

**BUS COMMUTER AND COACH SERVICES SUB-SECTOR
CODE FOR BBBEE**



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

DEPARTMENT OF TRANSPORT

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBBEE

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

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ABBREVIATIONS

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

1. INTRODUCTION AND BACKGROUND

1.1 **Scope of the Sub-Sector Code**

- 1.1.1 The Bus Sector Broad-Based Black Economic Empowerment (B-BBEE) Sub-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).
- 1.1.2 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 Charter.
- 1.1.3 Further to clause 1.1.1 above, the scope of this Bus Sector B-BBEE Sub-Sector Code extends to all sub-sectors of the industry and includes inter alia:
- 1.1.3.1 Commuter bus services
 - 1.1.3.2 Long distance bus services
 - 1.1.3.3 Tour and bus services
 - 1.1.3.4 Cross border bus services
 - 1.1.3.5 Intercity bus services
 - 1.1.3.6 School/learner bus services
 - 1.1.3.7 Commercial contract bus services
 - 1.1.3.8 Special hire or private hire bus services
 - 1.1.3.9 Subsidized and non-subsidized bus services
 - 1.1.3.10 Scheduled and unscheduled bus services
- 1.1.4 The Bus Sector B-BBEE Sub-Sector Code covers the following entities involved in rendering passenger bus services:

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- 1.1.4.1 Privately owned bus operations
- 1.1.4.2 Listed bus operations
- 1.1.4.3 State owned bus operations
- 1.1.4.4 Municipal bus services or bus operations owned by and/or metropolitan authorities
- 1.1.4.5 Parastatals and bus operations owned by provincial authorities
- 1.1.5 The Bus Sector B-BBEE Sub-Sector Code makes provision for Exempted Micro Enterprises (EMEs) and will cover Qualifying Small Enterprises (QSEs) as well as medium and big bus operators.
- 1.1.6 The Bus Sector B-BBEE Sub-Sector Code also cross-references to the Codes of Good Practice on BEE in terms of key measurement principles and definitions and as amended.

1.2. Duration of the Bus Commuter and Coach Services Sub-Sector Code

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 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.

1.2.1 All stakeholders commit to:

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

1.3 Challenges facing the Bus Commuter and Coach Services Industry

1.3.1 The Bus Sector faces many challenges, among others are:

- 1.3.1.1 Restructuring and transforming the current public transport system into a fully integrated, multi-modal network of public transport aimed at meeting the economic and social development needs of South Africa;
- 1.3.1.2 Making bus transport more accessible and affordable to users of public transport;
- 1.3.1.3 Improving the quality, safety, punctuality and reliability of bus services and providing the relevant information to users of public transport;
- 1.3.1.4 Recapitalization of operator vehicles outside the contract system; and

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- 1.3.1.5 Improving the infrastructure supporting bus services and public transport, e.g. dedicated public transport lanes, bus stops transfer stations, ticketing systems, passenger information systems, etc.
- 1.4 The role of the Bus Commuter and Coach Services Sub-Sector B-BBEE Code**
- 1.4.1 The Bus Sector B-BBEE Sub-Sector Code has an important role to play in transforming the bus sector to support the realization of the below vision:
- 1.4.1.1 Ensure more equitable participation of all groups in the ownership and control of enterprises in the Bus Sector;
- 1.4.1.2 Promote equal opportunity and fair treatment in employment in the sector through the elimination of unfair discrimination;
- 1.4.1.3 Promote the development of skills of the workforce and the increase in the levels of investments in education and training to meet the changing demands of the future public transport system in South Africa;
- 1.4.1.4 Enhance the restructuring of procurement policies and practices in the sector to ensure that B-BBEE suppliers and providers will participate meaningfully in the procurement spend of the sector;
- 1.4.1.5 Promote the investment in and the establishment and support of enterprise development beneficiaries; and
- 1.4.1.6 Promote the contributions to socio-economic development initiatives.
- 2. A VISION TO DEVELOP A WORLD CLASS BUS COMMUTER AND COACH SERVICES INDUSTRY**
- 2.1 The Vision of the Bus Sector in South Africa is to transform the current system of public transport into a world class public transport system where different modes are fully integrated and coordinated in a network of public transport services aimed at meeting all the passenger transport needs of the country.
- 2.2 The signatories to this agreement believe that every company in the bus and coach sector should voluntarily commit to this Sub-Sector Code in support of constitutional, legislative, social and economic imperatives to secure a prosperous future for all our citizens and the well-being of our customers. In agreeing to commit to this balanced scorecard charter, all signatories commit themselves to be monitored, verified and rated by an independent B-BBEE rating company/Verification Agency that is accredited by the appropriate Accreditation Agency on behalf of the Department of Trade and Industry (DTI).
- 2.3 The signatories further commit to communicate this broad-based Sub-Sector Code to every company in our industry's value chain to ensure maximum participation by all stakeholders.

