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**ROAD FREIGHT SUB-SECTOR CODE FOR  
BBEE**

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

**DEPARTMENT OF TRANSPORT**

**ROAD FREIGHT SUB-SECTOR CODE FOR BBEE**

## **ROAD FREIGHT SUB-SECTOR CODE FOR BBEE**

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## ROAD FREIGHT SUB-SECTOR CODE FOR BBEE

### ABBREVIATIONS

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

### 1. SCOPE OF APPLICATION

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

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

### 2. VISION

2.1 Our overarching vision is to develop a world-class industry, based on seamless integration of all modes and multiple networks, that will grow in size, stimulate economic growth and development, facilitate trade,

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comply with international safety standards, and deliver efficient and quality services to customers. Our industry will also achieve a significant increase in black participation in ownership, management and employment in companies throughout the industry value chain. We will pursue a growth strategy that prioritises the retention and creation of quality jobs.

- 2.2 To make this vision a reality will require a deliberate strategy to increase access to skills, capital and opportunities and, therefore, raise the economic value added (or productivity) of every employee and enterprise in the industry. This will require all stakeholders to recruit new black people into the industry and increase their skills (and those of existing employees) to best-practice international levels, while creating a supportive culture for their talents to thrive. It will also require stakeholders to facilitate the creation of new black entrepreneurs (and the development of existing ones) who can participate in economic opportunities throughout the industry value chain.
- 2.3 The signatories to this document believe that every company in South Africa must embrace B-BBEE voluntarily, recognising that it is an economic imperative to secure a prosperous future for all our country's citizens and, therefore, a larger market in which to trade. We commit ourselves to embark on a major communications and marketing campaign that will take this "Broad-Based BEE Sub-Sector Code for the Road Freight Industry" to every organisation within our industry to ensure maximum participation by all stakeholders.
- 2.4 Accordingly, all private sector stakeholders who commit themselves to this Sub-Sector Code agree to have their B-BBEE achievements (in terms of the indicators in the Balanced B-BBEE Scorecard for the Road Freight Industry) rated by an independent B-BBEE verification agency or company that is accredited by the Department of Trade and Industry (DTI). This is in line with the Accelerated and Shared Growth initiative for South Africa (ASGISA) which aims to improve the level of procurement from black enterprises by supporting the use of the B-BBEE Codes of Good Practice. The independent B-BBEE verification of entities involved in the road freight industry will go a long way towards eliminating misrepresentation or fraudulent practices in the industry.
- 2.5 Government undertakings (to achieve the vision)**
- 2.5.1 Develop and implement a programme to substantially increase investments in road infrastructure to eliminate current backlogs over the next decade with funds from the fiscus, parastatals, road users and the financial Industry.
- 2.5.2 Set up a dedicated road infrastructure fund to finance the road component of these investments and ensure that the National Roads Agency (NRA) and provincial government departments maximise employment opportunities through the use of labour-intensive methods in the maintenance and expansion of road infrastructure. This is reflective of the labour-absorbing projects promoted in ASGISA.

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- 2.5.3 Commit to facilitate growth by ensuring that the industry is attractive to investors and free of unnecessary regulation and ensure that over-regulation does not impede B-BBEE initiatives in the industry.
- 2.5.4 Collaborate with all stakeholders to develop a strategy to grow the industry and create quality jobs by promoting the outsourcing of non-core transport and logistics operations of businesses. Businesses should give preferences to their own employees in the event of such activities/transactions.
- 2.5.5 Engage relevant governmental departments such as the DTI and South African Revenue Services (SARS) and review the current tax laws (Fiscal policy), which make it difficult for small Black operators to enter the industry.
- 2.5.6 Effectively implement and monitor the Road Transport Quality System (RTQS) and ensure compliance.
- 2.5.7 Enforce and monitor compliance with existing legislation that may impact on BEE such as the Employment Equity (EE), Skills Development and Competition Acts.
- 2.5.8 Ensure that all parastatals and public sector agencies submit an annual B-BBEE report (within their annual reports) that covers achievements in meeting B-BBEE targets. The report should also include information on jobs created/lost.
- 2.5.9 Publish an annual report on B-BBEE and job creation within the road freight industry that consolidates reports, B-BBEE verification and other information from all stakeholders.
- 2.5.10 Publish an annual report on the jobs created through the labour-intensive road construction programme.
- 2.6 Labour Undertakings (to achieve this vision)**
- 2.6.1 Investigate opportunities to establish collective investment vehicles that will make investments in the sector.
- 2.6.2 Educate members to ensure compliance with existing legislation e.g. the Employment Equity, Skills Development, Labour Relations and Basic Conditions of Employment Acts, and to understand the relevant channels to deal with instances of non-compliance.
- 2.6.3 Educate members with regard to the agreements contained in the Growth and Development Summit (GDS) in order for them to participate in the promotion of local content and/or procurement and support the Proudly South African campaign.
- 2.7 Industry Undertakings (to achieve this vision)**
- 2.7.1 To form collaborative relationships with organisations such as Proudly South African, Department of Trade and Industry (DTI) and other stakeholders as well as to promote the economic benefits of utilising and growing Black Economic Empowerment (BEE) compliant by the Road Freight Industry companies. The signatories of this Sub-Sector Code are of the view that the sector should endeavour to facilitate the realisation of these commitments by monitoring contributions to B-BBEE. The evaluation of these contributions should be conducted through Commitment Evaluation Matrix provided in Appendix C.

