black Designated Groups	3	2%
	<b>1.3. Realization Points</b>		
	1.3.1. Net Value/Net Economic Interest	8	10 year targets on lower result of Formula A and Formula B

**12. MEASUREMENT OF QSE OWNERSHIP ELEMENT**

- 12.1.** The measurement of the QSE Ownership Scorecard shall adhere to all principles, definitions, calculations and measurement methodologies contained in statement RFSC 100 for measuring of the Ownership element.
- 12.2.** Measurement principles relating to the ownership element for QSEs are contained in Statement 601 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

**STATEMENT RFSC 602 – MANAGEMENT CONTROL FOR QSE**

**1 THE QSE MANAGEMENT CONTROL SCORECARD**

The following table represents the indicators and methods for calculating a score for Management Control under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b><u>Management Control</u></b>	<b>1.1. Executive Management</b>		
	1.1.1. Black Executive Management as a percentage of all executives	5	50%
	1.1.2. Black Female Executive Management as a percentage of all executives	2	25%
	<b>1.2. Non Executive Management</b>		
	1.2.1. Black representation at non-executive management as a percentage of all non-executive management	6	60%
	1.2.2. Black female representation at non-executive management as a percentage of all non-executive management	2	30%
	<b>1.3. Black Youth Employees</b>		
	1.3.1. Black youth in technical/professional positions as a percentage of technical/professional employees	2	10%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RFSC 200 are applicable to this statement.
- 2.27 For the purpose of the QSE scorecard, executive management include other executive management as described under the general principles of statement RFSC 200.
- 2.28 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the calculation of scores under the QSE Scorecard.
- 2.29 Measurement principles needed for the application of the charter with regards to the management control element for QSEs are contained in statement 602, of Code 600, of the Amended Codes of Good Practice.
- 2.30 A measured entity must use the recent payroll data in calculating its score under the Management Control Scorecard.

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ECONOMIC EMPOWERMENT CODES**

**STATEMENT RFSC 603 – SKILLS DEVELOPMENT FOR QSE**

**1. THE QSE SKILLS DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Skills Development under this statement:

Element	Indicators of Empowerment	Weightings	Targets
<b>Skills Development</b>	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leivable Amount	20	3%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leivable Amount	5	1%

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 Save as expressly provided for differently in this statement the key measurement principles and sub-minimum requirements under statement RFSC300 are applicable to this statement.
- 2.2 The demographic representation of Black People as defined in the Regulations of Employment Equity Act and Commission on Employment Equity report are not applicable to the QSE Scorecard.
- 2.3 Where required by law, the following criteria must be fulfilled in order for the Measured Entity to receive points on the QSE Skills Development Element scorecard:
  - 2.3.1 Workplace Skills Plan, an Annual Training Report and Pivotal Report which are SETA approved; and
  - 2.3.2 Implementation of Priority Skills programme generally, and more specifically for Black People.
  - 2.3.3 The learning matrix under code series RFSC300 is applicable to this statement.
- 2.4 The requirements in paragraph 2.3 above is not applicable to businesses that are not required by law to comply with the Skills Development Act.
- 2.5 The measurement principles required in the determination of the Skills Development score for QSEs are contained in Statement 603 of code 600 of the Amended Codes of Good Practice.



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**STATEMENT RFSC 604 – ENTERPRISE AND SUPPLIER DEVELOPMENT FOR QSE**

**1. THE QSE ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Enterprise and Supplier Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
	<b>Preferential Procurement</b>		
<b><u>Enterprise and Supplier Development</u></b>	B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	15	60%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	<b>Supplier Development</b>		
	Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	<b>Enterprise Development</b>		
	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles and sub-minimum requirements under statement RFSC400 are applicable to this statement.
- 2.16 Any interpretation or calculation of a QSE's score for Enterprise and Supplier Development must be made in accordance with statement RFSC400.
- 2.17 Measurement principles required in evaluating Enterprise and Supplier Development contributions made by QSEs with this sector are contained in Statement 604 of Code 600 of the Amended Codes of Good Practice.

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ECONOMIC EMPOWERMENT CODES**

**STATEMENT RFSC 605 – SOCIO-ECONOMIC DEVELOPMENT FOR QSE**

**1. THE QSE SOCIO-ECONOMIC DEVELOPMENT SCORECARD**

The following table represents the indicators and methods for calculating a score for Socio Economic Development under this statement.

Element	Indicators of Empowerment	Weightings	Targets
<u>Socio Economic Development</u>	Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	5	1% of NPAT

**2. KEY MEASUREMENT PRINCIPLES**

- 2.1 The key measurement principles under statement RFSC500 are applicable to this statement.
- 2.2 Any interpretation or calculation of a QSE's score for Socio-Economic Development must be made in accordance with statement RFSC500.
- 2.3 Measurement principles required in evaluating contributions made by QSEs within this sector are contained in Statement 605 of Code 600 of the Amended Codes of Good Practice.

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK  
ECONOMIC EMPOWERMENT CODES**

**SCHEDULE 1**

**SECTOR SPECIFIC SUB-INDICATORS**

**3 OWNERSHIP**

**1.1 FOREIGN OWNERSHIP**

- 13.1.6. Foreign Owned companies should seek opportunities to sell equity to Black shareholders or participate in Equity Equivalent programmes approved by the Minister of Trade and Industry.
- 13.1.7. Foreign companies, which have an asset base in South Africa, will implement B-BBEE strategies in accordance with the guidelines provided by this Draft Amended Sub-Sector Code. They will be encouraged to sell equity in their local operations.
- 13.1.8. The value of the contributions, measured against the value of the domestic asset or South African operations, using a standard valuation method, will be used to calculate the equivalency percentage and this will be applied to the stated targets for ownership in order to score points for ownership.
- 13.1.9. Ownership fulfilment will occur once the black equity participants are free from any third party financial obligations relating to the share acquisition as well as any financial obligations to the principle entity.
- 13.1.10. The Transport Charter Council may motivate and endorse Equity Equivalent programmes to the line Minister. The onus also lies on the dti to investigate and provide suitable evidence or documentation that collaborates with the applying measured entity's proof of a Global policy against selling equity to locals in investee countries.

**4 MANAGEMENT CONTROL**

- 2.1 The Road Freight Transport Sector have a strong drive and focus on Black Woman and Black Youth, thus the following sub indicators:
- 2.1.1 Black Woman in Semi Skilled and Unskilled Positions; and
- 2.1.2 Black youth in technical/professional positions.
- 2.2 Due to Legislative requirements the folloing elements are for office staff but not limited to:
- 2.2.1 Black employees with disabilities; and
- 2.2.2 Black female employees with disabilities.
- 2.3 People living with disabilities indicator will be calculated on office staff but not limited to, as this is a legislative requirement for all other employees not to be living with disabilities as per Bargaining Council.

**3 SKILLS DEVELOPMENT**

- 3.1 The Skills Development Element contained in Statement 300 of Code 300 of the Amended Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 3.2 The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.

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- 3.3** People living with disabilities indicator will be calculated on office staff but not limited to, as this is a legislative requirement for all other employees not to be living with disabilities per Bargaining Council.

**RCSC400 (A)**

Enterprise Development and Supplier Development Benefit Factor Matrix

Qualifying Contribution type	Contribution Amount	Benefit Factor
<b>Grant and Related Contributions</b>		
Grant Contribution	Full Grant Amount	100%
Direct Cost incurred in supporting Enterprise Development and Supplier Development	Verifiable Cost (including both monetary and non-monetary)	100%
Discounts in addition to normal business practices supporting Enterprise Development and Supplier Development	Discount Amount (in addition to normal business discount)	100%
Overhead Costs incurred in supporting Enterprise Development and Supplier Development (including people appointed in Enterprise Development and Supplier Development)	Verifiable Costs (including both monetary and non-monetary)	70%
<b>Loans and Related Contributions</b>		
Interest-Free Loan with no security requirements supporting Enterprise Development and Supplier Development	Outstanding Loan Amount	70%
Standard Loan to Enterprise Development and Supplier Development Beneficiaries	Outstanding Loan Amount	50%
Guarantees provided on behalf of a Beneficiary entity	Guarantee Amount	3%
Lower Interest Rate	Outstanding loan amount	Prime Rate – Actual Rate
<b>Equity Investments and Related Contributions</b>		
Minority Investment in Enterprise Development and Supplier Development Beneficiaries	Investment Amount	70%
Enterprise Development and Supplier Development Investment with lower dividend to financier	Investment Amount	Dividend Rate of Ordinary Shareholders – Actual Dividend Rate of Contributor
<b>Contribution towards a Sector Enterprise and Supplier Development Fund and or Suitably Qualified Third Party</b>		
Enterprise Development and Supplier Development Investment into a fund that meets the defined criteria for the	Investment Amount	45% upon investment and comprehensive plan of how