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2.4 Undertakings from bus and coach operators to achieve this vision

- 2.4.1 Both the operator groups above are committed to develop world class bus and coach businesses in South Africa. ¹ We believe that this is possible through committed training and development, consistent investments, an acceptable return on such investments, and the offering of superior services to our customers.
- 2.4.2 Operators are committed to safe operations and will continuously strive to improve safety standards – both in technical design as well as operations. Our industry will also achieve significant B-BBEE participation in ownership, management and employment amongst all role players in the industry. The “transformed” industry will also embrace the development of SMME operators as well as other SMME role players. This will be done through retaining existing jobs where feasible, whilst striving to expand the scope of bus and coach operations in South Africa.

2.5 Government undertakings to achieve this vision

- 2.5.1 Government demonstrates its commitment to the bus industry by:
- 2.5.1.1 Actively supporting the bus industry as a core component of the transport industry in South Africa;
- 2.5.1.2 Actively supporting the intercity and tour charter coach and tour bus industry as a core component of the national, regional and international tourism industry;
- 2.5.1.3 Continuously clarifying the public transport policy direction in order to provide stability and direction to the industry;
- 2.5.1.4 To actively engage in discussions with the bus industry in view of the expansion of desperately needed services;
- 2.5.1.5 Resolve legislative and fiscal restrictions that have a negative impact on the further development of the industry as well as policy implementation;
- 2.5.1.6 To engage in discussions regarding issues of learner transport services;
- 2.5.1.7 Assist B-BBEE companies in accessing funds for training and skills development through the Transport Sector Education and Training Authority (TETA);
- 2.5.1.8 Assist industry and B-BBEE companies in training and development initiatives;
- 2.5.1.9 To apply this Bus Sector B-BBEE Sub-Sector Code in the tender and negotiated contract processes;
- 2.5.1.10 Enforce and monitor compliance with existing legislation that may impact on B-BBEE such as the Employment Equity, Skills Development and Competition Acts; and
- 2.5.1.11 Stakeholders should use the annual B-BBEE report published by the Transport Sector B-BBEE Council to annually review progress on transformation.

¹ 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 charters that apply to such companies

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- 2.6 Labour undertakings to achieve this vision**
- 2.6.1 Encourage employers to first look towards their own employees when considering options for achieving black equity participation;
- 2.6.2 Ensure that workers are empowered through skills development and training and create opportunities to deploy them into management positions;
- 2.6.3 Mobilize members to ensure compliance with existing legislation e.g. the BEE, Employment Equity, Skills Development, Labour Relations and Basic Conditions of Employment Acts;
- 2.6.4 Encourage members to monitor the performance of their employers in implementing the Growth and Development Summit (GDS) agreement on promoting local content and/or procurement and supporting the Proudly South African campaign;
- 2.6.5 To work constructively with employers in the industry to grow and develop the bus industry to a world class industry; and
- 2.6.6 Monitor the impact of tendering/negotiated contracts and procurement/outsourcing on job retention and creation.
- 2.7 TETA undertakings to achieve this vision**
- 2.7.1 To lead in facilitating the accurate determination of the real training needs in the Bus Industry and setting appropriate training priorities in the Bus Chamber;
- 2.7.2 Assist stakeholders with the analysis of people in a particular skills set (or job category) broken down by race and gender;
- 2.7.3 Continuously analyze and update statistics about the future demand and supply of critical skills sets;
- 2.7.4 Continuously conduct an analysis of the quantity, quality and nature of training that companies are doing;
- 2.7.5 Commit to this B-BBEE Strategy and strive to achieve the targets set (where applicable) with specific reference to service providers;
- 2.7.6 Align its mission and vision with the imperatives of B-BBEE and assist with the implementation and monitoring of the B-BBEE strategy; and
- 2.7.7 The signatories of this Sub-Sector Code are of the view that the sector should endeavor to facilitate the realization of these commitments by monitoring contributions to B-BBEE. The evaluation of these contributions should be conducted through an Evaluation Matrix provided in Appendix B.