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### **3 INDICATORS OF EMPOWERMENT**

#### **3.1 ALIGNMENT TO THE GENERIC CODES**

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

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

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

#### **3.2 OWNERSHIP**

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

#### **3.2.2 Stakeholder undertakings**

##### **3.2.2.1 Government Commits to:**

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

##### **3.2.2.2 The Private Industry Commits to:**

3.2.2.2.1 Voting Rights-Black People: The Private Sector commits to a minimum of 25%+1 voting rights in hands of Black People

3.2.2.2.2 Voting Rights-Black Women: The Private Sector commits to ensure a minimum of 10% of voting rights in the hands of Black Women

3.2.2.2.3 Economic Interest: The Private Sector commits to a minimum of 25% of equity interest in the hands of Black People

3.2.2.2.4 Economic Interest-Black Women: The Private Sector commits a

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- minimum of 10% of equity interest in the hands of Black Women.
- 3.2.2.2.5 Ensure that 2.5% is earmarked for black natural people in the enterprise: Employee Ownership Schemes, Broad based Ownership Schemes and Co-operatives within five years
- 3.2.2.2.6 Qualifying small enterprises as defined in this Sub-Sector Code also commit to:
- 3.2.2.2.6.1 Increase the ownership base of their companies and ensure that a minimum of 25% of economic interest is the hands of black people;
- 3.2.2.2.6.2 25% +1 vote voting rights, or equivalent thereof, are in black hands; and,
- 3.2.2.2.6.3 Ensure that the net economic interest of the black equity participants is 60% of the 25% within 5 years. If this is achieved, it will be deemed that Ownership Fulfilment has been achieved
- 3.2.2.3 Stakeholders will consider a variety of ownership models, including:**
- 3.2.2.3.1 Joint Ventures
- 3.2.2.3.2 Sale of Assets
- 3.2.2.3.3 Employee Share Ownership Participation Schemes
- 3.2.2.3.4 Collective ownership schemes
- 3.2.2.3.5 The measurement of ownership contributions from the above ownership models are the same as the one contained in the Codes.
- 3.2.2.3.6 Develop creative financing mechanisms for BEE companies to achieve equity ownership.
- 3.2.3 Measuring Principles and Application of the Charter**
- 3.2.3.1 Measurement principles associated with the ownership element, are contained in Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.2 The formulae required in the determination of the ownership score are contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Codes of Good Practice. The target contained in the ownership element of this Sub-Sector Code will apply.
- 3.2.3.4 The recognition of the equity equivalent programmes for multinationals has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.5 The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.3.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

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### **3.3 MANAGEMENT CONTROL**

#### **3.3.1 The Private sector commits to:**

- 3.3.1.1 Board Representation: The private sector commits itself to a minimum of 50% exercisable voting rights of black board members. Points will only be scored if enterprises achieve a target of 10% in year one, 20% in year two, 30% in year three and 40% in year four.
- 3.3.1.2 Board Representation-Black Women: The private sector commits to a minimum of 25% voting rights of black women board members. Points will only be scored if enterprises achieve a target of 5% in year one, 10% in year two, 15% in year three and 20% in year four.
- 3.3.1.3 Senior Top Management-Black People: The private sector commits to a minimum of 40% of the total employees in Senior Top Management.
- 3.3.1.4 Senior Top Management-Black Women: The private sector commits to a minimum of 20% of the total employees in Senior Top Management.
- 3.3.1.5 Other Top Management-Black People: The private sector commits to a minimum of 40% of the total employees in Other Top Management.
- 3.3.1.6 Other Top Management-Black Women: The private sector commits to a minimum of 20% of the total employees in Other Top Management.
- 3.3.1.7 If the measured entity is unable to distinguish between Senior Top Management and Other Top Management, both criteria may be combined into "Top Management" which is measurable as a single indicator with a target of 40% and a weighting of 2.5%, and "Woman Top Management" which is measurable as a single indicator with a target of 20% and a weighting of 2.5%.
- 3.3.1.8 QSE within the sector commit to recruiting black people at Top Management positions, where they should constitute 50.1% of total Top Management
- 3.3.1.9 Conclude discussions with stakeholders to develop a Code of Good Practice for Owner-Driver Schemes (See Appendix B).

