



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

Private Bag X424, Pretoria, 0001, South Africa. Tel. (+27 12) 444 6780, Fax (+27 12) 444 7027
Private Bag X9154, Cape Town, 8000, South Africa. Tel. (+27 21) 469 5800, Fax: (+27 21) 465 3216

New codes to transform tourism

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Minister of Tourism Derek Hanekom today handed over the Amended Tourism Broad-Based Black Economic Empowerment Sector Code to the Tourism Business Council of South Africa.

The handover to the business sector marks the start of an integrated industry-wide process to transform the tourism sector.

The new code came into effect when it was gazetted on 20 November last year and is binding on all businesses operating in the tourism sector. It aims to accelerate transformation in tourism by changing patterns of ownership, management and procurement.

Revised targets and scorecard measurements are designed to be more inclusive of all South Africans at ownership and management levels, improve procurement from small Black businesses, and enhance the development of skills needed across the tourism value chain.

The amended code was drawn up by the Tourism B-BBEE Charter Council chaired by Mr Monwabisi Fandeso, and included representatives from the public and private sectors, labour and civil society, following widespread consultations with stakeholders in the sector.

Minister Hanekom said that the collaboration between the public and private sector in drafting the new codes boded well for their implementation.

“Transformation remains a major challenge facing tourism, and many other sectors of our economy. It is encouraging that there is widespread recognition of the need for transformation, and growing commitment to transform, among the full range of stakeholders in the sector,” said Minister Hanekom.

Despite many Government interventions aimed at overcoming economic disparities, entrenched inequalities continue to stifle growth, economic development, job creation and poverty eradication.

A recent study found that about one in four large enterprises were owned by Black people in 2010. About 12% of large enterprises had attained 50% Black representation as board members, directors and management. Only 4% of large enterprises achieved the target of ensuring that 25% of their directors were Black females. About one in five large enterprises had succeeded in procuring 50% of their goods and services from Black or women-owned enterprises.

The Amended Code seeks to accelerate transformation of the tourism sector by significantly increasing the number of Black people who own, control and manage tourism enterprises.

New annual turnover thresholds have been introduced for Exempted Micro Enterprises (less than R5 million), Qualifying Small Enterprises (between R5 million and R45 million) and Large Enterprises (over R45 million). These thresholds are unique to the tourism sector, and are designed to include many more enterprises in transformation initiatives.

The Amended Code specifies new targets for ownership, management control, skills development, enterprise and supplier development and socio economic development. The Black ownership target was set at 30% to fast track transfer of economic assets to Black people. The target for supplier development

was set at 3% of Net Profit After Tax to create more opportunities for emerging Black owned enterprises. More points are allocated for procurement from suppliers that are at least 51% Black-owned.

The Department of Tourism is implementing several projects to support transformation. An internet portal is being created to accelerate the participation of SMMEs in the tourism economy. The department is also providing incentives to support tourism businesses, with a focus on small Black-owned businesses, and starting an Executive Development Programme (EDP) to equip women managers for senior positions in the sector.

“The role of tourism in the national economy is growing in significance,” said Minister Hanekom. “The tourism value-chain already provides 9% of our national GDP and supports 1.4 million jobs. Government recognises the potential for contributing even further to GDP and social and economic development.”

“Transformation of the sector is essential to extract the full potential of tourism. The handover of the amended code to business will reinforce the partnership between government and the private sector to take transformation to the next level,” said Minister Hanekom.

ADDITIONAL INFORMATION:

The amended code applies to all enterprises within the tourism sector:

Accommodation - hotels, resorts, timeshare properties, B&Bs, guest houses, game lodges, backpackers and hostels.

Hospitality and related - restaurants, conference venues, professional catering, attractions, casinos, consulting and professional services companies.

Travel and related - tour wholesalers, tour operators, travel agents, tourist guides, car rental companies and coach operators.

For more information, visit our website on www.tourism.gov.za

Enquiries:

Mr Praveen Naidoo

Media Liaison Officer to the Minister

National Department of Tourism

Telephone: +27 (0) 12 444 6607

Cell: +27 (0) 71 677 5004

Email: pnaidoo@tourism.gov.za

Facebook: [DepartmentOfTourism](https://www.facebook.com/DepartmentOfTourism)

Twitter: [@Tourism_gov_za](https://twitter.com/Tourism_gov_za)