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

3.1 Guiding principles

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

3.2 Indicators of empowerment

3.2.1 OWNERSHIP

3.2.1.1 Guiding Principle

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

3.2.1.2 Stakeholder Undertakings

3.2.1.2.1 Government aims to:

- 3.2.1.2.1.1 Clarify public transport policy with specific reference to the funding model; targeting of subsidies, growth of the industry, future of the negotiated/tendering system and so forth.
- 3.2.1.2.1.2 In the design of tenders/negotiated contracts make provision for small operators, women enterprises and other designated groups.
- 3.2.1.2.1.3 Engage public and private sector funding agencies to develop innovative funding mechanisms for B-BBEE companies seeking to invest in the sector.
- 3.2.1.2.1.4 Ensure that policies are in place to facilitate the entry of new players into the entire industry, including subsidized buses, cross border transport and domestic long distance. This will require co-ordination of initiatives between the DOT, the C-BRTA and the provincial operating license

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boards to review legal impediments that may prevent small operators from entering the industry.

3.2.1.2.2 Industry ownership measures include the following:

3.2.1.2.2.1 ECONOMIC INTEREST

- 3.2.1.2.2.1.1 Measured entities within the bus commuter industry, will achieve maximum points when the percentage of the total issued shares held by black persons exceeds **35%** - the applicable direct shareholding is **25%** for the coach services industry;
- 3.2.1.2.2.1.2 Measured entities will achieve maximum points when the portion of the total shareholding (i.e. the number of black women shareholders expressed as a percentage of the total shareholding) is or exceeds 10% of the total shareholding held by black women shareholders – The applicable percentage for the coach industry is equal to or greater than 10%; and
- 3.2.1.2.2.1.3 Black natural people - A measured entity, will achieve maximum points when the portion of the total shareholding held by black natural persons exceeds 2.5%.

3.2.1.2.2.2 VOTING RIGHTS

- 3.2.1.2.2.2.1 A measured entity will achieve maximum points if more than 35% vote of the total voting rights is held by black shareholders. The applicable percentage for the coach industry is greater than 25% + 1 vote;
- 3.2.1.2.2.2.2 A measured entity in the bus commuter industry will achieve maximum points if 10% or more of the total voting rights are held by black women shareholders. The applicable percentage for the coach industry is greater than 10%;
- 3.2.1.2.2.2.3 For Qualifying Small Enterprises (**QSEs**) as defined in this charter, the following criteria and targets shall apply:
- Economic interest in the hands of Black people, for which the target will be 35% for the commuter industry and 25% for the coach industry;
 - Voting rights in the hands of Black people, for which the target will be 35% for the commuter industry and 25% + 1 vote for the coach industry; and
- 3.2.1.2.2.2.4 In order to assist in ownership transformation, the industry is committed to developing creative funding mechanisms, e.g. vendor finance and earn-in models, to facilitate funding for companies.

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3.2.1.3 MEASUREMENT PRINCIPLES AND APPLICATION OF THE CODE

- 3.2.1.3.1 Measurement principles associated with the ownership element are contained in Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.1.3.2 The formulae required in the determination of the ownership score is contained in Annexure 100 (c) of Statement 100 of Code 100 of the Generic Codes of Good Practice.
- 3.2.1.3.3 The recognition of the sale of assets under the ownership element has the same meaning as that contained in Statement 102 of Code 100 of the Generic Codes of Good Practice. The target contained in the ownership element of this Sub-Sector Code will apply.
- 3.2.1.3.4 The recognition of the equity equivalent programmes for multinationals has the same meaning and interpretation as that contained in Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.1.3.5. The formulae required in the determination of the ownership score based on equity equivalent contributions are contained in Annexure 103 (A) of Statement 103 of Code 100 of the Generic Codes of Good Practice.
- 3.2.1.3.6 Measurement principles relating to the ownership element for QSEs are contained in Statement 801 of Code 800 of the Generic Codes of Good Practice.

