



# EASY GUIDE

FOR THE AMENDED TOURISM  
B-BBEE SECTOR CODE



tourism

Department:  
Tourism  
REPUBLIC OF SOUTH AFRICA



Official handover of the Amended Tourism B-BBEE Sector Code by the Minister of Tourism, Derek Hanekom, to the Tourism Business Council of South Africa (TBCSA) represented Mr. Ravi Nadasen on the 9th February 2016.

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## LIST OF ACRONYMS

<b>AIDS</b>	Acquired Immune Deficiency Syndrome
<b>BEE</b>	Black Economic Empowerment
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>CIPC</b>	Companies and Intellectual Property Commission
<b>EME</b>	Exempted Micro Enterprise
<b>GCGP</b>	Generic Codes of Good Practice
<b>HIV</b>	Human Immunodeficiency Virus
<b>LE</b>	Large Enterprise
<b>NPAT</b>	Net Profit After Tax
<b>QSE</b>	Qualifying Small Enterprise
<b>SA</b>	South Africa
<b>SDF</b>	Skills Development Facilitator
<b>DTI</b>	Department of Trade and Industry
<b>TOMSA</b>	Tourism Marketing South Africa
<b>TSC</b>	Tourism B-BBEE Sector Code
<b>VA</b>	Verification Agency
<b>VAT</b>	Value Added Tax

## FOREWORD BY THE MINISTER OF TOURISM

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An exciting new era for the tourism sector began in 2009 when the Tourism Broad-Based Black Economic Empowerment Sector Code was gazetted. It signaled the commitment of Government and the private sector to create a bold vision for the inclusive growth of tourism.

The Tourism B-BBEE Charter was born from this commitment. The Charter expresses the commitment by all stakeholders to make the tourism sector more accessible, relevant and beneficial to all South Africans.

The Charter was guided by the need to develop a globally competitive destination and the need to transform. The two are intrinsically linked: our competitiveness relies on our ability to attract more visitors and provide them with unique, memorable experiences and our capability to grow tourism in a way that is socially, economically and environmentally sustainable.

The Tourism B-BBEE Charter Council was appointed to encourage and support transformation of the sector. The Council embarked on a sector-wide consultative process to gather as many inputs as possible for the development of the Tourism B-BBEE Sector Code.

In August 2012, a new Council was appointed with representatives from civil society, tourism businesses and labour. The new Council aligned the Tourism B-BBEE Sector Code to the

Amended B-BBEE Generic Codes of Good Practice which had been issued by the Minister of Trade and Industry in October 2013.

The Amended Tourism B-BBEE Sector Code was published in the Government Gazette on 20 November 2015 and is now effective across all businesses in the tourism sector.

I congratulate every member of the Council for their excellent and rigorous work, and thank them for their services on behalf of the entire tourism sector. This achievement should be celebrated by all of us. It equips us with the measurable means to transform tourism as we enhance our competitiveness and grow the sector sustainably.

The Council has developed this simplified guide to the scorecard to support the private sector. We trust that our partners in transformation will find it useful in understanding and implementing the Amended Tourism B-BBEE Sector Code.

**Derek Hanekom**  
*Minister: Tourism*

# INTRODUCTION BY THE CHAIRPERSON OF THE TOURISM B-BBEE CHARTER COUNCIL



Looking at the scorecard in brief, the compliance under the Ownership element is 30% which will ensure an increase in transferring economic assets to and mainstreaming of black people in the tourism sector. Furthermore, this will ensure shared opportunities and benefits of the tourism sector.

Under the Skills Development element, the Amended Tourism B-BBEE Sector Code introduced three measuring indicators to promote skills development expenditure on three tourism sub-sectors (Accommodation, Hospitality and Travel). The introduced indicators remain sufficiently broad for enterprises eager to make investment in training, consulting, management and professional positions in the sector.

