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## **TOURISM SECTOR B-BBEE SCORECARD**

### **Sector Transformation Unit**

**Presented by Ms. Nonkululeko Mthembu**

# Content

- Background & Development
- 7 Elements of B-BBEE
- Scope of Application
- Key Differences
- Framework
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# Objectives

- To increase the understanding of the Tourism B-BBEE Codes;
- Aim to achieve similar understanding and consistent implementation of the Codes in the sector;
- To emphasize the importance of developing institutional mechanisms for the implementation of the Codes:
  - B-BBEE plans
  - B-BBEE reporting to NDT through Focal Points
- To become ambassadors of B-BBEE.

# Background & Development

- 2003 Parliament passes the B-BBEE Act (No 53 of 2003) – legislative framework for the promotion of black economic empowerment;
- 2005 Minister appoints Tourism BEE Charter Council;
- Council launched in 2006 known as Tourism BEE Charter Council;
- DTI launches Codes of Good Practice Feb 2007, - Tourism Charter aligned with COGP;
- Charter recognised under section 12 of BEE Act 53 of 2003;
- 2009 – Tourism B-BBEE Charter promulgated into law – Tourism Sector Code - gazetted as section 9 code;
- Transformation one of the key pillars of NTSS.



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# 7 Elements of B-BBEE

- Ownership – private sector only
- Management Control
- Employment Equity
- Skills Development
- Enterprise Development
- Preferential Procurement
- Socio-Economic



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# Scope of Application

## ➤ Accommodation

- Hotels, Resort properties and timeshare, B&B, Guesthouses, Game lodges;
- Backpackers & Hostels.

## ➤ Hospitality and Related Services

- Restaurants & Conference venues – (Not attached to hotels);
- Professional Catering, Attractions, Consulting & professional services companies.

## ➤ Travel Distribution Systems

- Tour wholesalers, Tour operators, Travel agents, Tourist guides, Car rental companies;
- Coach operators;
- Organs of state & public entities, organized labor & communities involved with or interested in the Tourism Sector.



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# Section 9 Status of Tourism Codes

- The promulgation is **BINDING** on state enterprises to apply when transacting in tourism products and services. e.g.
  - Sale of tourism assets
  - Issuing of licenses and concessions
  - Procurement of tourism products and services
  - Public Private Partnership agreements



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# Key Differences

- The Tourism sector scorecard is focused on Human Development Elements in first five years of implementation – MC, EE, SD, ED, PP
- EME threshold = under R2.5m vs. COGP at R5m
- QSE category classified R2.5m – under R35m
- Industry Specific
  - TOMSA Levy collector
  - Employment of black people with no work experience.





# Framework for measuring Tourism B-BBEE

**Companies exceeding R35m Revenue:**

Comply with all 7 elements of scorecard

**Qualifying Small Enterprise (QSE):  
R2.5m – R35m Revenue**

Relaxed scorecard. Select four of the 7 elements of the QSE scorecard

**Exempt Micro Enterprises:  
Below R2.5m revenue**

Automatic level 4 recognition



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# Ownership

Element	2012 Weighting	2012 Weighting Points	2017 Weighting	2017 Weighting Points	Indicators to Measure BEE Achievement	Milestone Target	
						2012	2017
Ownership <sup>1</sup>	15	7	20		<b>Voting Rights:</b>		
				3	Exercisable voting rights in the enterprise in the hands of black people	21% + 1 vote	30% + 1 vote
				2	Exercisable voting rights in the enterprise in the hands of black women	10%	
					<b>Economic Interest:</b>		
				4	Economic interest of black people in the enterprise	21%	30%
				2	Economic interest of black women in the enterprise	10%	
				1	Economic interest of the following black natural people in the enterprise:	2.5%	
					black designated groups		
					- black participants in employee ownership schemes		
					- black beneficiaries of Broad-based Ownership Schemes		
					- black participants in co-operatives		
					<b>Realisation Points:</b>		
				1	Ownership fulfilment ( <i>black participants are free from 3rd party rights</i> )	Yes	
				7	Net value	refer to CoGP for details	
					<b>Bonus Points:</b>		
				2	Involvement in the ownership of the Enterprise of black new entrants	10%	
				1	Involvement in the ownership of the enterprise of black participants:	10%	
					- in employee ownership schemes		
					- of broad-based ownership schemes		
					- of co-operatives		

# Management Control

Management Control	14		12		<b>Board Participation:</b>	
		4		3	Exercisable voting rights of black board members using the Adjusted Recognition for Gender	50%
		4		3	Black executive directors using the Adjusted Recognition for Gender	50%
					<b>Top Management:</b>	
		4		3	Black senior top management using the Adjusted Recognition for Gender	40%
		4		3	Black other top management using the Adjusted Recognition for Gender	40%
		1		1	<b>Bonus Points:</b>	40%
					<i>Black independent Non-Executive Board Members</i>	