3.2.2 MANAGEMENT CONTROL

3.2.2.1 Guiding Principle

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

3.2.2.2 Management measures include the following:

3.2.2.2.1 Board of Directors

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

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

3.2.2.2 Executive Directors

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

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

3.2.2.3 Senior Top Management

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

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

3.2.2.4 Other Top Management

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

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

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

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

3.2.2.2.4.4 Evaluation guidelines:

- Senior Top Management - have individual responsibility for overall management of the enterprises;
- Other Top Management – have responsibility for their area of responsibility only; and

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- If a measured entity does not distinguish between Senior Top Management and Other Top Management-This may justify a single grouping under "Senior Management", but individuals included here cannot be counted under the Employment Equity scorecard as well.

3.2.2.3 Measurement Principles and Application of the Charter

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

3.2.3 EMPLOYMENT EQUITY

3.2.3.1 Guiding Principle

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

3.2.3.2 Employment equity measures include the following:

- 3.2.3.2.1 Senior management - A measured entity will obtain maximum points when 43% of all senior managers are black.
- 3.2.3.2.2 Black Women Representation at senior management - A measured entity will obtain maximum points when 22% of all senior managers are black women.
- 3.2.3.2.3 Middle and junior management - A measured entity will obtain maximum points when 63% and 68% of all middle and junior managers are black, respectively.
- 3.2.3.2.4 Black Women representation at middle and junior management - A measured entity will obtain maximum points when 32% and 34% of all middle and junior managers are black women, respectively.
- 3.2.3.2.5 Semi-skilled and unskilled Women representation - A measured entity will obtain maximum points when more than 20% of all semi-skilled and unskilled positions are composed of black women.
- 3.2.3.2.6 Black People living with disability - A measured entity will obtain maximum points when more than 1% of the total workforces are black employees with disabilities. The corresponding target for Bus Commuter and Coach Services is 0.5% black women employees with disabilities.

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

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

3.2.3.3 Measurement Principles and Application of the Charter

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

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

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

3.2.4 SKILLS DEVELOPMENT

3.2.4.1 Guiding Principle

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

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

3.2.4.2 Skills development measures include the following:

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

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

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- 3.2.4.2.3 A company will obtain maximum points when black employees participating in learnerships, represent more than 5% of the total work force.
- 3.2.4.2.4 A measured company will obtain maximum points when black women employees participating in learnerships, represent more than 2.5% of the total work force.
- 3.2.4.2.5 For QSEs as defined in this charter, the following criteria and targets shall apply:
- Black skills development expenditure on learning programmes as a percentage of payroll or leviable amount (whichever is applicable), for which the target will be 3%; and
 - Black women skills development expenditure on learning programmes as a percentage of payroll or leviable amount (whichever is applicable), for which the target will be 1.5%.

3.2.4.3 Measurement Principles and Application of the Charter

- 3.2.4.3.1 Measurement principles associated with the skills development element are contained in Statement 400 of Code 400 of the Generic Codes of Good Practice.
- 3.2.4.3.2 The formulae required in the determination of the skills development score are contained in Annexure 400 (A)-B of Statement 400 of Code 400 of the Generic Codes of Good Practice. The formula for the determination of the Adjusted Recognition for Gender found in Annexure 400 (A)-A will not apply.
- 3.2.4.3.3 The measurement principles required in the determination of the skills development score for QSEs are contained in Statement 804 of Code 800 of the Generic Code of Good Practice.
- 3.2.4.3.4 Learning Programme Matrix – This matrix is used to ensure that the skills spend is truly beneficial and can also be categorized. The Learning Programme Matrix may be found in Annexure 400(A) of the B-BBEE Codes of Good Practice.

3.2.5 PREFERENTIAL PROCUREMENT

3.2.5.1 Guiding Principle

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

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

3.2.5.2 Preferential procurement measures include the following:

3.2.5.2.1 B-BBEE Procurement Spend from all Suppliers – A measured entity will obtain maximum points when the B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels is equal to or greater than 50% of the total measured procurement spend.

3.2.5.2.2 B-BBEE Procurement Spend from QSEs and Exempted EMEs - A measured entity will obtain maximum points when B-BBEE procurement spend from QSEs and EMEs based on the B-BBEE procurement recognition levels represents 10% or more of the total measured procurement.

3.2.5.2.3 B-BBEE Procurement Spend from Black-owned enterprises: This measures the percentage of the total measured procurement spend with suppliers who are 50% Black owned. A measured entity will achieve maximum points when 9% or more of total measured procurement is spent with Black-owned suppliers.