Important under the Enterprise and Supplier Development (ESD) element is the compliance target for the Supplier Development measuring category set at 3% Net Profit After Tax (NPAT). This target will ensure that more opportunities for emerging black owned enterprises across the supply and value chains of established businesses are created. The implementation of this category will also lead to job creation and overall economic growth of the tourism sector.

Key under the ESD element is also the allocation of more points for procurement spend from empowering suppliers that are at least 51% black owned. The weighting points allocated (12) are to incentivise support for sustainable growth of black owned enterprises. The three bonus

points under the Socio Economic Development element have been allocated for the entities that contribute towards Tourism Marketing South Africa (TOMSA) levy collection, which assists in marketing South Africa as a preferred tourism destination.

The gazetting of the Amended Tourism B-BBEE Sector Code means that the Code is legally binding to all entities in the tourism sector from the date of its publication, which was 20 November 2015. All B-BBEE verifications conducted using the financial year ending before this date can be verified using the old Tourism B-BBEE Sector Code, gazette No. 32259. However, all B-BBEE verifications conducted using the financial year ending after 20 November 2015 must be verified using the Amended Tourism B-BBEE Sector Code, gazette No. 39430.

In accordance with Section 10 of the B-BBEE Amendment Act No. 46 of 2013, enterprises operating in the sector which the Minister of Trade and Industry has issued a sector code of good practice in terms of section 9 (1) of the B-BBEE Act as amended, must report annually on their compliance with B-BBEE to the sector

Council. In effect, the Tourism B-BBEE Charter Council will, in due course, publish the reporting procedure in the Government Gazette.

The Tourism B-BBEE Charter Council has developed this simplified guide to provide a clear guidance to the basic principles, objectives and compliance targets in order to allow all tourism stakeholders to implement the new transformation policy requirements with ease.

**Mr. Monwabisi Fandeso**

*Chairperson: Tourism B-BBEE Charter Council*

## BACKGROUND

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In 2003, the Department of Trade and Industry published the B-BBEE Strategy to outline government's approach to the definition and measurement of B-BBEE as well as the policy instruments that will be utilised to achieve transformation. The Strategy also emphasised the importance of partnership approach to achieving B-BBEE. In the same year, the B-BBEE Act No. 53 of 2003 was promulgated to provide a legislative framework for the promotion of B-BBEE, to empower the Minister of Trade and Industry to issue the Generic Codes of Good Practice and to publish Sector Charters.

In 2005, the Tourism B-BBEE Charter was published in the Government Gazette to highlight the commitment of all the stakeholders in the Tourism Sector for the empowerment and transformation of the sector, and to work collectively to ensure that the opportunities and benefits of the Tourism Sector are extended to Black People as well.

In 2009, the Tourism B-BBEE Sector Code was published in the Government Gazette in line with the Generic Codes of Good Practice to advance the objectives of the B-BBEE Act No.

53 of 2003 and establish the principles upon which B-BBEE will be implemented in the Tourism Sector:

Arising from the Amended Generic Codes of Good Practice issued by the Minister of Trade and Industry in October 2013, the Council also aligned the Tourism B-BBEE Sector Code to the Amended Generic Codes of Good Practice. The Amended Tourism B-BBEE Sector Code was gazetted in November 2015 and the Code is binding on all enterprises operating in the Tourism Sector:





## OUR COMMITMENT

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Our commitment to empowerment and transformation is therefore based not only on our moral obligations with regard to transforming South Africa, but also upon our fiduciary obligations to our shareholders and employees, and to the growth of our sector within the broader South African economy. This commitment makes tourism stakeholders aware that empowerment and transformation of the Tourism Sector will contribute to its growth and sustainability.

The Code will help us address two main challenges still facing the Tourism Sector, namely:

- The need to become more globally competitive;
- The need to include black people in the Tourism Sector.