#### **3.3.2 Measurement Principles and Application of the Charter**

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

### **3.4 EMPLOYMENT EQUITY**

- 3.4.1 Our vision is to increase the participation of black people in senior management, middle management; professional and technical occupations in the Road Freight Industry to create a workforce that



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truly represents the racial, ethnic and gender diversity of our country. This will require that all stakeholders create a supportive culture within their organisations to attract new talent, facilitate the development of existing employees, and accelerate their progress into key positions within the industry.

### 3.4.2 Stakeholder undertakings

#### 3.4.2.1 Government commits to:

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

#### 3.4.2.2 Private Sector Commits to :

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

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

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

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

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

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

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

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

3.4.2.2.9 Inability to distinguish between Middle Management and Junior Management: If the measured entity is unable to distinguish between Junior Management and Middle Management, both criteria may be combined into Junior Management which is measurable as a single

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- indicator with a target of 68% and a weighting of 1.75%, and "Women Junior Management", which is measurable as a single indicator with a target of 34% and a weighting of 1.75%. In this case, the weighting for "Senior Management" will change to 4% and the weighting for "Women Senior Management" will change to 2.5%.
- 3.4.2.2.10 Measured entities falling within the QSE threshold commit to 40% of all management staff being black within 5 years. 50% of these positions should be earmarked for black women
- 3.4.2.2.11 QSE within this sector commit to all 60% of all staff should be black within the 5 years. 30% of all positions should be occupied by black women within 5 years
- 3.4.3 Measurement Principles and Application of the Charter**
- 3.4.3.1 Measurement principles on the employment equity element are contained in Statement 300 of Code 300 of the Generic Codes of Good Practice.
- 3.4.3.2 The formulae required in the determination of the employment equity score are contained in Annexure 300 (A)-B of Statement 300 of Code 300 of the Generic Codes of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 300 (A)-A, will not apply.
- 3.4.3.3 Measurement principles for the determination of the Employment Equity score for QSEs are contained in Statement 803 of Code 800 of the Generic Codes of Good Practice
- 3.4.4 Labour Standards**
- 3.4.4.1 The Road Freight Industry will be characterised by fair labour practices across the board.
- 3.4.4.2 All stakeholders commit to:**
- 3.4.4.2.1 Implement interventions to ensure fair labour practices in line with the legislative matters of the National Bargaining Council (NBC) as well as the Basic Condition of Employment Act (BCEA), the Employment Equity Act (EEA) and Skills Development Act.
- 3.4.4.2.2 Ensure non-discrimination against employees living with HIV/AIDS. Whilst the industry has made strides in this area more can still be done by all stakeholders in a partnership approach aimed at setting up a fund to address initiatives relating to HIV/AIDS education, counselling and treatment of all employees.
- 3.5 SKILLS DEVELOPMENT**
- 3.5.1 Our vision is to increase the economic value added of every employee in the Road Freight Industry through best-practice Human Resource Development (HRD), skills development, EE and Gender policies. A key element will be to identify the critical skills, retain and create quality employment in the sector.