3.2.5.2.4 B-BBEE Procurement Spend from Black women-owned enterprises: This measure the percentage of the total measured procurement spent with suppliers who are 30% Black women-owned. A company will earn maximum points when 6% or more of total measured procurement is spent with Black women-owned suppliers

3.2.5.2.5 QSEs within this sub-sector commit to procuring a minimum of 50% of total procurement from B-BBEE compliant suppliers.

3.2.5.3 Measurement Principles and Application of the Charter

3.2.5.3.1 Measurement principles associated with the preferential procurement element are contained in Statement 500 of Code 500 of the Generic Code of Good Practice.

3.2.5.3.2 The formulae required in the determination of the preferential procurement score are contained in Annexure 500 (A) of Statement 500 of Code 500 of the Generic Code of Good Practice.

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

3.2.5.3.4 Monopolistic procurement – This type of procurement can only be excluded from total measured procurement if it is from entities that are listed as schedule 1 (constitutional institutions) or are regulated monopolies.

3.2.5.3.5 Imports - Imports may be excluded from total measured procurement if the relevant goods and/or services are not being produced in South Africa.

3.2.5.3.6 Subcontracting from black owned; black women owned; EMEs

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- QSEs; and, B-BBEEE compliant suppliers are recognised as preferential procurement contributions and forms part of B-B BEE procurement.
- 3.2.5.3.7 If a subcontracting entity is also involved in enterprise developing one or more of its subcontractors, the procurement spend from such subcontractors will be enhanced by a factor of 1.2.
- 3.2.6 ENTERPRISE DEVELOPMENT**
- 3.2.6.1 Guiding Principle**
- 3.2.6.1.1 The stakeholder guiding principle is to create and nurture new B-BBEE enterprises within the industry and develop existing ones. This will require all stakeholders to develop strategies to enter into joint ventures and other forms of alliances with B-BBEE enterprises. In order to avoid potential problems (especially in sub-contracting), stakeholders agree to develop a Code of Good Practice to address concerns about the practical application of sub-contracting and include it in the Model Tender and Negotiated Tender Documents.
- 3.2.6.2 Enterprise development measures include the following:**
- 3.2.6.2.1 Enterprise Development Contributions - Measure B-BBEE enterprise development contributions as a percentage of Net Profit After Tax (NPAT).
- 3.2.6.2.2 A measured entity will achieve maximum points when more than 3% of NPAT is dedicated to enterprise development contributions.
- 3.2.6.2.3 A measured entity will earn maximum points when more than 2% of its bus fleet is used for enterprise development within the operation of different B-BBEE enterprise development partners as a percentage of the total operator bus fleet.
- 3.2.6.2.4 QSEs within this sub-sector aspire to make contributions to enterprise development, which will amount to 3% of NPAT evaluated annually over the next 5 years.
- 3.2.6.3 Measurement Principles and Application of the Charter**
- 3.2.6.3.1 Measurement principles associated with the enterprise development element are contained in Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.2.6.3.2 Qualifying contributions for the enterprise development element are contained in Annexure 600 (A) – Benefit Factor Matrix of Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.2.6.3.3 The formulae required in the determination of the enterprise development score are contained in Annexure 600 (A) of Statement 600 of Code 600 of the Generic Codes of Good Practice.
- 3.2.6.3.4 Measurement principles required in evaluating the enterprise development contributions made by QSEs within this sub-sector are contained in Statement 806 of Code 800 of the Generic Codes of Good Practice.

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

3.2.7 SOCIO-ECONOMIC DEVELOPMENT (SED)

3.2.7.1 Guiding Principle

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

3.2.7.2 SED measures include the following

3.2.7.2.1 A measured entity will achieve maximum points if a minimum of 1% of NPAT is on social and community projects.

3.2.7.2.2 QSEs within this sub-sector contributing a minimum of 1% of NPAT evaluated annually to socio-economic development initiatives over the next 5 years will achieve maximum points.