## THE LEGACY

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The Tourism Sector, like the rest of South African society remains characterised by large disparities in access to opportunities and benefits, and in particular for Black People. The sector still excludes the vast majority of South Africans, and the residual impact of this legacy of inequality prevents tourism and a tourist-friendly culture to take root in our country.

Furthermore, the legacy of the Apartheid system remains apparent in some of the Tourism Sector's associations and bodies. Therefore, it is acknowledged that there is a need for transformation within these associations so that they may become truly representative and reflective of our society.

In addition, since South Africa has so much to offer in terms of tourism diversity, we recognise the need to reverse this legacy and to make tourism in South Africa more adaptable and accessible to Black South African tourists. The country requires an economy that can meet the needs of all citizens, our people and their enterprises in a sustainable manner.

## SUSTAINABILITY

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It is acknowledged that for tourism initiatives to be developed and become more sustainable and meaningfully empowering, it must be based on identifying strategic opportunities for our enterprises and for our sector. These initiatives must be underpinned by sound commercial logic and must be well structured and focused with deliverable growth objectives. Furthermore, it is acknowledged that to realise the sustainability, competitiveness and inclusive growth of our sector requires the empowerment and transformation of the sector.

Empowerment and transformation make good business sense as these will bring innovation into the Tourism Sector through the introduction of new role players. These will attract new markets and stimulate new products development.

## OBJECTIVES OF THE AMENDED TOURISM B-BBEE SECTOR CODE

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The Amended Tourism B-BBEE Sector Code has been developed to:

- Advance the objectives of the B-BBEE Amendment Act No.46 of 2013 within the Tourism Sector;
- Constitute a framework and establish the principles upon which B-BBEE will be implemented in the Tourism Sector;
- Facilitate a partnership programme as outlined in government's strategy for B-BBEE;
- Provide the basis for the sector's engagement with other stakeholders including government and the private sector, labour and civil society.



## SCOPE OF APPLICATION

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The Amended Tourism B-BBEE Sector Code applies to all enterprises within the Tourism Sector and all parts of the value chain in that sector, inter alia:



### ACCOMMODATION

- Hotels;
- Resort properties and timeshare;
- Bed and breakfast (B&B's);
- Guest houses;
- Game lodges; and
- Backpackers and hostels.



### HOSPITALITY AND RELATED SERVICES

- Restaurants (not attached to hotels);
- Conference venues (not attached to hotels);
- Professional catering;
- Attractions, Casinos; and
- Consulting and professional services companies.



### TRAVEL AND RELATED SERVICES

- Tour wholesalers;
- Tour operators;
- Travel agents;
- Tourist guides;
- Car rental companies; and
- Coach Operators.

# UNDERSTANDING THE TOURISM SECTOR SCORECARD

## GENERAL PRINCIPLES

In order for this Code to be an effective vehicle for transformation in the Tourism Sector, it has been closely aligned with the Amended GCGP issued by the DTI. Because of this alignment, specific methods defined in the Amended GCGP for measuring compliance with the targets are used in the Amended Tourism B-BBEE Sector Code.

In addition, due to the unique composition of the sector, certain categories of the elements have been included in this Code because those adopted in the GCGP as amended, do not cover the specific needs of the Tourism Sector.

## UNIQUE PRINCIPLES UNDERPINNING THE TOURISM SECTOR

In terms of the White Paper on Tourism Development and Promotion (1996), tourism is government led, private sector driven, community based and labour reliant. The quality of products and services in the sector are wholly dependent on the individuals employed to do that specific job. The basic premise of the Code takes this into account.

## ELEMENTS, CATEGORY, CRITERIA, WEIGHTINGS AND TARGETS

### Elements

There are five B-BBEE elements, namely:

- Ownership;
- Management Control;
- Skills Development;
- Enterprise and Supplier Development; and
- Socio-Economic Development.

### The Priority elements are as follows:

#### ▪ Ownership:

The sub-minimum requirement for Ownership element is 40% of Net Value (40% of the 8 points).

