

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR – TRANSPORT



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

DEPARTMENT OF TRANSPORT

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR - TRANSPORT

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TABLE OF CONTENTS

ABBREVIATIONS	2
1. SCOPE OF APPLICATION.....	3
1.1 Stakeholders	3
1.2 Guiding Principle	3
1.3 Undertakings	3
1.4 Duration of this Sub-Sector Code	4
2. DEPARTMENT OF TRANSPORT UNDERTAKING	4
2.1 Guiding principles	4
2.2 Three Pillars of the Scorecard	4
2.3 Indicators of empowerment.....	5
2.3.1 Elements.....	5
2.3.2 MANAGEMENT CONTROL.....	5
2.3.3 EMPLOYMENT EQUITY.....	6
2.3.4 SKILLS DEVELOPMENT.....	7
2.3.5 PREFERENTIAL PROCUREMENT.....	9
2.3.6 ENTERPRISE DEVELOPMENT.....	11
3 STATE OWNED ENTERPRISES.....	11
3.2 Indicators of Empowerment.....	11
3.2.1 OWNERSHIP.....	12
3.2.2 MANAGEMENT CONTROL.....	13
3.2.3 EMPLOYMENT EQUITY.....	13
3.2.4 SKILLS DEVELOPMENT.....	14
3.2.5 PREFERENTIAL PROCUREMENT.....	14
3.2.6 ENTERPRISE DEVELOPMENT.....	15
3.2.7 SOCIO-ECONOMIC DEVELOPMENT.....	15
4. PUBLIC SECTOR B-BBEE SCORECARD.....	17
5. APPENDIX A: B-BBEE STATUS FOR ACCREDITATION ON PREFERENTIAL PROCUREMENT.....	25
6. APPENDIX B: ENTERPRISE DEVELOPMENT ENHANCED RECOGNITION FACTOR MECHANISM.....	26
7. APPENDIX C: LEARNING PROGRAMME MATRIX.....	31
8. APPENDIX D: COMMITMENT EVALUATION MATRICES.....	33

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

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT**1. SCOPE OF APPLICATION****1.1 Stakeholders**

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

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

1.2. Guiding Principle

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

1.3. Undertakings**1.3.1. The sector commits to:**

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

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

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

The Transport Charter Council that will be established pursuant to this gazette will review this Sub-Sector Code following the end of the 5th year after its gazetting and despite the aforementioned, it shall be reviewed on an annual basis for monitoring purpose.

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

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

2.1.2. Accelerating B-BBEE in the Transport Sector

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

2.1.3. A world class Department of Transport

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

2.2 Three Pillars of the Scorecard

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

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

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

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

2.3 Indicators of empowerment

2.3.1 Elements

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

2.3.2 MANAGEMENT CONTROL

2.3.2.1 Guiding Principle

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

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

2.3.2.2 Criteria and targets:

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

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

2.3.2.2 Measurement Principles and Application of the Charter

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

2.3.3 EMPLOYMENT EQUITY

2.3.3.1 Undertakings By Public Sector:

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

2.3.3.2 Criteria and targets:

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

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

2.3.3.3 Measurement Principles and Application of the Charter

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

2.3.4 SKILLS DEVELOPMENT

2.3.4.1 Guiding Principle

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

2.3.4.2 The Public Sector commits to:

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

2.3.4.3 Criteria and targets:

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

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

2.3.4.4 Measurement Principles and Application of the Sub-Sector Code

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

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

2.3.5 PREFERENTIAL PROCUREMENT

2.3.5.1 Guiding Principle

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

2.3.5.2 Undertakings

2.3.5.2.1 All stakeholders commits to:

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

2.3.5.3 Criteria and targets:

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

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

2.3.5.4 Measurement Principles and Application of the Charter

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

- 2.3.5.4.1 Measurement principles associated with the preferential procurement element are contained in Statement 500 of Code 500 of the B-BBEE Generic Codes of Good Practice.
- 2.3.5.4.2 The formulae required in the determination of the preferential procurement score are contained in Annexure 500 (A) of Statement 500 of Code 500 of the B-BBEE Generic Codes of Good Practice.

2.3.6 ENTERPRISE DEVELOPMENT

2.3.6.1 Guiding Principle

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

2.3.6.2 Criteria and targets:

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

2.3.6.3 Measurement Principles and Application of the Sub-Sector Code

- 2.3.6.3.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the B-BBEE Generic Codes of Good Practice.
- 2.3.6.3.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of the Statement 600 of Code 600 of the B-BBEE Generic Codes of Good Practice.
- 2.3.6.3.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the B-BBEE Generic Codes of Good Practice.