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

administration and execution/implementation of plan.		contribution will be spent 100% once contribution is spent and there is detailed specification of spent
<b>Contributions made in the form of human resource capacity</b>		
Professional services rendered at no cost and supporting Enterprise Development and Supplier Development	Commercial hourly rate of professional	60%
Professional services rendered at a discount and supporting Enterprise Development and Supplier Development	Value of discount based on commercial hourly rate of professional	60%
Time of employees of Measured Entity productively deployed in assisting beneficiaries	Monthly salary divided by 160	60%
<b>Contributions made to the Transport Sector B-BBEE Charter Council</b>		
Ensuring that the Charter Council executive (secretariat) is adequately resourced, capacitated and supported to fulfil its mandate as envisaged in the sub-sector charter.	Investment Amount	100%
<b>Other Contributions</b>		
Shorter payment periods for 2.2 of this statement (Supplier Development)	Percentage of invoiced amount multiplied by 15% (being an approximation of the cost of short term funding)	Percentage being 15 days less the number of days from invoice to payment Maximum points that can be scored is 15% of 10 points

## **5 SOCIO-ECONOMIC DEVELOPMENT**

5.1 The spend on contributions directed in the following focus areas will be enhanced by a factor of 1.25:

6.1.1 HIV Treatment and Prevention;

6.1.2 Education; and

6.1.3 Rural Development structures.

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ECONOMIC EMPOWERMENT CODES**

**SCHEDULE 2**

**IMPLEMENTATION AND MONITORING AND EVALUTION INTERVENTIONS**

**1. FUNDAMENTAL PRINCIPLES**

- 1.1. The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.2. The Charter Council will address the issues of principle and, in particular
- 1.3. Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from 1 November 2015 ('effective date').
- 1.4. Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.5. If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.6. Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.7. The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.7.2. Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.7.4. Submit the annual review to the presidential B-BBEE Advisory Council for publication;
  - 1.7.5. Prepare interim reports at appropriate intervals;
  - 1.7.6. Undertake the reviews identified in terms of the sub-charter;
  - 1.7.7. Accredite agencies to perform audits; and
  - 1.7.8. Engage with Government, the public sector, the private sector, the Presidential B-BBEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.8. When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
  - 1.8.1. The verification methodologies and procedures;
  - 1.8.2. More than 51% Black ownership;
  - 1.8.3. B-BBEE Certificate of the agency;
  - 1.8.4. SANAS / IRBA Accreditation;

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- 1.8.5. Completion of the dti MDP programmes;
- 1.8.6. Attendance of DoT Sector Code Training;
- 1.8.7. Demonstration of understanding of Sector Codes; and
- 1.8.8. Prior Experience in rating Sector enterprises.
- 1.9. The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.10. Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe RFSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.11. All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.12. Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.13. The Measured entity is a listed company; or
- 1.14. The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1. This sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA LEVY AND B-BBEE IMPLEMENTATION**

- 3.1. When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

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**SCHEDULE 3**

**INTERPRETATION , ABBREVIATIONS AND DEFINITIONS**

**PART 1: INTERPRETATION**

The Road Freight Transport Sub-Sector Codes must be interpreted according to the following provisions unless the context requires a different meaning:

- In interpreting the provisions of the Road Freight Transport Sub-Sector Codes any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
- Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
- The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Road Freight Transport Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Road Freight Transport Sector Code.

**PART 2: ABBREVIATIONS**

ASGISA	Accelerated and Shared Growth initiative for South Africa
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 as amended
CDP	Continuing Professional Development
DoT	Department of Transport
dTi	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
GDS	Growth and Development Summit
IPAP	Industrial Policy Action Plan
NBC	National Bargaining Council
NDP	National Development Plan
NRA	National Roads Agency
NPAT	Net Profit After Tax
PP	Preferential Procurement
SARS	South African Revenue Services
SATAWU	South African Transport and Allied Workers Union
SIPS	Strategic Integrated Projects



**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

**PART 3: DEFINITIONS**

In this Road Freight Transport Sub-Sector Codes unless the context otherwise requires:

- Expressions, definitions and qualifications used in the Road Freight Transport Sector Codes have the meaning assigned to them in the Road Freight Transport Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>m. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>n. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>kk. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>ll. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>mm. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>nn. Black people living in rural and under developed areas; and</li> <li>oo. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>pp. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>m. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>n. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>
<b>EMPOWERING SUPPLIER</b>	An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

	<p>QSE, of the following criteria:</p> <ul style="list-style-type: none"> <li>ee. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</li> <li>ff. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</li> <li>gg. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</li> <li>hh. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</li> <li>ii. At least 85% of labour costs should be paid to South African employees by service industry entities</li> </ul>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL BUSINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <ul style="list-style-type: none"> <li>(g) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</li> </ul>

**DRAFT AMENDED ROAD FREIGHT TRANSPORT AND LOGISTICS SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODES**

	<p>XIX. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>XX. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>XXI. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the Act.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000 of the Codes.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**DRAFT AMENDED  
TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

**PUBLISHED IN THE GOVERNMENT GAZETTE IN TERMS OF SECTION 9(5) OF  
THE B-BBEE ACT NO. 53 OF 2003 AS AMENDED BY THE B-BBEE ACT OF 2013**

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**DRAFT AMENDED CODE SERIES TXSC000: FRAMEWORK FOR MEASURING BROAD-BASED  
BLACK ECONOMIC EMPOWERMENT IN TAXI SUB- SECTOR**

**STATEMENT TXSC000: GENERAL PRINCIPLES AND THE LARGE ENTERPRISES SCORECARD**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No.  
53 of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

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## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 3. PREAMBLE

- 8.3. We, the stakeholders of the Taxi Sector, recognise that it is a constitutional and economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade through internal and external markets to realise the full economic potential of our country, region and continent.
- 8.4. We, the stakeholders of the Taxi Sector, organised as Government, industry and interest groups, commit ourselves to actively promote a transformed, vibrant, and globally competitive sector that reflects the demographics of South Africa, and contribute to the establishment of an equitable society by effectively providing accessible services to all South Africans, particularly Black People and their participation in the industry.
- 8.5. We, the stakeholders of the Taxi Sector, take opportunity to state our commitment to align the Taxi B-BBEE Codes with the Department of Trade and Industry's (**the dti**) Amended Generic Codes of Good Practice.
- 8.6. The Taxi Sub-Sector Code expresses the commitments of all stakeholders in the Taxi Sector to the empowerment and transformation of the Sector. All the stakeholders of the Taxi Sub-Sector Code share common commercial and other characteristics and made it feasible to formulate a transformation charter subject to the proposed Sub-Sector Code.
- 8.7. We, the stakeholders of the Taxi Sector, will submit to **the dti** to publish the Amended Taxi B-BBEE Codes as a final code in terms of the Broad – Based Black Economic Empowerment Act No. 53 of 2003 as amended. We will ensure that the Taxi B-BBEE Codes fulfils the requirements set out under section 9 for publishing in the Government gazette as a sector code, namely that it:
  - 8.7.1. Has no deviations from **the dti** Amended B-BBEE Codes definitions and principles;
  - 8.7.2. The calculation methodologies to measure compliance are those used in the dti Amended B-BBEE Codes; and
  - 8.7.3. Is sufficiently comparable to the codes in the order of elements, targets and weightings.

### 2. OBJECTIVES

#### 2.1. OBJECTIVES OF THE TAXI SUB-SECTOR CODES

- 2.1.1. The Draft Amended Taxi B-BBEE Sub-Sector Code have been developed to advance the objectives of the Broad Based Black Economic Empowerment Amendment Act No. 46 of 2013;
- 2.1.2. The Code also constitute a framework and establish the principles upon which B-BBEE will be implemented in the Taxi Sector;
- 2.1.3. To create economic growth through ownership, management control, enterprise and supplier development in the Taxi Sector;
- 2.1.4. To ensure the entry of women, youth and people living in rural areas at all levels of the industry so as to break the stranglehold of the industry by urban-based males; and
- 2.1.5. Provide the basis for the sector's engagement with other stakeholders including government and labour.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****2.2. OBJECTIVES OF THIS STATEMENT TXSC000**

- 2.2.1. Specify the measurement principles and industry specific principles of Broad-Based Black Economic Empowerment (B-BBEE) within the Taxi Transport Sector;
- 2.2.2. Specify the application of the Taxi Transport Sector Codes and the basis for measurement under the Taxi Transport Sub-Sector Code;
- 2.2.3. Indicate the qualifying threshold for a Measured Entity to qualify as an Exempted Micro-Enterprise (EME) or Qualifying Small Enterprise (QSE) within the Taxi Transport Sector
- 2.2.4. Specify the method of measuring Start-Up Enterprises;
- 2.2.5. Specify the elements of B-BBEE measurable under the Large Enterprises Scorecard, the Large Public Sector Scorecard and Qualifying Small Enterprises Scorecard of The Taxi Transport Sub-Sector Code;
- 2.2.6. Specify the basis for determining compliance by Entities with the Taxi Transport Sub-Sector Code; and
- 2.2.7 Provide for the Effective Date of the Taxi Transport Sub-Sector Code.