#### ▪ Skills Development:

The sub-minimum requirement for Skills Development element is 40% of the total weighting points (excluding bonus points).

#### ▪ Enterprise and Supplier Development:

The sub-minimum requirement for Enterprise and Supplier Development element is 40% of the total weighting points of each of the three measuring categories within the Enterprise and Supplier Development element, namely; Preferential Procurement, Supplier Development and Enterprise Development. For the avoidance of doubt, this means that the measured entity must achieve at least:

- 10 points under the Preferential Procurement;
- 4 points under the Supplier Development; and
- 2 points under the Enterprise Development.

### Compliance to priority elements

Large Enterprises are required to comply with all the Priority elements. Qualifying Small Enterprises (QSEs) are required to comply with at least two priority elements, which are Ownership (compulsory element) and either Skills Development or Enterprise and Supplier Development.

### Discounting principle effect

- Non-compliance with the 40% sub-minimum requirements of any of the priority elements will result in the measured entity's B-BBEE Status Level and corresponding B-BBEE Recognition Level being discounted by one level down until the next applicable verification period in which the measured entity can demonstrate compliance with the 40% sub-minimum requirements;
- Only the discounted level will appear on the B-BBEE certificate.

### Category

The category is the sub-element of any B-BBEE element outlining the measuring criteria on which the entity is measured against for compliance purposes.

### Criteria

The criteria are the principles outlined under each category or sub-element on which the entity is measured against for compliance purposes.

### Weightings

The weightings for each element reflect the relative importance that the sector places thereon.

### Targets

The targets represent the ideal scenario at which the measured entity will score points for the respective criteria. The measured entity will score points according to the proportion of the relevant target achieved for that particular criteria.

## EME COMPLIANCE IN THE TOURISM SECTOR

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Exempted Micro Enterprises (EMEs) are defined as enterprises with a total annual revenue of R5 million or less. EMEs enjoy enhanced B-BBEE recognition levels as follows:

- All EMEs automatically qualify for Level 4 B-BBEE Status, having a B-BBEE recognition level of 100%;
- An EME which has 100% Black Ownership qualifies for elevation to Level 1 B-BBEE

Status with a B-BBEE recognition level of 135%;

- An EME which has at least 51% Black Ownership qualifies for elevation to Level 2 B-BBEE Status with a B-BBEE recognition level of 125%.

An EME is only required to obtain a sworn affidavit or Companies and Intellectual Property Commission (CIPC) certificate on an annual basis confirming the total annual revenue of R5 million or less, and level of percentage of Black Ownership, which serves as a proof of B-BBEE compliance or certificate. Start-up entities must be measured as EMEs for the first year following the commencement of its operations and enjoy the same benefits.

Despite the above, EMEs are allowed to be measured using the QSE scorecard, should they wish to maximise their points and move higher to the next B-BBEE recognition level. Should an EME wish to tender for any contract or economic activity in the Tourism Sector with a value higher than R5 million but less than R45 million they should submit a QSE scorecard. For contracts of R45 million or more, they should submit the Large Enterprises scorecard.

## QSE COMPLIANCE IN THE TOURISM SECTOR

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A QSE must comply with all the elements of the Qualifying Small Enterprise Scorecard. A QSE which is 51% Black Owned or 100% Black Owned is only required to obtain a sworn affidavit or CIPC certificate on an annual basis, confirming the following:

- Total annual revenue of more than R 5 million but less than R45 million;
- Level of Black Ownership; and
- Empowering Supplier status.

Enhanced B-BBEE recognition level has been granted to a QSE that is:

- 100% Black Owned, which qualifies for Level 1 B-BBEE recognition; and
- At least 51% Black Owned which qualifies for a Level 2 B-BBEE recognition level.

## THE LARGE ENTERPRISE SCORECARD OF THE TOURISM SECTOR

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The Large Enterprise scorecard is applicable to all enterprises with a total annual revenue of more than R45 million within the Tourism Sector.