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- 3.5.2 Private Sector Commit to:**
- 3.5.2.1 Invest a minimum of 3% of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes for black people. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.2 Invest a minimum of 1.5% of the leviable amount on skills development expenditure on Learning Programmes as per the Learning Matrix contained in the Codes for black women. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.3 Invest a minimum of 0.3% of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes for black disabled people. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.4 Invest a minimum of 0.15% of the leviable amount on skills development expenditure on Learning programmes as per the Learning Matrix contained in the Codes for black disabled women. The target is inclusive of all associated costs and the current 1% skills development levy.
- 3.5.2.5 Black employees having participated in Learnerships or Category B, C or D programmes being 5% of the total employees.
- 3.5.2.6 Black women employees having participated in Learnerships or Category B, C or D programmes being 2.5% of the total employees.
- 3.5.2.7 QSEs within this subsector investing a minimum of 2% of the leviable amount or payroll whichever is applicable on skills development spend on learning programmes for black people 1% on black Woman.
- 3.5.3 TETA Commits to:**
- 3.5.3.1 Conduct research to identify the management, professional and technical skills that the industry will require over the next decade and map out future demand/supply scenarios in a detailed skills audit that will guide and inform stakeholders in implementing their EE targets. The report will make proposals on how to eliminate the identified skills deficits in the medium term. The proposal will quantify the financial resources that may be required to eliminate the skills deficit.
- 3.5.3.2 Conduct research on the supply side of skills development – i.e. the institutions that will provide the required management, professional and technical skills. The research will determine whether the identified institutions have the capacity to meet the expected demand and whether their curricula meet the needs of industry. It will make proposals on how to increase the capacity and relevance of existing institutions and establish whether there is a need to establish a dedicated institution that will focus on developing skills for the industry.
- 3.5.3.3 Introduce, after consulting stakeholders and completing the skills audit, new categories of learnerships - in management, technical and

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professional occupational categories - to help organisations to achieve their employment equity targets.

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

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

### **3.5.4 Measurement Principles and the Application of the Charter**

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

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

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

### **3.6 PREFERENTIAL PROCUREMENT**

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

#### **3.6.2 Stakeholder undertakings**

##### **3.6.2.1 Government commits to:**

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

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

3.6.2.1.3 This will require that parastatals and public sector agencies state in their annual BEE reports the reasons for classifying an item of expenditure as an excluded item. This information should be disclosed

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- in a detailed statement that reconciles total measurable procurement and allowable exclusions.
- 3.6.2.1.4 Parastatals and public sector agencies should support the Proudly South African (PSA) campaign and note the agreement at the GDS that PSA is "an important means of taking the message of local content, fair labour standards, environmental sustainability and quality products and services to the nation."
- 3.6.2.2 Private Sector Commits to:**
- 3.6.2.2.1 Commission, together with other stakeholders, a study to establish current levels of procurement from BEE companies and identify areas where they can achieve "quick wins" to accelerate BEE.
- 3.6.2.2.2 Advance BB-Black Economic Empowerment through the procurement of ancillary services and equipment.
- 3.6.2.2.3 B-BBEE Procurement: 50% of total measured procurement on B-BBEE Procurement from B-BBEE compliant suppliers based on the B-BBEE Recognition Levels.
- 3.6.2.2.4 Procurement from QSE or EMEs: 10% of total measured procurement on B-BBEE procurement from Qualifying Small Enterprises and Exempted Micro-Enterprises.
- 3.6.2.2.5 Procurement from enterprises that are 50% black owned: 9% of total measurable procurement on B-BBEE procurement from enterprises that are 50% black owned.
- 3.6.2.2.6 Procurement from enterprises that are 30% black women owned: 6% of total measurable procurement on B-BBEE procurement from enterprises that are 30% black women owned.
- 3.6.2.2.7 QSEs within this sub sector commit to procuring a minimum of 40% over the next 5 years.
- 3.6.2.2.8 Adopt the guidelines on Accounting for Affirmative Procurement that will be set by the Transport Sector BEE Council.
- 3.6.3 Measurement Principles and Application of the Sub-Sector Code**
- 3.6.3.1 Measurement principles associated with the preferential procurement element, are contained in Statement 500 of Code 500 of the Generic Codes of Good Practice.
- 3.6.3.2 The formulae required in the determination of the preferential procurement score are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Codes of Good Practice.
- 3.6.3.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 805 of Code 800 of the Generic Code of Good Practice
- 3.7 ENTEPRISE DEVELOPMENT**
- 3.7.1 Our vision is to create, nurture and grow viable BEE enterprises within the industry while increasing opportunities available to existing companies.
- 3.7.2 Government Commits to:**
- 3.7.2.1 Investigate opportunities to enter into creative joint ventures with BEE

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companies.

### **3.7.3 The Private Industry Commits to:**

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

### **3.7.3.4 Measurement Principles and Application of the Sub-Sector Code**

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

## **3.8 SOCIO-ECONOMIC DEVELOPMENT**

### **3.8.1 All Stakeholders commit to:**

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

### **3.8.2 Measurement Principles and Application of the Sub-Sector Code**

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