3 STATE OWNED ENTERPRISES

3.1 Guiding principles

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

3.2 Indicators of Empowerment

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

The SOEs B-BBEE Scorecard has 7 indicators.

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

- 3.2.1.4 Measurement Principles and Application of the Charter**
- 3.2.1.4.1 Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the B-BBEE Generic Codes of Good Practice.
- 3.2.1.4.2 The formulae required in the determination of the ownership score is contained in Annexure 100 (c) of Statement 100 of Code 100 of the B-BBEE Generic Codes of Good Practice.
- 3.2.1.4.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the B-BBEE Generic Codes of Good Practice. The target contained in the ownership element of this Sub-Sector Code will apply.
- 3.2.1.4.4 The recognition of the equity equivalent programmes for multinationals has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the B-BBEE Generic Codes of Good Practice.
- 3.2.1.4.5 The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the B-BBEE Generic Codes of Good Practice.
- 3.2.2 MANAGEMENT CONTROL**
- 3.2.2.1 The measurement principles and the application of the Sub-Sector Code are the same as those that are discussed within the Department of Transport guidelines (Section 2.3.2.3), page 6). The management control element will comprise the following criteria and targets:
- 3.2.2.1.1 The management control element will comprise the following criteria and targets:
- 3.2.2.1.2 Exercisable voting rights of black board members, for which the target will be 70%.
- 3.2.2.1.3 Exercisable voting rights of black woman board members, for which the target will be 35%.
- 3.2.2.1.4 Black Representation at the Executive Director level, for which the target will be 70%.
- 3.2.2.1.5 Black Women Representation at the Executive Director level, for which the target will be 35%.
- 3.2.2.1.6 Black Representation at the Senior Top Management level, for which the target will be 70%.
- 3.2.2.1.7 Black Women Representation at the Senior Top Management level, for which the target will be 35%.
- 3.2.2.1.8 Black Representation at the Other Top Management level, for which the target will be 70%.
- 3.2.2.1.9 Black Women Representation at the Other Top Management level, for which the target will be 35%.
- 3.2.2.1.10 Black Disabled Representation, for which the target will be 1%.
- 3.2.3 EMPLOYMENT EQUITY**

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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

3.2.4 SKILLS DEVELOPMENT

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

3.2.5 PREFERENTIAL PROCUREMENT

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

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

- 3.2.5.1.2 Percentage of Total Measured Procurement Spend from all suppliers based on the B-BBEE Procurement Recognition Levels, for which the target will be 60%. In addition, procurement from B-BBEE compliant QSEs and EMEs as defined by B-BBEE recognition levels, for which will be 15%.
- 3.2.5.1.3 Percentage of Total Measured Procurement Spend from enterprises that are 50% Black owned based on the B-BBEE Procurement Recognition Levels, for which the target will be 9%.
- 3.2.5.1.4 Percentage of Total Measured Procurement Spend from enterprises that are 30% Black Women-owned based on the B-BBEE Procurement Recognition Levels, for which the target will be 6%.
- 3.2.5.1.5 **Bonus Points:** Percentage of Total Measured Procurement Spend from enterprises that are owned by Black disabled people based on the B-BBEE Procurement Recognition Levels, for which the target will be 1%.

3.2.6 ENTERPRISE DEVELOPMENT

- 3.2.6.1 The measurement principles and the application of the Sub-Sector Code are the same as those that are discussed within the Department of Transport guidelines (Section 2.3.6.3, page 12).
- 3.2.6.2 The only criterion applicable here is the average annual value of all qualifying contributions made by the measured entity as a percentage of Net Profit after Tax (NPAT)/discretionary spend (whichever amount is applicable); with the target set at 3% if NPAT is used, or 1% if discretionary spend is used.

3.2.7 SOCIO-ECONOMIC DEVELOPMENT

- 3.2.7.1 The only criterion applicable here is the average annual value of all socio-economic development contributions made by the measured entity as a percentage NPAT/discretionary spend (whichever amount is applicable); with the target set at 1% if NPAT is used, or 3% if discretionary spend is used.
- 3.2.7.2 Contributions focused on HIV/AIDS, Poverty Alleviations and Social Development will receive enhanced recognition by being multiplied by a factor of 1.25.

3.2.7.3 Measurement Principles and Application of the Sub-Sector Code

- 3.2.7.3.1 Measurement principles associated with the socio-economic development element are contained in Statement 700 of Code 700 of the B-BBEE Generic Codes of Good Practice.
- 3.2.7.3.2 Qualifying contributions for the socio-economic development element are contained in Annexure 700 (A) – Benefit Factor Matrix of the Statement 700 of Code 700 of the B-BBEE Generic Codes of Good Practice.

BBBEE SUB-SECTOR CODE FOR PUBLIC SECTOR- TRANSPORT

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