**3. LONG TERM VISION AND OVERARCHING UNDERTAKINGS BY ALL STAKEHOLDERS****3.1. OVERARCHING LONG-TERM VISION**

- 3.1.1. The Vision of the Taxi Sector in South Africa is to transform the current system of public transport into a world class public transport system where different modes are fully integrated and coordinated in a network of public transport services aimed at meeting all the passenger transport needs of the country.
- 3.1.2. The signatories to this agreement believe that every company in the Taxi sector should voluntarily commit to this charter in support of constitutional, legislative, social and economic imperatives to secure a prosperous future for all our citizens and the well being of our customers. In agreeing to commit to this balanced scorecard charter, all signatories commit themselves to be monitored, verified and rated by an independent and accredited Verification Professional.
- 3.1.3. The signatories commit to further communicate this broad-based charter to every company in our industry's value chain to ensure maximum participation by all stakeholder.
- 3.1.4. Develop a world-class industry that will be sustainable, profitable and dynamic, grow in size, diversify into related industries and stimulate economic growth and development in South Africa.
- 3.1.5. Pursue a growth strategy that prioritises the retention and creation of quality jobs and fair labour practices throughout the industry. We will ensure that all workers in the taxi industry are afforded the same rights as other workers in South Africa.
- 3.1.6. Develop a national register of taxis to inform decision-making and co-ordinate planning.

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CODE**

- 3.1.7. Create an industry with an excellent public and safety image that is recognised as an integral part of the public transport system and operates in an equitably funded environment with regulations that are enforced.
- 3.1.8. Strive to make our industry part of the public transport system for all South Africans by providing commuters with reliable, safe, affordable, efficient and quality services.

**3.2. CURRENT GOVERNMENT INITIATIVES IN THE TAXI INDUSTRY**

- 3.2.3 Government through the Taxi Operations Directorate of the Department of Transport, also support and embrace the empowerment vision outlined in this codes. The following ongoing initiatives are part of the Directorate's programmes:
  - 3.2.3.1 Development of a Final Co-operative and Enterprise Model for the Road-Based Public Transport Industry.
  - 3.2.3.2 In line with the National Land Transport Transitional Act, the Department is facilitating the registration of taxi operators with the South African Revenue Service, This is aimed at assisting taxi operators to formalise and access other passenger transport services such as taxi contracts, etc.
  - 3.2.3.3 Training of taxi drivers with a view to obtaining appropriate driver's licences required for the prescribed vehicles.
  - 3.2.3.4 Training of taxi operators in various transport related legislation such as the National Land Transport Transitional Act and the Road Traffic Act in order to improve passenger safety and customer service.
  - 3.2.3.5 Communication campaign regarding the taxi recapitalisation project. This campaign will also promote the usage of taxis and disseminate information related to taxi operations.

**3.3. NATIONAL GOVERNMENT UNDERTAKINGS**

- 3.3.2. Government demonstrates its commitment to the Taxi industry by:
  - 3.3.2.1. Make decisive and direct interventions to enhance the competitiveness of the taxi industry as a mode of transport for commuters.
  - 3.3.2.2. Set up structures that will ensure inter-governmental co-ordination between departments to align their programmes with the Transport and Taxi Industry B-BBEE processes. Examples of cross-cutting issues that require interventions across government departments and agencies include, and are not limited to:
    - 3.3.2.2.1. Increasing awareness within the transport sector of available government investment incentives and grants;
    - 3.3.2.2.2. Through the Charter Council monitor stakeholder achievements in terms of the indicators in the Taxi Industry Balanced B-BBEE Scorecard;
    - 3.3.2.2.3. Convene an annual multi-stakeholder forum through this Codes;



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- 3.3.2.2.4. Council to investigate the scale of B-BBEE opportunities within the value chain;
- 3.3.2.2.5. Ensure that the Public Sector/ State Owned Enterprises (SOE's) maximise employment opportunities in the taxi industry through the use of labour-intensive methods, in so far as it is economically viable, in the maintenance and expansion of infrastructure;
- 3.3.2.2.6. Ensure that the restructuring and formalisation of the taxi industry to effect new institutional arrangements in a manner that results in an increase in black participation at all levels, particularly black women, black youth and black people living with disabilities—in employment and the procurement of services and goods;
- 3.3.2.2.7. Enforce and monitor compliance with existing legislation that may impact B-BBEE such as the Employment Equity, Skills Development, Competition Act, etc.; and
- 3.3.2.2.8. Publish an annual report on B-BBEE and job creation within the taxi industry that consolidates reports and information from all stakeholders. Stakeholders will use this report to review progress at an annual Transport Industry B-BBEE Forum.

**6. SCOPE OF APPLICATION**

- 6.1. The Taxi Sub-Sector Broad-Based Black Economic Empowerment (B-BBEE) Sub-Sector Codes applies to all road passenger transport services rendered by means of Taxis (as defined in the National Land Transport Transition Act, 2000 and its subsequent amendments).
- 6.2. The Taxi Sector B-BBEE Sub-Sector Codes covers the following entities involved in rendering passenger Taxi services:
  - 6.2.1. Minibus;
  - 6.2.2. Midibus Taxi-Type Services;
  - 6.2.3. Metered Taxi Service; and
  - 6.2.4. Uber.

**12. DEVELOPMENT OF THE TAXI SUB-SECTOR SCORECARDS**

- 12.1. The Transport Sector Charter Council and the Department of Transport embarked on a nationwide consultative process to solicit views and inputs in the sector to align the Taxi Transport Sub-Sector Codes to the Amended B-BBEE Codes of Good Practice. The Taxi Transport Sub-Sector Code, once approved and published, will be the only basis for the application and recognition of B-BBEE initiatives undertaken by the Taxi Transport Sector.
- 12.2. The participation of all major stakeholders was encouraged and submissions were obtained from various constituencies.
- 12.3. The Minister of Transport was involved and consulted in the drafting of the sector code and will provide continuous support for the codes going forward.

## **DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

12.4. The Codes as published will be based on the definitions, principles and methodologies of transformation outlined in the B-BBEE Amendment Act and the Amended B-BBEE Codes of Good Practice issued by **the dti**. Where there is any conflict the Codes of Practice takes precedence.

12.5. Sector specific sub-elements will be clearly defined in the Taxi Transport Sub-Sector Codes.

### **6. TAXI SUB-SECTOR B-BBEE SCORECARDS**

#### **6.1. BROAD-BASED BLACK ECONOMIC EMPOWERMENT ELEMENTS**

6.1.1 This Broad-Based Black Economic Empowerment Sub-Sector Code for the Taxi Transport Sector seeks to encourage all stakeholders to pursue a transformation agenda according to the broad guidelines set out in the BEE National Strategy and B-BBEE Amendment Act. It is a measurement of the B-BBEE elements that determine the level of B-BBEE contribution by the measured enterprise. There are five basic elements, namely:

**31. Ownership**

**32. Management Control**

**33. Skills Development**

**34. Enterprise and Supplier Development**

**35. Socio- Economic Development**

#### **6.1.2. PRIORITY ELEMENTS, SUBMINIMUM AND DISCOUNTING PRINCIPLE**

6.1.2.1. The priority Elements are as follows:

##### **6.1.2.1.1. Ownership:**

The sub-minimum requirement for Ownership is 40% of Net Value (40% of the 8 points) based on the Time Based Graduation Factor provided in Code 100.

##### **6.1.2.1.8 Skills Development:**

The sub-minimum requirements for Skills Development is 40% of the total weighting points (excluding bonus points) for Skills Development.

##### **6.1.3.1.7. Enterprise and Supplier Development:**

The sub-minimum for Enterprise and Supplier Development is 40% of the total weighting points (excluding bonus points) of each of the three broad categories, within the Enterprise and Supplier Development element, namely Preferential Procurement; Supplier Development and Enterprise Development. To remove any ambiguity this means that the Measured Entity must achieve at least:

XIX. 10 points under the Preferential Procurement category;

XX. 4 points under the Supplier Development category; and

XXI. 2 points under the Enterprise Development category.

#### **6.1.3. COMPLIANCE TO PRIORITY ELEMENTS**

6.10.3.1 A Large Enterprise is required to comply with all the Priority Elements;

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6.10.3.2 A Qualifying Small Enterprise is required to comply with Ownership as a compulsory element, and either Skills Development or Enterprise and Supplier Development.

