

## PUBLIC SECTOR SUB-SECTOR CODE FOR BBEE

### 4. PUBLIC SECTOR B-BBEE SCORECARD

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

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

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

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	Economic Interest of the following black natural people in the enterprise: -Black designated groups; -Black participants in employee ownership schemes; -Black beneficiaries of broad-based ownership schemes or -Black participants in cooperatives.	N/A	N/A	3%	1	N/A
	Net Economic Interest/Net value	N/A	N/A	25%	7	N/A
	Ownership Fulfilment	N/A	N/A	-	1	N/A
	<b>Bonus Points:</b>					
	Involvement in the ownership of the enterprise of Black new entrants	N/A	N/A	10%	2	N/A
	Involvement of Broad Based Schemes, ESOPS, Co-ops	N/A	N/A	10%	1	N/A

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<b>Management</b>	Percentage of total exercisable voting rights in the hands of black board members	N/A	N/A	70%	1.5	1.5
	Percentage of total exercisable voting rights in the hands of black women board members	N/A	N/A	35%	1.5	1.5
	Percentage of black persons who are executive directors	70%	1.5	70%	1	1
	Percentage of black women who are executive directors	35%	1.5	35%	1	1
	Percentage of black persons who are Senior Top Management	70%	2	70%	1	1
	Percentage of black women who are Senior Top Management	35%	2	35%	1	1
	Percentage of black persons who are Other Top Management	70%	1	70%	1	1
	Percentage of black women who are Other Top Management	35%	1	35%	1	1

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Employment Equity	Percentage of black disabled representation in management	1%	1	1%	1	1
	<b>Bonus Point:</b> Black Independent Non-Executive Board Members	-	-	20%	1	1
	Percentage of Black People in Senior Management	70%	3	70%	2	2
	Percentage of Black Women in Senior Management	35%	2	35%	1	1
	Percentage of Black People in Middle Management	70%	2	70%	2	2
	Percentage of Black Women in Middle Management	35%	2	35%	2	2
	Percentage of Black People in Junior Management	70%	2	70%	2	2
	Percentage of Black Women in Junior Management	35%	2	35%	2	2

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	Black People living with disabilities as a percentage of all employees	3%	2	3%	1	1
	Black Women living with disabilities as a percentage of all employees	1%	1	1%	1	1
	Black women as percentage of staff below junior management levels	35%	1	35%	1	1
	Black youth as a percentage of all employees	10%	1	10%	1	1
	<b>Bonus point</b> for meeting or exceeding the EAP targets in each category	-	3	-	3	3
<b>Skills Development</b>	Skills Spend on black employees as a percentage of total payroll	3%	5	3%	4	5
	Skills Spend on black women employees as a percentage of total	3%	5	3%	4	5

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	payroll					
	Number of black employees in Learnerships, Category B, C, & D Learning Programmes as a percentage of total workforce	5%	6	5%	5	6
	Number of black women employees in Learnerships, Category B, C, & D Learning Programmes as a percentage of total workforce	3%	6	3%	4	6
	Skills Spend on black employees living with disabilities as a percentage of total payroll	0.5%	1.5	0.5%	1.5	1.5
	Skills Development on black women employees with disability as a percentage of total	0.25%	1.5	0.25%	1.5	1.5

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

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	<b>Bonus Points:</b> Procurement from black people living with disability.	1%	3	1%	3	3
	Expenditure on supplier development initiatives as a proportion of total discretionary spend/NPAT	1% of discretionary spend	15	3% of NPAT or 1% of discretionary spend	10	15
<b>Enterprise Development</b>	Expenditure on social development programmes as a percentage of NPAT or discretionary spend	N/A	N/A	1% of NPAT or 1% of discretionary spend	5	5
<b>Socio-Economic Development</b>						
<b>TOTAL</b>			<b>100</b>		<b>100</b>	<b>100</b>

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

B. All percentages displayed in the scorecard are minimum targets



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

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

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### 6. APPENDIX B: ENTERPRISE DEVELOPMENT ENHANCED RECOGNITION FACTOR MECHANISM

#### A. PREAMBLE

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

#### B. DEFINITIONS

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

#### C. CATEGORIES

Enterprise development can be separated into four categories viz:

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

#### D. FORMULATION OF ENTERPRISES

The beneficiary enterprise must:

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

### E. ENHANCED RECOGNITION DETERMINATION

This is to be broken up into two components:

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

#### 1. Development Compliance

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

#### 2. Measurement

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

#### 3. Prerequisites

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

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

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

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

**TABLE 1: MULTIPLICATION OF FACTORS**

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

**F. CRITERIA FOR COMPLIANCE**

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

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

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10. Establish financial loan capacity/history

**G. MEASUREMENT MATRIX (MM)**

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

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**EXAMPLE**

	DO I			DO II			DO III			SCORE	WIEGHTING	% GROWTH	SCORE	WIEGHTING	% GROWTH	SCORE	WIEGHTING	% GROWTH	SCORE	RE	
1	+ 10%	X 20	= 2.0																		
2	+ 33%	X 20	= 6.6																		
3	+ 6%	X 20	= 1.2																		
4	+ 0%	X 10	= 0																		
5	+ 15%	X 10	= 1.5																		
6	+ 12%	X 10	= 1.2																		
7	+ 20%	X 10	= 2																		
<b>TOTAL SCORE</b>										<b>14.5</b>		<b>4.1</b>								<b>18.9</b>	

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

= 12.5

Assume real GDP growth rate to be 10

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

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

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

CEs Scorecard Score =  $\frac{R1.0125m}{16.875} \times 16.875 \times \text{weighting} = x$

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

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

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



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

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

**Skills Development**

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

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		Council on skills shortages	
<b>Preferential Procurement</b>			
<b>Action Undertaken</b>	<b>Input measurement</b>	<b>Output measurement</b>	<b>Quality Control</b>
Develop a new B-BBEE procurement policy	Analysis of gaps in current procurement policy	New procurement policy	DOT
Co-ordinate procurement policies and reporting procedures across national and provincial departments and transport sector SOEs and agencies	Report on current co-ordination mechanisms	Report to Steering Committee/Sub-Sector Code Council regarding new and updated co-ordination mechanisms	DOT & Steering Committee/Sub-Sector Code Council
Introduce pre-qualifying criteria B-BBEE for suppliers	Analysis of current pre-qualifying criteria	New procurement pre-qualifying criteria aligned with the requirements of the charter	DOT
Develop best-practice supplier development programmes	Current compliance with targets set out in the charter	Annual Progress Report to Steering Committee/Sub-Sector Code Council on BEE Procurement	DOT & Steering Committee/Sub-Sector Code Council
Constantly evaluate possibility of procurement from black SMMEs	Current level of black SMME procurement	Annual Report on black SMME procurement submitted to Steering Committee/Sub-Sector Code Council	Steering Committee/Sub-Sector Code Council
Develop best-practice technology-based monitoring, evaluation and reporting mechanisms	Evaluation of current procurement management systems	BEE Procurement management system integrated into procurement reporting	DOT
Overcome constraints to overcome restrictions of PPPFA	Evaluation of constraints imposed by PPPFA	Report on measures taken to overcome PPPFA constraints	DOT
Negotiate B-BBEE Requirements into all new and existing long-term contracts	Current level of supplier B-BBEE Compliance	Annual update on B-BBEE compliance of suppliers	DOT
Maximise leverage and policy influence in the transport sector to drive B-BBEE	Current level of B-BBEE compliance within the sector (baseline study)	Annual update of B-BBEE compliance within the sector submitted to Steering Committee Sub-Sector Code Council	Steering Committee/Sub-Sector Code Council