

TOURISM SECTOR B-BBEE SCORECARD

Sector Transformation Unit

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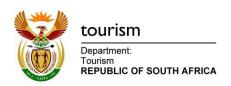
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Objectives

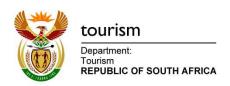
- To increase the understanding of the Tourism B-BBEE Codes;
- Aim to achieve similar understanding and consistent implementation of the Codes in the sector;
- To emphasize the importance of developing institutional mechanisms for the implementation of the Codes:
 - B-BBEE plans
 - B-BBEE reporting to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





7 Elements of B-BBEE

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





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

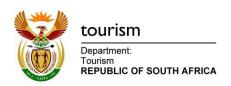
- Tour wholesalers, Tour operators, Travel agents, Tourist guides, Car rental companies;
- Coach operators;
- Organs of state & public entities, organized labor & communities involved with or interested in the Tourism Sector.





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





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

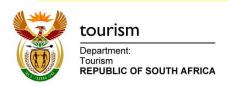
Relaxed scorecard. Select four of the 7

elements of the QSE scorecard

Exempt Micro Enterprises:

Below R2.5m revenue

Automatic level 4 recognition





Ownership

Element	2012	2012 Weighting	2017	2017 Weighting	Indicators to Measure BEE Achievement	Mileston	e Target			
Liement	Weighting Points Weight	Weighting	Points	Indicators to Measure BEE Achievement	2012	2017				
					Voting Rights:					
		7	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	101	%			
					Economic Interest:					
		8		1	Economic interest of black people in the enterprise	21%	30%			
				2	Economic interest of black women in the enterprise	10	%			
				Economic interest of the following black natural people in the enterprise:						
					black designated groups		ľ			
				1	- black participants in employee ownership schemes	2.5	%			
Ownership ¹	15		20	0	- black beneficiaries of Broad-based Ownership Schemes					
					- black participants in co-operatives					
					Realisation Points:					
							1	Ownership fulfilment (black participants are free from 3rd party rights)	Ye	s
				7	Net value	refer to CoG	P for details			
					Bonus Points:					
				2	Involvement in the ownership of the Enterprise of black new entrants	10	%			
					Involvement in the ownership of the enterprise of black participants:					
				1	- in employee ownership schemes	10	%			
					- of broad-based ownership schemes					
					- of co-operatives					

Management Control

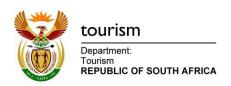
			12		Board Participation:	
		4		3	Exercisable voting rights of black board members using the Adjusted Recognition for Gender	50%
		4		3	Black executive directors using the Adjusted Recognition for Gender	50%
Management	14				Top Management:	
Control	.,	4		3	Black senior top management using the Adjusted Recognition for Gender	40%
					3	Black other top management using the Adjusted Recognition for Gender
		1		Bonus Points:	40%	
				1	Black independent Non-Executive Board Members	40 70





Employment Equity

		2			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%		
Employment equity	14	4	12	3.5	Black employees in Middle Management as a percentage of all such employees using the Adjusted Recognition for Gender	63%	75%	
oquity		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%	
				Bonus Points:				
		3		3	Bonus Point for meeting or exceeding the EAP targets in each category above			





Skills Development

					Skills Development Expenditure on any Programme specified Programmes Matrix:	d in the Learning
	20	8		7.5	Skills Development Expenditure on Learning Programmes specified in the Learning Programmes Matrix for Black employees as a percentage of leviable amount using the Adjusted Recognition for Gender	3.0%
Skills development		2	18	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 leviable amount using the Adjusted Recognition for Gender	0.3%
		10			Learnerships:	
				9	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%





Preferential Procurement

		10		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%
Preferential	15	2	20	3	B-BBEE procurement spend from Qualifying Small Enterprises or from Exempted Micro Enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	10%	15%
procurement				B-BBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend:			
		3		5	- suppliers that are more than 50% black owned (60% of points); or	15%	20%
l 1					- suppliers that are more than 30% black women owned (40% of points)		





Enterprise Development

					Average annual value of all Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of target	3% of NPAT
Enterprise development	14	14	10	10	Enhanced recognition provided for: - enterprise development spend on black, tourism SMMEs: 1,25	
					- contributions made towards B-BBEE verification of tourism SMMEs: 1,25	





Socio-Economic Development

Socio-		3		6	Average annual value of Socio-Economic Contributions by the measured entity as a percentage of target	1% of NPAT
development and Industry Specific	8	2	10	i	% 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





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.





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





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





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





B-BBEE Certificate, e.g.

VERIFICATION AGENCY

Qualifying Small Enterprise Scorecard Verification

(Incorporating

Lodge CC
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	28 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







THANK YOU

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