**6.11 DISCOUNTING PRINCIPLE EFFECT**

**6.11.3.1** Non-compliance with the 40% sub-minimum requirements of any of the priority elements, as per paragraph 6.1.2 above, will result in the following outcomes for both Large Enterprises and Qualifying Small Enterprises:

**6.11.3.2** The discounted level of the Measured Entity due to non-compliance with the 40% sub-minimum requirements will be recognised by the Verification Professionals ("the B-BBEE Status Level");

**6.12 WEIGHTINGS**

6.3.1 The weighting of each element reflects the relative importance that the sector places thereon. Weightings are measured in percentage and the five elements of B-BBEE are weighted according to para 6.10.1 and 6.10.3 below.

**6.4 TARGETS**

6.4.1 The target represents the ideal scenario at which measured entities will score full points for the respective indicator. Taxi Transport enterprises under measurement will score proportional points on each indicator, according to the proportion of the relevant target achieved for that particular indicator. The milestone set for each indicator varies in order to drive an active transformation of the sector towards greater localisation and development of black owned enterprises.

**6.5. ELIGIBILITY AS AN EXEMPTED MICRO ENTERPRISE (EME)**

6.33.2. Any enterprise with a total annual Revenue of R 10 Million or less qualifies as an Exempted Micro-Enterprise.

6.33.3. An Exempted Micro-Enterprise is deemed to have a B-BBEE Status of "Level Four Contributor" having a B-BBEE recognition level of 100%.

6.33.4. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise:

6.33.4.1. Despite paragraphs 6.5.3 an EME which is 100% Black Owned qualifies for elevation to "Level One Contributor" having a B-BBEE recognition level of 135%.

6.33.4.2. Despite paragraph 6.5.2 and 6.5.3.1, an EME which is at least 51% Black Owned qualifies for elevation to "Level Two Contributor" having a B-BBEE recognition level of 125%.

6.33.4.3. Despite paragraphs 6.5.2 and 6.5.3.1, an EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level.

6.33.5. An EME is only required to obtain a sworn affidavit or Certificate issued by Companies and Intellectual Property Commission (CIPC) on an annual basis, confirming the following:

6.5.4.1 Total annual Revenue of R 10 Million or less; and

6.5.4.2 Level of Black ownership.

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6.5.5 Any misrepresentation in terms of Para 6.5.5 above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

**6.6 ELIGIBILITY AS QUALIFYING SMALL ENTERPRISES (QSE)**

6.6.1 Any enterprise with a total annual Revenue of more than R 10 Million or less than R50 Million qualifies as a Qualifying Small Enterprise.

6.6.2 A QSE must comply with all of the elements of the Taxi Transport Sector Qualifying Small Enterprise Scorecard (Code TXSC 600) for the purposes of measurement.

6.6.3 Enhanced B-BBEE recognition level for QSE:

6.6.3.1 A Qualifying Small Enterprise which is 100% Black Owned qualifies for Level One B-BBEE recognition.

6.6.3.2 A QSE which is at least 51% Black Owned qualifies for a Level Two B-BBEE recognition level.

6.6.3.3 A QSE that is 51% Black owned or 100% Black owned is only required to obtain a sworn affidavit or CIPC issued certificate on an annual basis, confirming the following:

6.6.3.3.1 Total annual Revenue of more than R 10 Million but less than R50 Million; and

6.6.3.3.2 Level of Black ownership; and

6.6.3.3.3 Empowering Supplier status.

6.6.4 Any misrepresentation in terms of Para 6.6.3.3. above constitutes a criminal offence as set out in the B-BBEE Act as Amended.

6.6.5 For the avoidance of doubt, all QSE's other than those referred to in paragraph 6.6.3, will be required to obtain a verification certificate to substantiate their B-BBEE status.

**6.7 ELIGIBILITY AS A LARGE ENTERPRISES**

6.7.3 Any enterprise with a total annual Revenue of above R50 Million qualifies as a Large Enterprise.

6.7.4 The Code complies with all principles and methodologies enshrined in Statement 000 issued for measuring a Large Enterprise.

**6.8 START-UP ENTERPRISES**

6.8.1 A Start-Up Enterprise must be measured as an Exempted Micro-Enterprise under this statement for the first year following the commencement of its operations. This provision applies regardless of the expected total Revenue of the Start-Up Enterprise.

6.8.2 A Start-up Enterprise is deemed to have the qualifying B-BBEE Status in accordance with the principles of paragraph 6.5 of this Statement.

6.8.3 In order to qualify as a Start-up Enterprise, the enterprise must provide confirmation of its status in accordance with paragraph 6.5.

6.8.4 Despite paragraph 6.8.1 and 6.8.2, a Start-up Enterprise must submit a QSE scorecard when tendering for any contract, or seeking any other economic activity covered by Section 10 of the Act, with a value higher than R 10 Million but less than R50 Million. For contracts of R50

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CODE**

Million or more they should submit the Large Enterprises scorecard. The preparation of such scorecards must use annualised data.

**6.9 ELIGIBILITY AS A BLACK NEW ENTRANT**

6.9.1 A Black New Entrant is a Black participant who holds rights of ownership in a measured Entity and who, before holding the Equity Instrument in the measured entity, has not held Equity instruments in other Entities which has a total value of more than R 50 million, measured using a standard valuation method.

**6.10 DURATION OF THE DRAFT AMENDED TAXI SUB-SECTOR CODE**

**6.10.1** An Taxi Transport Sub-Sector Code remains in effect until expressly amended, substituted or repealed under Section 9 of the B-BBEE Act.

**6.10.2** This sector code be reviewed every 2.5 years with the assistance of Industry and the Transport Sector Charter Council and revised every 5 years.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMOWERMMENT  
CODE****DRAFT AMENDED CODE SERIES TXSC100: MEASUREMENT OF THE OWNERSHIP ELEMENT OF  
BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE TAXI TRANSPORT SECTOR****STATEMENT TXSC100: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003 as  
amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objectives of this statement	12
2.	The Ownership Scorecard	12 & 13
3.	Guiding Principles	14
4.	Key Measurement Principles	14

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**29. OBJECTIVES OF THIS STATEMENT**

- 29.1. Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 29.2. Define the key measurement and guiding principles;
- 29.3. Specify the stakeholder undertakings; and
- 29.4. Specify the specific measurement principles applicable to various types of Entities.

**30. THE OWNERSHIP SCORECARD**

- 2.1 The ownership element table (see page 13 below) represents the criteria used for deriving a score for Ownership under this statement.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Association) Weightings	Private Sector (Association) Targets	Section 21/PBO Weightings
<b><u>Ownership</u></b>	<b>Voting Rights</b>			
	Exercisable voting rights in the hands of Women	4	25% + 1 Vote	
	Exercisable voting rights in the hands of Black Youth	2	10%	
	Exercisable voting rights in the hands of Black in Black Designated Group (Excluding Black Youth)	1	5%	
	<b>Economic Interest</b>			
	Economic interest in the hands of Black Women	4	25%	
	Economic interest in the hands of Black Youth	2	10%	
	Economic interest of the following Black natural people in the Measured Entity excluding youth in the following: • Black designated groups; • Black Participation in Employee Ownership Schemes (ESOP); • Black beneficiaries of Broad based Ownership Schemes; • Black participants in Co-operatives	1	5%	N/A
	Involvement in the ownership by Black New Entrants who are Black Women, Black Youth or Black Designated Groups (Excluding Youth)	3	15%	
	<b>Realization Points</b>			
	Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes	



**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**31. GUIDING PRINCIPLES**

- 31.1. Our guiding principle is to increase black ownership across the spectrum of the Taxi industry. We also aim to increase the economic sustainability of black ownership.

**32. KEY MEASUREMENT PRINCIPLES**

- 32.1. An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
- 32.1.1. a Company as defined in the Companies Act of 2008 (as amended);
  - 32.1.2. a Close corporation;
  - 32.1.3. a Co-operative;
  - 32.1.4. a Trust;
  - 32.1.5. a Broad-Based Ownership Scheme;
  - 32.1.6. an Employee Share Ownership Programme;
  - 32.1.7. a partnership or other association of natural persons; and
  - 32.1.8. any form of juristic person recognised under South African law.
- 32.2. The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 32.3. Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Codes of Good Practice.
- 32.4. The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Codes of Good Practice.
- 32.5. 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 Amended Codes of Good Practice. The targets as contained in the ownership element of this draft sub-sector code will apply.
- 32.6. The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Codes of Good Practice.
- 32.7. 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 Amended Codes of Good Practice.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****DRAFT AMENDED CODE SERIES TXSC200: MEASUREMENT OF THE MANAGEMENT CONTROL  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT TXSC200: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of 2003  
as amended by B-BBEE Act 46 of 2013

Arrangement of this statement:

<b>Para</b>	<b>Subject</b>	<b>Page</b>
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2.	Management Control Scorecard	16 & 17
3.	Guiding Principles	16
4.	Key Measurement Principles	16

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**23. OBJECTIVES OF THIS STATEMENT**

- 7.10. Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 7.11. Define the key measurement and guiding principles;
- 7.12. Specify the stakeholder undertakings; and
- 7.13. Specify the specific measurement principles applicable to various types of Entities.