### OWNERSHIP ELEMENT



Indicator	Measurement Category & Criteria	Weighting Points	Compliance Targets
Voting Rights	Exercisable Voting Rights in the entity in the hands of Black People;	4	30%
	Exercisable Voting Rights in the entity in the hands of Black Women;	2	15%
Economic Interest	Economic Interest in the entity to which Black People are entitled;	4	30%
	Economic Interest in the entity to which Black Women are entitled;	2	15%
	Economic Interest of any of the following Black Natural Persons in the measured entity: <ul style="list-style-type: none"> <li>▪ Black Designated Groups;</li> <li>▪ Black Participants in Employee Share Ownership Programmes;</li> <li>▪ Black People in Broad-Based Ownership Schemes;</li> <li>▪ Black Participants in Co-operatives.</li> </ul>	3	3%
	Black New Entrants	4	10%
Realisation Points	Net Value	8	Refer to Annexure TSC100 (E)

### What does Ownership element actually measure?

Direct ownership refers to ownership of an equity stake in the measured entity. Ownership is measured by the following:

- **Exercisable Voting Rights:** refers to the rights that Black People have to vote on all important issues at shareholders meetings.
- **Economic Interests:** refers to the rights that Black People have to receive dividends, capital gains and other economic benefits of shareholders.

- **Employee Share Ownership**

**Programme:** refers to an employee or owner programme that provides Black Workers with an ownership interest in the entity and meets the rules set out in the Amended Tourism B-BBEE Sector Code.

- **Broad-Based Ownership Schemes:**

refers to a collective ownership scheme by Black People constituted with a view to facilitate the participation of specified Natural Persons in the benefits flowing from the ownership by that scheme, or by its fiduciaries of an Equity Interest in the

entity in accordance with the rules set out in the Amended Tourism B-BBEE Sector Code.

- **Co-operative:** refers to an autonomous association of persons united voluntarily to meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles.

- **Black Designated Groups:** refers to:
  - Unemployed Black People not attending and not required by law to attend an educational institution and not awaiting admission to an educational institution;
  - Black People who are youths as defined in the National Youth Commission Act of 1996;
  - Black People who are persons with disabilities as defined in the Codes of Good Practice on employment of people with disabilities issued under the Employment Equity Act;
  - Black People living in rural and under developed areas; and
  - Black Military Veterans who qualify to be called a military veteran in terms of the Military Veterans Act No. 18 of 2011.
- **Black New Entrants:** refers to Black People who hold rights, of ownership in an entity and who, before holding those rights have not held an equity which has a total value of more than R50 million in any other entity.

- **Net Value:** refers to the accumulated net economic interest in the hands of Black People after the deduction of monies owed on the debt.

### *Weighting Points*

The total weighting points for the Ownership element are 27 on the Large Enterprise scorecard, whereas under the QSE scorecard are 26.

### *Compliance Targets*

In order to score maximum points under the Ownership element, a measured entity is required to meet the following compliance targets:

- 30% of exercisable voting rights and economic interest in the hands of Black People;
- 15% of exercisable voting rights and economic interest in the hands of Black Women;
- 3% of economic interest in the hands of Black Designated Groups, Black Participants in Employee Share Ownership programme, Black People in Broad-Based Ownership Schemes and Co-operatives;

- 10% in the hands of Black New entrants; and
- Compliance with the net value principles.