3.2.7.3 Measurement Principles and Application of the Charter

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

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

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

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

4. THE BUS BROAD-BASED BALANCED SCORECARD

B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
Foreign Ownership: Provide evidence of a global practice against selling equity to locals in investee countries	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation; OR	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation OR	25% of the value of the South African operations of the Multinational, determined using a Standard Valuation OR	20

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	4% of Total Revenue from its South African operations annually over the period of continued measurement Equity Equivalence	4% of Total Revenue from its South African operations annually over the period of continued measurement 20	4% of Total Revenue from its South African operations annually over the period of continued measurement 20	
Ownership	Exercisable voting rights in the hands of black people	35%	25%+1 vote	3
	Exercisable voting rights in the hands of black women	10%	10%	2
	Economic Interest in the hands of black people	35%	25%	4
	Economic Interest in the hands of black women	10%	10%	2
	Economic Interest of the following black natural people in the enterprise: -black designated groups; -black participants in Employee Ownership Schemes; -black beneficiaries of broad based Ownership schemes or -black participants in co-operatives	2.5%	2.5%	1
	Ownership fulfilment	Same as codes	Same as codes	1

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	Net Economic Interest/Net Value	25% graduated over 10 years as per the Codes (year 5 at 60%)	25% graduated over 10 years as per the Codes (year 5 at 60%)	7
	Bonus points:			
	Involvement in the ownership of the Enterprises of black new entrants:	10%	10%	2
	Involvement in the ownership of the Enterprises of black Participants: ESOPS, Broad-Based Ownership; Co-operatives	10%	10%	1
Management	% of total exercisable voting rights in the hands of black board members	50%	50%	1.5
	% of total exercisable voting rights in the hands of black-women board members	25%	25%	1.5
	% Black executive directors	50%	50%	1
	% Black Women executive directors	25%	25%	1
	% of black senior top management	40%	40%	1.5
	% of black women senior top management	20%	20%	1.5
	% of black other top management	40%	40%	1
	% of black women other top management	20%	20%	1

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	Bonus points: Black Independent Non-Executive Board Members	40%	40%	1
Employment Equity	% Black People in Senior Management	43%	43%	2.5
	% Black Women in Senior Management	22%	22%	2.5
	% Black People in Middle Management	63%	63%	1.5
	% Black Women in Middle Management	32%	32%	1.5
	% Black People in Junior Management	68%	68%	1.5
	% Black Women in Junior Management	34%	34%	1.5
	Black People living with disabilities as a % of all employees ²	1%	1%	1
	Black Women living with disabilities as a % of all employees ³	0.5%	0.5%	1
	% of Black Women in semi-skilled and unskilled positions (i.e. staff below junior management)	20%	20%	2
	Bonus Point for meeting or exceeding the EAP targets			3
Skills Development	Skills development expenditure on learning programmes specified in the learning programmes matrix for black employees as a % of leviabile amount	3%	3%	3

² Target subject to Disabled definition review.

³ Target subject to Disabled definition review

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

B-BBEE Element	Indicators of Empowerment	Bus Commuter Services 5 year Targets	Coach Services 5 year Targets	Weightings
	Skills development expenditure on black Women learning programmes specified in the learning programmes matrix for black employees as a % of leviab amount	1.5%	1.5%	3
	Skills development expenditure on learning programmes specified in the learning programmes matrix for black disabled employees as a % of leviab amount	0.3%	0.3%	1.5
	Skills development expenditure on black Women learning programmes specified in the learning programmes matrix for black disabled employees as a % of leviab amount	0.15%	0.15	1.5
	Number of black employees participating in learnerships or category B, C and D programmes as a % of total employees	5%	5	3
	Number of black Women employees participating in learnerships or category B, C and D programmes as a % of total employees	2.5%	2.5	3
Preferential Procurement	B-BBEE procurement spend from all suppliers based on the B-BBEE procurement	50%		12

BUS COMMUTER AND COACH SERVICES SUB-SECTOR CODE FOR BBEE

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

DRAFT B-BBEE SUB-SECTOR CODE- BUS COMMUTER AND COACH SERVICES SUB-SECTOR

5. QUALIFYING SMALL ENTERPRISES SCORECARD

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

DRAFT B-BBEE SUB-SECTOR CODE- BUS COMMUTER AND COACH SERVICES SUB-SECTOR

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

DRAFT B-BBEE SUB-SECTOR CODE- BUS COMMUTER AND COACH SERVICES SUB-SECTOR

B-BBEE Element	Indicators of Empowerment	Bus Commuters Sector 5 year target	Bus Coach Sector 5 year target	Weightings
TOTAL				175

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

6. APPENDIX A: COMMITMENT EVALUATION MATRICES

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

Skills Development

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

Enterprise Development

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

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

initiatives		(percentage change) in number of buses involved in enterprise development initiatives.	
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