**8. THE MANAGEMENT CONTROL SCORECARD**

- 2.1 The management control element table (see page 17 below) represents the criteria used for deriving a score for Management Control under this statement.

**9. GUIDING PRINCIPLE**

- 9.1. Industry commits to increase black participation on company boards and similar governance structures across the sector to become more representative of the overall country demographics and gender diversity.
- 9.2. We aim to increase black participation on company boards and similar governing structures across the sector to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. The industry will be transparent, eliminate unscrupulous business practices including fronting and fraud, and adopt best-practice corporate governance policies.
- 9.3. To increase the representation of black people in senior management, professional, technical and supervisory occupations in the Taxi industry. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****10. KEY MEASUREMENT PRINCIPLES**

- 10.1. Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Amended Codes of Good Practice.
- 10.2. A Measured Entity receives points for their achievement towards the Targets for participation of Black People and black women at Board, Executive Management, Senior Management, Middle Management, Junior Management Level, Black Employees with Disabilities, and Black Employees in Specialised Positions.
- 10.3. A Measured Entity must use the current payroll data as at Measurement Date in calculating its score under the Management Control scorecard.
- 10.4. If a Measured Entity does not distinguish between Other Executive Management and Senior Management, then Executive Management is measurable as a single indicator with a Weighting of 6 points under paragraphs 2.3.1 and 2.3.2 split as 4 and 2 points respectively.
- 10.5. Where a Measured Entity does not have any employees in any of the categories: Middle- or Junior Management, then the weightings of the indicator which has no employees must be evenly distributed among the remaining categories of Senior, Middle or Junior Management. Where there is no senior, Middle or Junior Management, the aggregate weightings of these 3 categories will be allocated to 'Other Executive Management'. Male weighting points to male and female-to-female.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Association) Weightings	Private Sector (Association) Targets	Section 21/PBO Weightings	Section 21/PBO Targets
<u>Management Control</u>	<b>Board Participation</b>				
	Exercisable voting rights of Black women board members as a percentage of all board members	2.5	60%	2.5	60%
	Exercisable voting rights of Black youth as a percentage of all board members	2	30%	2	30%
	<b>Other Executive Management</b>				
	Black Women Top Management as a percentage of all executives directors	2.5	55%	2.5	55%
	Black Youth Top Management as a percentage of all executives directors	2	30%	2	30%
	<b>Employees</b>				
	Black women employees as a percentage of all employees	2	55%	2	55%
	Black youth employees as a percentage of all employees	2	30%	2	30%
	<b>Employees with disabilities</b>				
	Black people employees with disabilities as a percentage of all employees	2	2%	2	2%

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****DRAFT AMENDED CODE SERIES TXSC300: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT TXSC300: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 of the Broad-Based Black Economic Empowerment Amendment Act  
No. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Pages</b>
1.	Objectives of this Statement	19
2.	The Skills Development Scorecard	19 & 20
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**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**31. OBJECTIVES OF THIS STATEMENT**

- 31.1. Specify the scorecard for measuring the Skills Development Element of B-BBEE;
- 31.2. Define the key measurement principles associated with the Skills Development Element; and
- 31.3. Indicate the formula for measuring the Skills Development Element

**32. THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

- 2.1 The skills development element table (see page 20 below) represents the criteria used for deriving a score for Skills Development under this statement.

**33. GUIDING PRINCIPLES**

- 33.1. Our vision is to substantially increase the economic value added (or productivity) of every employee in the F&C Industry through best practice Human Resource and Skills Development policies and increase the scale of initiatives aimed at developing black professionals and technical experts.

**34. MANDATORY TRAINING**

- 34.1. Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Association) Weightings	Private Sector (Association) Targets	Section 21/PBO Weightings	Section 21/PBO Targets
<b>Skills Development</b>	<b>2.1.Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>				
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	8	3%	8	3%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black Employees with disabilities as a percentage of the Leviable Amount	4	0.1% (Excluding Drivers)	4	0.1% (Excluding drivers)
	<b>2.2.Learnerships, Apprenticeships and Internships</b>				
	2.2.1.Number of Black people participating in Learnerships, Apprenticeships and Internships as a percentage of total employees	6	6%	6	6%
	2.2.2.Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	2.50%	4	3%
	<b>2.3.Bonus Points</b>				
	2.3.1.Number of black people absorbed by the measured and/or Industry entity at the end of the learnerships programme	5	100%	5	100%



**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**DRAFT AMENDED CODE SERIES TXSC400: MEASUREMENT OF THE ENTERPRISE AND  
SUPPLIER DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT TXSC400: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND  
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act 53 of 2003  
as amended by B-BBEE Act No. 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objective of this Statement	22
2.	Enterprise and Supplier Development Scorecard	22 & 23
3.	Guiding Principles	22

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**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**22. OBJECTIVES OF THIS STATEMENT**

- 22.1.** Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 22.2.** Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 22.3.** Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 22.4.** Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**23. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

- 2.1** The enterprise and supplier development element table (see page 23 below) represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

**24. GUIDING PRINCIPLE**

- 24.1.** Our principle is to accelerate procurement from black and black female owned suppliers, with the main objective of growing existing or emerging entrepreneurs and black industrialists to produce value-added goods and services for the industry and increase job creation, localisation as well as allowing for the creation of new businesses.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Association) Weightings	Private Sector (Association) Targets	Section 21/PBO Weightings	Section 21/PBO Targets
<b>Enterprise and Supplier Development</b>	<b>24.2. Preferential Procurement</b>				
	2.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	5	80%	5	80%
	2.1.2 B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%	4	20%
	2.1.3 B-BBEE Procurement Spend from Exempt Micro Enterprises based on the applicable B-BBEE Procurement Recognition Level as a percentage of Total measurable Procurement Spend	4	20%	4	20%
	2.1.4 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	9	40%	9	40%
	2.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%	5	15%
	2.1.6 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned co-operatives based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	30%	5	30%
	<b>Bonus Points</b>				
	2.1.7 B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black Owned	2	3%	2	3%
	<b>24.3. Supplier Development</b>				
	2.2.1 Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	10	2% of NPAT	10	2% of Payroll
	<b>24.4. Enterprise Development</b>				
	2.3.1 Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT	5	1% of Payroll
	<b>24.5. Bonus Points</b>				
	2.4.1 Bonus point for the graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1		1	
	2.4.2 Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured entity	1		1	

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****DRAFT AMENDED CODE SERIES TXSC500: MEASUREMENT OF THE SOCIO-ECONOMIC  
DEVELOPMENT ELEMENTS OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT TXSC500: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No. 53  
of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objectives of this statement	25
2.	The Socio-Economic Development Scorecard	25 & 26
3.	Guiding Principles	25
4.	Key Measurement Principles	25

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**11. OBJECTIVES OF THIS STATEMENT**

3.1 The objectives of this statement are to specify:

3.1.1 The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;

3.1.2 The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and

3.1.3 The formula for calculating the individual criteria specified in the SED scorecard.

**4. THE SED SCORECARD**

2.1 The socio-economic development element table (see page 26 below) represents the criteria for deriving a score for Socio-Economic Development under this statement.

**5. GUIDING PRINCIPLE**

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

**6. KEY MEASUREMENT PRINCIPLES**

6.1 Measurement principles associated with Socio-Economic Development element are contained in Statement 500 of Code 500 of the Generic Code of Good Practice.

6.2 Measurement principles required for evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Association) Weightings	Private Sector (Association) Targets	Section 21/PBO Weightings	Section 21/PBO Targets
<u>Socio-Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	6	1% of NPAT	10	1% of Payroll

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**DRAFT AMENDED CODE SERIES TXSC601: MEASUREMENT OF THE OWNERSHIP ELEMENT OF  
BROAD-BASED BLACK ECONOMIC EMPOWERMENT IN THE TAXI SUB-SECTOR**

**STATEMENT TXSC601: THE GENERAL PRINCIPLES FOR MEASURING OWNERSHIP**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003 as  
amended by B-BEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objectives of this statement	28
2.	The Ownership Scorecard	28 & 30
3.	Guiding Principles	28
4.	Key Measurement Principles	28

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**1. OBJECTIVES OF THIS STATEMENT**

- 1.1 Specify the scorecard for measuring the Ownership Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 1.1 Define the key measurement and guiding principles;
- 1.2 Specify the stakeholder undertakings; and
- 1.4 Specify the specific measurement principles applicable to various types of Entities.

**2 THE OWNERSHIP SCORECARD**

- 2.1 The ownership element table (see page 30 below) represents the criteria used for deriving a score for Ownership under this statement.