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# Employment Equity

Employment equity	14	2	12	1.5	Black Disabled Employees as a percentage of all employees using the Adjusted Recognition for Gender	2.0%	3%
		4		3.5	Black employees in <u>Senior Management</u> as a percentage of all such employees using the Adjusted Recognition for Gender	43%	60%
		4		3.5	Black employees in <u>Middle Management</u> as a percentage of all such employees using the Adjusted Recognition for Gender	63%	75%
		4		3.5	Black employees in <u>Junior Management</u> as a percentage of all such employees using the Adjusted Recognition for Gender	68%	80%
		3		3	<b>Bonus Points:</b>		
					<i>Bonus Point for meeting or exceeding the EAP targets in each category above</i>		



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# Skills Development

Skills development	20		18		Skills Development Expenditure on any Programme specified in the Learning Programmes Matrix:		
		8		7.5	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black employees as a percentage of leviabale amount using the Adjusted Recognition for Gender	3.0%	
		2		1.5	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black employees with <u>disabilities</u> as a percentage of leviabale amount using the Adjusted Recognition for Gender	0.3%	
		10		9	Learnerships:		
					Number of black employees participating in Learnerships or Category B, C and D programmes as a percentage of total employees using the Adjusted Recognition for Gender	5.0%	



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# Preferential Procurement

Preferential procurement	15	10	20	12	B-BBEE procurement spend from all suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	50%	70%
		2		3	B-BBEE procurement spend from <u>Qualifying Small Enterprises</u> or from <u>Exempted Micro Enterprises</u> based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	10%	15%
		3		5	B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend:	15%	20%
					- suppliers that are more than 50% black owned (60% of points); or		
					- suppliers that are more than 30% black women owned (40% of points)		



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# Enterprise Development

Enterprise development	14	14	10	10	<p>Average annual value of all Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of target</p> <p>Enhanced recognition provided for:</p> <ul style="list-style-type: none"> <li>- enterprise development spend on black, tourism SMMEs: 1,25</li> <li>- contributions made towards B-BBEE verification of tourism SMMEs: 1,25</li> </ul>	3% of NPAT
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# Socio-Economic Development

Socio-Economic development and Industry Specific	8	3	10	6	Average annual value of Socio-Economic Contributions by the measured entity as a percentage of target	1% of NPAT
		2		1	% of <u>black</u> new recruits with no prior work experience as a percentage of all new recruits, adjusted using the recognition factor for gender	10%
		3		3	Status of TOMSA levy collector	Yes



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# Verification

- ALL tourism enterprises must obtain TOURISM BEE Compliance Certificate.
- A TOURISM BEE Compliance certificate is your ticket to doing business with government.
- To get a TOURISM BEE Compliance Certificate you must only use accredited Tourism Verification Agencies, not just any Verification Agency.
- If your annual turnover is less than R2,5m you are automatically BEE compliant at EME Level 4.
- However if your business is majority black woman owned you will be upgraded to EME level 3
- EME must obtain a registered Accountant's statement that confirms your turn over as below R2.5m. This statement will serve as proof of BEE compliance (BEE Certificate)
- A BEE Certificate is valid for a period of 12 months from date of issue.



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# List of Accredited Tourism Verification Agencies

- AQrate WC, KZN & Gauteng
- Iquad
- BEE Rating Solution
- BEE Verification Agency
- BEE Empowered
- Empowerdex
- Blogic Verification
- BEE Matrix
- Premier Verifications
- Black Economic Empowerment Verification Agency
- Honeycomb
- Emex
- Grant Thornton
- Cenfed
- BEE-Biz
- Empowerlogic
- NERA



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# Immediate alignment initiatives

- For immediate, short term retain the PPPFA and **amend Preferential Procurement Regulations** to be brought in line with the aims of the B-BBEE Act using the balance scorecard methodology as prescribed by the B-BBEE Act and its Codes of Good Practice
- Use definitions contained in the B-BBEE Act and Codes of practice e.g..  
Black people *vis a vis* HDIs
- Use Verification Certificates issued in terms B-BBEE Scorecard to calculate points out of 10 or 20



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# Draft preferential procurement regulations

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0



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# B-BBEE Certificate, e.g.

**VERIFICATION AGENCY**

Qualifying Small Enterprise Scorecard Verification

**Lodge CC**  
(Incorporating Personnel Investments)

Registration Number: 1996/011  
Address: 5 End Street, Clubview, Centurion, 0014

**Level Four Contributor**

Scorecard Information	Actual Score	Target Score	Analysis	Results
Ownership	N/A	N/A	Total Score	68.59
Control	N/A	N/A	Procurement Recognition Level	100.00%
Employment Equity	25.00	25.00	Black Ownership	N/A
Skills Development	0.22	25.00	Black Women Ownership	N/A
Affirmative Procurement	18.37	25.00	VAT Number	4640158921
Enterprise Development	N/A	N/A	Value Adding Enterprise	Yes
Socio-Economic Development	25.00	25.00	Expiry Date	26 March 2011

Signature \_\_\_\_\_ Issue Date \_\_\_\_\_

This rating certificate and the verification report are based on information provided to \_\_\_\_\_ and represents an independent opinion based on the verification and analysis completed by \_\_\_\_\_. The calculation of the scores has been determined in accordance with the Department of Trade and Industry's Codes of Good Practice.

Q10J001

**sanas**  
BBBEE Verification Agency

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 **South Africa**

***THANK YOU***

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***Let us all strive to live B-BBEE and change lives***



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