## **MANAGEMENT CONTROL ELEMENT**



Measurement Category & Criteria	Weighting Points	Compliance Targets
<b>Board Participation:</b>		
Exercisable Voting Rights of Black Board Members as a percentage of all Board Members;	2	50%
Exercisable Voting Rights of Black Female Board Members as a percentage of all Board Members;	1	30%
Black Executive Directors as a percentage of all Executive Directors;	2	50%
Black Female Executive Directors as a percentage of all Executive Directors.	1	30%
<b>Other Executive Management:</b>		
Black Executive Management as a percentage of all other Executive Management;	2	60%
Black Female Executive Management as a percentage of all other Executive Management.	1	30%
<b>Senior Management:</b>		
Black Employees in Senior Management as a percentage of all Senior Management;	2	60%
Black Female Employees in Senior Management as a percentage of all Senior Management.	1	30%
<b>Middle Management:</b>		
Black Employees in Middle Management as a percentage of all Middle Management;	2	75%
Black Female Employees in Middle Management as a percentage of all Middle Management.	1	38%
<b>Junior Management:</b>		
Black Employees in Junior Management as a percentage of all Junior Management;	1	80%
Black Female Employees in Junior Management as a percentage of all Junior Management.	1	40%
<b>Employees with Disabilities:</b>		
Black Employees with Disabilities as a percentage of all Employees.	2	2%
<b>Bonus Points:</b>		
Number of Black Employees with Disabilities over and above the 2% target for Black Employees with Disabilities, as a percentage of all Employees.	2	1% (over and above 2% target in 2.6.1 of the Amended Code)



## What does Management Control actually measure?

The Management Control element is measured through the following:

- **Board Participation:** refers to participation by Black People at the Board of Director's level in the measured entity;
- **Executive Directors:** refers to those Black Members of the Board who are Executive Directors as defined in the King III Report, as amended from time to time;
- **Other Executive Management:** refers to Black Executive Management that does not serve on the Board, such as Human Resource Executive, Transformation Executive and other people holding similar positions;
- **Senior Management:** refers to Black People whose main tasks consist of determining and formulating policies and strategies or planning, directing and coordinating the policies and activities of the measured entity;
- **Middle Management:** refers to Black People whose main tasks require a high level of professional knowledge and experience;

- **Junior Management:** refers to Black People whose main tasks require technical knowledge and experience;
- **Black People with Disabilities:** refers to Black People who have a long-term or recurring physical or mental impairment which substantially limits their prospects of entry into or advancement in employment.

## Weighting Points

The total weighting points for the Management Control element are 19 on the Large Enterprise scorecard, whereas under the QSE scorecard are 15.

## Compliance Targets

In order to score maximum points under the Management Control element, a measured entity is required to meet the following compliance targets:

- 50% for Board participation;
- 60% for Other Executive Management;
- 60% for Senior Management;
- 75% for Middle Management;
- 80% for Junior Management; and
- 2% for Employees with Disabilities.

## SKILLS DEVELOPMENT ELEMENT



Measurement Category & Criteria	Weighting Points	Compliance Targets
<b>Skills Development Expenditure on any programme specified in the Learning Programme Matrix for Black People as a percentage of the Leivable Amount:</b>		
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People in any of the following three tourism sub-sectors as a percentage of Leivable Amount: <ul style="list-style-type: none"> <li>▪ Accommodation;</li> <li>▪ Hospitality and related services;</li> <li>▪ Travel and related services.</li> </ul>	5	6%
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People with Disabilities in any of the above three tourism sub-sectors as a percentage of Leivable Amount.	3	0.3%
<b>Learnerships, Apprenticeships, and Internships:</b>		
Number of Black Employees participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of total Employees.	8	3.5%
Number of Black Unemployed Learners participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of number of total Employees.	4	3%
<b>Bonus points:</b>		
Number of Black People absorbed by the measured entity and industry at the end of the Learnerships Programme.	5	100%

## What does Skills Development actually measure?

The Skills Development element measures the following:

- **Skills Development Expenditure:** include legitimate training expenses that a measured entity incurs on skills development. It excludes the skills development levy payable by the measured entity under the Skills Development Levies Act.
- **Legitimate Training Expenses:** include but is not necessarily limited to:
  - costs of training materials;
  - costs of trainers;
  - costs of training facilities including costs of catering;
  - scholarships and bursaries;
  - course fees;
  - accommodation and travel; and
  - Administration costs, such as the organisation of training, including where appropriate, the cost of the measured entity of employing a Skills Development Facilitator (SDF) or a training manager.