**3 GUIDING PRINCIPLES**

- 3.1 Our guiding principle is to increase black ownership across the spectrum of the Taxi industry. We also aim to increase the economic sustainability of black ownership.

**4 KEY MEASUREMENT PRINCIPLES**

- 4.1 An Entity receives points for participation by Black People in its rights of Ownership, using the Ownership scorecard in paragraph 2. Black People may hold their rights of Ownership in a Measured Entity as direct Participants or as Participants through some form of Entity such as:
  - 4.1.1 a Company as defined in the Companies Act of 2008 (as amended);
  - 4.1.2 a Close corporation;
  - 4.1.3 a Co-operative;
  - 4.1.4 a Trust;
  - 4.1.5 a Broad-Based Ownership Scheme;
  - 4.1.6 an Employee Share Ownership Programme;
  - 4.1.7 a partnership or other association of natural persons; and
  - 4.1.8 any form of juristic person recognised under South African law.
- 4.2 The Rights of Ownership held by black people in South African multinationals are measureable against the value of their South African operations only. The Exclusion Principle must be applied with reference to the value of the Measured Entity's foreign operations when calculating its ownership score.
- 4.3 Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Amended Codes of Good Practice.
- 4.4 The formulae required in the determination of the ownership score are contained in Annexure 100 (E) of Statement 100 of Code 100 of the Amended Codes of Good Practice.
- 4.5 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 Amended Codes of Good Practice. The targets as contained in the ownership element of this draft sub-sector code will apply.
- 4.6 The recognition of the equity equivalent programmes for multinational organisations has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Amended Codes of Good Practice.



**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

- 4.7 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 Amended Codes of Good Practice.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Owners and/Operators) Weightings	Private Sector (Owners and/Operators) Targets
	<b>Voting Rights</b>		
	Exercisable voting rights in the hands of Women	4	25% + 1 Vote
	Exercisable voting rights in the hands of Black Youth	2	10%
	Exercisable voting rights in the hands of Black in Black Designated Group (Excluding Black Youth)	1	5%
	<b>Economic Interest</b>		
	Economic interest in the hands of Black Women	4	25%
	Economic interest in the hands of Black Youth	2	10%
	Involvement in the ownership by Black New Entrants who are Black Women, Black Youth or Black Designated Groups (Excluding Youth)	3	15%
	<b>Realization Points</b>		
	Net Value/Net Economic Interest	8	Formula A and Formula B of Annexure 100 (D) of the DTI Codes

Ownership Element

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**DRAFT AMENDED CODE SERIES TXSC602: MEASUREMENT OF THE MANAGEMENT CONTROL  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
STATEMENT TXSC602: THE GENERAL PRINCIPLES FOR MEASURING  
MANAGEMENT CONTROL**

Issued under the Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 OF 2003  
as amended by B-BBEE Act 46 of 2013

Arrangement of this statement

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objectives of this statement	32
2.	Management Control Scorecard	32 & 33
3.	Guiding Principles	32
4.	Key Measurement Principles	32

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### 1. OBJECTIVES OF THIS STATEMENT

- 1.1 Specify the scorecard for measuring the Management Control Element of Broad-Based Black Economic Empowerment (B-BBEE);
- 1.1 Define the key measurement and guiding principles;
- 1.2 Specify the stakeholder undertakings; and
- 1.4 Specify the specific measurement principles applicable to various types of Entities.

### 2 THE MANAGEMENT CONTROL SCORECARD

- 2.1 The management control element table (see page 33 below) represents the criteria used for deriving a score for Management Control under this statement.

### 3 GUIDING PRINCIPLE

- 3.1 Industry commits to increase black participation on company boards and similar governance structures across the sector to become more representative of the overall country demographics and gender diversity.
- 3.2 We aim to increase black participation on company boards and similar governing structures across the sector to create decision-making structures that truly represent the racial, ethnic and gender diversity of our country. The industry will be transparent, eliminate unscrupulous business practices including fronting and fraud, and adopt best-practice corporate governance policies.
- 3.3 To increase the representation of black people in senior management, professional, technical and supervisory occupations in the Taxi industry. This will require that all stakeholders create a supportive culture within their organizations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

### 4 KEY MEASUREMENT PRINCIPLES

- 4.1 Measurement principles associated with the management control element are contained in Statement 200 of Code 200 of the Amended Codes of Good Practice.
- 4.2 A Measured Entity receives points for their achievement towards the Targets for participation of Black People and black women at Board, Executive Management, Senior Management, Middle Management, Junior Management Level, Black Employees with Disabilities, and Black Employees in Specialised Positions.
- 4.3 A Measured Entity must use the current payroll data as at Measurement Date in calculating its score under the Management Control scorecard.
- 4.4 If a Measured Entity does not distinguish between Other Executive Management and Senior Management, then Executive Management is measurable as a single indicator with a Weighting of 6 points under paragraphs 2.3.1 and 2.3.2 split as 4 and 2 points respectively.
- 4.5 Where a Measured Entity does not have any employees in any of the categories: Middle- or Junior Management, then the weightings of the indicator which has no employees must be evenly distributed among the remaining categories of Senior, Middle or Junior Management. Where there is no senior, Middle or Junior Management, the aggregate weightings of these 3 categories will be allocated to 'Other Executive Management'. Male weighting points to male and female-to-female.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Owners and/Operators) Weightings	Private Sector (Owners and/Operators) Targets
	<b>Executive Management</b>		
	Black Women Top Management as a percentage of all executives directors	5	55%
	Black Youth Top Management as a percentage of all executives directors	2	30%
	<b>Employees</b>		
	Black women employees as a percentage of all employees	5	55%
	Black youth employees as a percentage of all employees	3	30%
	<b>Employees with disabilities</b>		
	Black people employees with disabilities as a percentage of all employees	2	2%

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****DRAFT AMENDED CODE SERIES TXSC603: MEASUREMENT OF THE SKILLS DEVELOPMENT  
ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT TXSC603: THE GENERAL PRINCIPLES FOR MEASURING SKILLS DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of  
2003 as amended B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Pages</b>
1.	Objectives of this Statement	35
2.	The Skills Development Scorecard	35 & 36
3.	Guiding Principles	35
4.	Mandatory Training	35

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**1. OBJECTIVES OF THIS STATEMENT**

- 1.1 Specify the scorecard for measuring the Skills Development Element of B-BBEE;
- 1.2 Define the key measurement principles associated with the Skills Development Element; and
- 1.3 Indicate the formula for measuring the Skills Development Element

**2 THE SKILLS DEVELOPMENT ELEMENT SCORECARD**

- 2.1 The skills development element table (see page 36 below) represents the criteria used for deriving a score for Skills Development under this statement.

**3. GUIDING PRINCIPLES**

- 3.1 Our vision is to substantially increase the economic value added (or productivity) of every employee in the Taxi Industry through best practice Human Resource and Skills Development policies and increase the scale of initiatives aimed at developing black professionals and technical experts.

**4. MANDATORY TRAINING**

- 4.1 Mandatory sectoral training does not qualify as Skills Development contribution i.e. health and safety training except for the training listed in the non exhaustive list below.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

Indicator	Indicators of Empowerment	Private Sector (Owners and/Operators) Weightings	Private Sector (Owners and/Operators) Targets
<b><u>Skills Development</u></b>	<b>2.1. Skills Development Expenditure on any programme specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount</b>		
	2.1.1. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black people as a percentage of the Leviable Amount	20	3%
	2.1.2. Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black females as a percentage of the Leviable Amount	10	1.5%



**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****AMENDED CODE SERIES TXSC604: MEASUREMENT OF THE ENTERPRISE AND SUPPLIER  
DEVELOPMENT ELEMENT OF BROAD-BASED BLACK ECONOMIC EMPOWERMENT****STATEMENT TXSC604: THE GENERAL PRINCIPLES FOR MEASURING ENTERPRISE AND  
SUPPLIER DEVELOPMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Act No. 53 of  
2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objective of this Statement	38
2.	Enterprise and Supplier Development Scorecard	38 & 39
3.	Guiding Principles	38

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMOWERMENT  
CODE**

**1. OBJECTIVES OF THIS STATEMENT**

- 1.1 Specify the scorecard for measuring Preferential Procurement and Qualifying Enterprise and Supplier Development Contributions;
- 1.2 Specify the key measurement principles applicable to calculating Preferential Procurement contributions; Qualifying Enterprise Development and Supplier Development Contributions;
- 1.3 Define the principles applicable when calculating B-BBEE Procurement Spend and Enterprise Development and Supplier Development Spend; and
- 1.4 Indicate the formula for calculating the individual criteria specified in the Enterprise and Supplier Development scorecard.

**2. ENTERPRISE AND SUPPLIER DEVELOPMENT SCORECARD**

- 2.1 The enterprise and supplier development element table (see page 9 below) represents the criteria for deriving a score for Enterprise and Supplier Development under this statement.

**3. GUIDING PRINCIPLE**

- 3.1 Our principle is to accelerate procurement from black and black female owned suppliers, with the main objective of growing existing or emerging entrepreneurs and black industrialists to produce value-added goods and services for the industry and increase job creation, localisation as well as allowing for the creation of new businesses.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Owners and/Operators) Weightings	Private Sector (Owners and/Operators) Targets
<b><u>Enterprise and Supplier Development</u></b>	<b>1. Preferential Procurement</b>		
	2.1.1 B-BBEE Procurement Spend from Empowering Suppliers based on the B-BBEE Procurement Recognition Level as a percentage of Total Measurable Procurement Spend	10	60%
	2.1.2 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	15%
	2.1.3. B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	3	10%
	2.1.4 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned co-operatives based on the applicable B-BBEE Procurement Recognition Levels as a percentage of the Total Measured Procurement Spend	5	20%
	<b>2. Supplier Development</b>		
	2.2.1. Annual value of all Supplier Development Contributions made by the measured entity as a percentage of the target	5	1% of NPAT
	<b>3. Enterprise Development</b>		
	2.3.1. Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT

**CODE SERIES TXSC605: MEASUREMENT OF THE SOCIO-ECONOMIC DEVELOPMENT ELEMENTS OF  
BROAD-BASED BLACK ECONOMIC EMPOWERMENT**

**STATEMENT TXSC605: THE GENERAL PRINCIPLES FOR MEASURING THE SOCIO-ECONOMIC  
DEVELOPMENT ELEMENT**

Issued under Section 9 (5) of the Broad-Based Black Economic Empowerment Amendment Act No 53  
of 2003 as amended by B-BBEE Act 46 of 2013

**Arrangement of this statement:**

<b>Para</b>	<b>Subject</b>	<b>Page</b>
1.	Objectives of this statement	41
2.	The Socio-Economic Development Scorecard	41 & 42
3.	Guiding Principles	41
4.	Key Measurement Principles	41

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

**1. OBJECTIVES OF THIS STATEMENT**

- 1.1 The objectives of this statement are to specify:
- 1.1.1 The Socio-Economic Development (SED) and Sector Specific Contributions scorecard;
- 1.1.2 The key measurement principles applicable when calculating Qualifying Socio-Economic Contributions; and
- 1.1.3 The formula for calculating the individual criteria specified in the SED scorecard.

**2 THE SED SCORECARD**

- 2.1 The socio-economic development element table (see page 42) represents the criteria for deriving a score for Socio Economic Development under this statement.

**3 GUIDING PRINCIPLE**

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

**4 KEY MEASUREMENT PRINCIPLES**

- 4.1 Measurement principles associated with Socio –Economic Development element are contained in Statement 500 of Code 500 of the Amended Code of Good Practice.
- 4.2 Measurement principles required for evaluating Specialised Enterprise contributions are contained in Statement 004 of Code 000 of the Amended Codes of Good Practice.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

Indicator	Indicators of Empowerment	Private Sector (Owners and/Operators) Weightings	Private Sector (Owners and/Operators) Targets
<u>Socio Economic Development</u>	2.1. Annual value of Socio Economic Development Contributions made by the Measured Entity as a percentage of the target	6	1% of NPAT

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****SCHEDULE 1****SECTOR SPECIFIC SUB INDICATORS****7. OWNERSHIP**

- 1.2 The ownership is focused on Black Women and Black Youth.

**8. MANAGEMENT CONTROL**

- 2.1 The element focuses on Black Women and Black Youth.

**9. SKILLS DEVELOPMENT**

- 3.1 This element has targets less than **the dti** codes.
- 3.2 The Skills Development Element contained in Statement 300 of Code 300 of the Generic Codes of Good Practice excludes Mandatory training from the Skills development Expenditure. The mandatory training exclusion includes the cost of training from initiatives listed in the Mandatory Training list below, capped at the amount specified in said list.
- 3.3 The skills development expenditure will include the 1% Skills Development levy. This does not include the discretionary and mandatory grant.

**10. ENTERPRISE AND SUPPLIER DEVELOPMENT**

- 4.1 There is enhanced recognition for procurement spend on co-operatives as per the co-operative and enterprise model developed by the DoT.
- 4.2 Recognition Criteria required to determine Enterprise and Supplier Development Contributions are contained in Annexure 400 (B) of Statement 400 of Code 400 of the B-BBEE Amended Codes of Good Practice, which has been amended for the purposes of this sub-sector code (Refer to TXSC400 (B)).

**5. SOCIO-ECONOMIC DEVELOPMENT**

- 5.1 There is enhanced recognition for socio-economic development initiatives identified.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE****SCHEDULE 2****IMPLEMENTATION ,MONITORING AND EVALUTION INTERVENTIONS****6. TRANSPORT SECTOR B-BBEE CHARTER COUNCIL****1.1 Fundamental principles :-**

- 1.1.1 The Charter Council was established as an independent body with a mandate to oversee the implementation of the charter.
- 1.1.2 The Charter Council will address the issues of principle and, in particular
- 1.1.3 Conduct the reviews and take the decisions in consultation with stakeholders per sub-sector around the targets that will be applied from 1 November 2015 ('effective date').
- 1.1.4 Undertake a comprehensive mid-term review in 2, 5 years and make recommendations to the Minister decisions regarding improvements to the implementation of the charter and scorecard.
- 1.1.5 If there is a material change in the circumstances or the environment in which the charter has to be implemented, they will consider whether the targets and implementation strategies are still appropriate, and if not how they should be varied.
- 1.1.6 Recommendation decisions of the Charter Council will be formulated on a consensual basis. If, on any issue, the Charter Council is unable to achieve consensus, the Council will submit a majority and minority position to the Minister for his/her final decision. Will be a dispute-breaking mechanism in the Charter Council either by some agreed mechanism within the Charter Council, or by reference to arbitration or mediation.
- 1.1.7 The DoT shall provide secretarial support to the Council with respect to Charter Council and will establish an executive (secretariat) to attend to its routine work and specifically to:
  - 1.1.7.1 Receiving, and considering the latest B-BBEE Certificates submitted by and approve annual audits from each measured entity within the sub-sector;
  - 1.1.7.2 Recommending guidance notes on the interpretation and application of the sub-sector charter to the Minister;
  - 1.1.7.3 Preparing an annual review which outlines progress and evaluates new areas of intervention and recommending same to the Minister;
  - 1.1.7.4 Submit the annual review to the Presidential BEE Advisory Council for publication;
  - 1.1.7.5 Prepare interim reports at appropriate intervals;
  - 1.1.7.6 Undertake the reviews identified in terms of the sub-charter;
  - 1.1.7.7 Accredite agencies to perform audits; and
  - 1.1.7.8 Engage with Government, the public sector, the private sector, the Presidential BEE Advisory Council and other regulatory agencies to promote the implementation of the charter.
- 1.1.8 When accrediting agencies to perform B-BBEE audits on Sector Codes will address the following requirements:
  - 1.1.8.1 The verification methodologies and procedures;
  - 1.1.8.2 More than 51% Black ownership;



**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE**

- 1.1.8.3 B-BBEE Certificate of the agency;
- 1.1.8.4. SANAS / IRBA Accreditation;
- 1.1.8.5 Completion of the dti MDP programmes;
- 1.1.8.6. Attendance of DoT Sector Code Training;
- 1.1.8.7 Demonstration of understanding of Sector Codes; and
- 1.1.8.8 Prior Experience in rating Sector enterprises.
- 1.1.9 The DoT and Private sector, through Government led and private sector driven initiatives need to ensure that the executive (secretariat) is adequately resourced capacitated and supported to fulfill its mandate as envisaged in the sub-sector charter. A business plan will be commissioned which will, amongst other things, outline a budget for the work of the Charter Council and the executive (secretariat).
- 1.1.10 Measured entities within the sub-sector charter will be encouraged to contribute towards funding the Charter Council in accordance with the budget and Annexe TXSC 400B – Enterprise Development and Supplier Development Benefit Factor Matrix.
- 1.1.11 All measured entities will publish, for general information, an annual BEE report. The BEE report will include the audited scorecard and an account of progress in discharging quantified responsibilities as per the sub-sector scorecard and commitments.
- 1.1.12 Each Measured entity within the sub-sector charter must annually submit a report to the Charter Council and a copy of its annual B-BBEE report together with a copy of its latest B-BBEE Verification Certificate and its progress in implementing the provisions of this sub-sector charter. If a Measured entity is a member of a group, it should report as part of the group in the South African holding company unless –
- 1.1.13 The Measured entity is a listed company; or
- 1.1.14 The Measured entity opts in. The first annual report will be for the Measured Entities measurement period for 2016, and must be submitted to by 31 March 2017.

**2. REVIEW PERIOD**

- 2.1 This sub-sector code will be reviewed every 2.5 years with the assistance of industry and the Charter Council and revised every 5 years.

**3. TETA LEVY AND B-BBEE IMPLEMENTATION**

- 3.1 When a sector enterprise is measuring Skills Development, the 1% SDL can be included in the Skills Development spend towards achieving the 6% target. This however does not include any mandatory or discretionary grants the measured entity has received from TETA.

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMOWEMENT  
CODE****SCHEDULE 3****INTERPRETATION , ABBREVIATIONS AND DEFINITIONS****PART 1: INTERPRETATION**

The Taxi Transport Sub-Sector Code must be interpreted according to the following provisions unless the context requires a different meaning:

1. In interpreting the provisions of the Taxi Transport sub-Sector Code any reasonable interpretation consistent with the objectives of the B-BBEE Amendment Act, the B-BBEE Strategy and Amended B-BBEE Codes of Good Practice must take precedence.
2. Words importing persons shall where the context so requires or admits, include individuals, firms, partnerships, trusts, corporations, governmental bodies, authorities, agencies, unincorporated bodies of persons or associations and any organisation having legal capacity.
3. The Transport B-BBEE Charter Council may from time to time issue best practice notes to clarify or explain some of the provisions contained in the Taxi Transport Sub-Sector Codes. These practice notes may not contradict the terms it attempts to clarify. Neither may this mechanism be used to add new provisions to the existing Taxi Transport Sub-Sector Code.

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### PART 2: ABBREVIATIONS

B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CODES	Codes of Good Practice under section 9 (1) of the Broad-Based Black Economic Empowerment Act, 2003 as amended
CDP	Continuing Professional Development
DoT	Department of Transport
DTI	Department of Trade and Industry
EAP	Economically Active Population
EE	Employment Equity
EE Act	Employment Equity Act of 1998, as amended
EMEs	Exempted Micro Enterprises
ESD	Enterprise and Supplier Development
ESOP	Employee Share Ownership Plan
IPAP	Industrial Policy Action Plan
NEPAD	New Partnership for Africa's Development
NDP	National Development Plan
NPAT	Net Profit After Tax
PP	Preferential Procurement
QSEs	Qualifying Small Enterprises
SIPS	Strategic Integrated Projects

## DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT CODE

### PART 3: DEFINITIONS

In this Taxi Transport Sector Codes unless the context otherwise requires:

Expressions, definitions and qualifications used in the Taxi Transport Sub-Sector Code have the meaning assigned to them in the Taxi Transport Sector Codes gazetted under section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, unless otherwise specified hereunder.

<b>ABSORPTION</b>	Means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the Learner or to assist the Learner's proceed with further education and training.
<b>ACQUISITION DEBT</b>	Means the debt of: <ul style="list-style-type: none"> <li>o. Black Participants incurred in financing their purchase of their equity instruments in the Measure Entity and</li> <li>p. Juristic persons or trusts found in the chain of ownership between the eventful Black Participants and the Measured Entity for the same purpose as those in (a)</li> </ul>
<b>APPRENTICESHIP</b>	Means an agreement between an apprentice and an employer for a set period of time during which the apprentice works and receives training in the workplace.
<b>BLACK DESIGNATED GROUPS</b>	Means: <ul style="list-style-type: none"> <li>qq. Unemployed black people not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;</li> <li>rr. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>ss. Black people who are persons with disabilities as defined in the Code of Good Practice on employment of people with disabilities issued under the Employment Equity Act;</li> <li>tt. Black people living in rural and under developed areas; and</li> <li>uu. Black military veterans who qualify to be called a military veteran in terms of the Military Veterans Act 18 of 2011.</li> <li>vv. 100% Black Owned and Controlled Co-operatives</li> </ul>
<b>BLACK YOUTH</b>	<ul style="list-style-type: none"> <li>o. Black people who are youth as defined in the National Youth Commission Act of 1996;</li> <li>p. For purposes of Management Control it is Black people who are youth as defined in the National Youth Commission Act of 1996 who are skilled and/or unskilled between the ages of 18 – 35.</li> </ul>

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

<b>EMPOWERING SUPPLIER</b>	<p>An Empowering Supplier within a context of B-BBEE is a B-BBEE compliant entity, which is a good citizen South African entity, complies with all regulatory requirements of the country and should meet at least three, if it is a large enterprise, or one, if it is a QSE, of the following criteria:</p> <ul style="list-style-type: none"> <li>jj. At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in SA, for service industry labour cost are included but capped to 15%.</li> <li>kk. Job creation - 50% of jobs created are for Black people provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained.</li> <li>ll. At least 25% transformation of raw material/beneficiation, which include manufacturing, production and/or assembly, and/or packaging.</li> <li>mm. Skills transfer - at least spend 12 days per annum of productivity deployed in assisting Black EMEs and QSEs beneficiaries to increase their operation or financial capacity</li> <li>nn. At least 85% of labour costs should be paid to South African employees by service industry entities</li> </ul>
<b>EXPERIENTIAL LEARNING</b>	Means the process of learning through experience, and is specifically defined as 'learning through reflection or doing'. Experiential learning is concerned with more concrete issues related to the learner and the learning context.
<b>GLOBAL PRACTICE</b>	Means a globally and uniformly applied practice of a Multinational, restricting alienation of equity in or the sale of businesses in its regional operations. The practice must have existed before the promulgation of the Act.
<b>INDUSTRY SPECIFIC INITIATIVES</b>	Means the qualifying contributions that are unique to the industry in which enterprises operate. For the purposes of the Codes an industry may be grouped in major divisions in accordance with the Standard Industrial Classification Coding System used by Statistic South Africa.
<b>LOCALLY-OWNED ENTERPRISE</b>	A commercial undertaking or business where 50% or more of shareholding is held within the borders of the Republic of South Africa.
<b>MANAGEMENT DEVELOPMENT PROGRAMMES</b>	The Management Development Programme (MDP) aims to equip Black professionals to become effective managers pursuing the goals of excellence within their own organisations. The programme must be designed to maximum use of managers by providing them with the skills, training and resources necessary to move into higher-level positions within the measured entity.
<b>MULTINATIONAL TAXIINESS</b>	Means a Measured Entity with a business in the Republic of South Africa and elsewhere, which maintains its international headquarters outside the Republic.
<b>SPECIALISED POSITIONS</b>	Positions held by persons who devotes himself or herself to one subject or to one particular branch of a subject or pursuit.
<b>SUITABLE EVIDENCE OR DOCUMENTATION</b>	<p>Means, notwithstanding any provisions to the contrary in the Verification Manual (Gazetted 31255, 18 July 2008) as amended from time to time, evidence or documentation that includes without limiting the generality of the term:</p> <ul style="list-style-type: none"> <li>(h) representations by the Measured Entity regarding its B-BBEE Status that can be substantiated out of audited or reviewed financial statements, an independent</li> </ul>

**DRAFT AMENDED TAXI SUB-SECTOR BROAD-BASED BLACK ECONOMIC EMPOWERMENT  
CODE**

	<p>Competent Person's report, other third party confirmation or where appropriate having regard to available evidence, in the absence of third party confirmation, a representation by management of the Measured Entity attesting to the facts.</p> <p>XXII. A verification professional considering aforementioned evidence or documentation in support of any representation must apply professional judgement in evaluating the appropriateness thereof;</p> <p>XXIII. cannot dissolve itself of its responsibility to conduct a thorough verification by relying only on this type of evidence or documentation where in fact other evidence, as is required by the Verification Manual, is readily available; and</p> <p>XXIV. In evaluating the appropriateness of evidence it must achieve a reasonable level of comfort with respect to any conclusion it reaches.</p> <p>(b) in the case of 51% or 100% Black Owned Exempted Micro-Enterprise and 51% or 100% Black Owned Qualifying Small Enterprise an affidavit attesting to its B-BBEE status. This is the minimum level of evidence required for these entities.</p> <p>(c) in the case of Broad-Based Ownership Schemes, Employee Share Ownership Programmes and Trusts, Verification Professionals may rely on interviews with fiduciaries (where available, independent fiduciaries) of these schemes instead of the individual Participants of these schemes to achieve a reasonable level of comfort with regard to the Rights of Ownership that flow through them.</p>
<b>TECHNICAL AND PROFESSIONAL POSITIONS</b>	Technical and Professional positions refer to positions in the measured entity that fall within the academic disciplines of science, technology, engineering and mathematics (STEM positions).
<b>THE ACT</b>	Means the Broad-Based Black Economic Empowerment Act 53 of 2003 as amended by B-BBEE Act 46 of 2013.
<b>THE CODES</b>	Means the Codes of Good Practice including all the statements as issued under section 9 of the Act as amended.
<b>THE GENERIC SCORECARD</b>	Means the balanced B-BBEE scorecard as contained in statement 000.