- **Apprenticeship:** refers to the agreement between an apprentice and employer for a set period of time during which the apprentice works and receives training in the workplace.
- **Learnership:** refers to a work-based route to a qualification. It is a workplace education and training programme comprising of both structured practical workplace (on-the-job) experience and structured theoretical training.
- **Internship:** refers to an opportunity to integrate career related experiences into an undergraduate education by participating in planned and supervised work.

### Weighting Points

The total weighting points for the Skills Development element are 20 on the Large Enterprise scorecard, whereas under the QSE scorecard are 25.

### Compliance Targets

In order to score maximum points under the Skills Development element, a measured entity is required to meet the following compliance targets:

- 6% on Skills Development Expenditure;
- 0.3% on Skills Development Expenditure for Black People with Disabilities;
- 3.5% on the number of Black Employees participating in Learnerships, Apprenticeships and Internships; and
- 3% on the number of Black Unemployed Learners participating in Learnerships, Apprenticeships and Internships.

## ENTERPRISE AND SUPPLIER DEVELOPMENT ELEMENT



Measurement Category & Criteria	Weighting Points	Compliance Targets
<b>Preferential Procurement:</b>		
B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	5	80%
B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	3	15%
B-BBEE Procurement Spend from all Exempted Micro Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	4	15%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	9	40%
B-BBEE Procurement Spend from Empowering Suppliers that are 30% Black Women Owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend.	4	12%
<b>Supplier Development:</b>		
Annual value of all qualifying Supplier Development contributions made by the measured entity as a percentage of the target.	10	3% of NPAT
<b>Enterprise Development:</b>		
Annual value of all qualifying Enterprise Development contributions and Sector Specific Contributions made by the measured entity as a percentage of the target.	5	0.5% of NPAT
<b>Bonus Points:</b>		
Bonus point for graduation of one or more qualifying Enterprise Development beneficiaries graduating to the Supplier Development level;	1	Yes
Bonus point for creating one or more jobs directly as a result of qualifying Supplier Development and Enterprise Development contributions by the measured entity.	1	Yes

## What does Enterprise and Supplier Development actually measure?

The Enterprise and Supplier Development element measures the following:

- **Preferential Procurement:** refers to the extent to which entities buy goods and services from Empowering Suppliers with strong B-BBEE compliant recognition levels, that are:
  - Suppliers that are Large Enterprise;
  - Suppliers that are QSE and EME;
  - Suppliers that are more than 51% Black Owned; and
  - Suppliers that are more than 30% Black Women Owned.
- **Empowering Supplier:** refers to a B-BBEE entity, which complies with all regulatory requirements of the Employment Equity Act, Skills Development Act, Skills Development Levies Act and which meets at least four of the following criteria if it is a large entity or two if it is a QSE:
  - At least 25% of cost of sales excluding labour cost and depreciation must be procured from local producers or local supplier in South Africa (SA);

- At least 85% of total labour cost should be paid to SA employees by service industry entities;
- At least 50% of jobs created during the Measurement Period are for Black People provided that the number of Black employees since the immediate prior verified B-BBEE Measurement is maintained;
- At least 51% of Total Measured Procurement Spend must be from SA suppliers;
- Skills transfer by Senior and Top Management (as defined by the Employment Equity Regulations) spend at least 12 days per annum in assisting 51% Black Owned EMEs and QSEs to increase their operational and/or financial capacity.
- **EMEs and Start-up Enterprises:** are automatically recognised as empowering suppliers.
- **Supplier Development:** refers to monetary or non-monetary contributions made by a measured entity to suppliers that are on the measured entity's value chain with the objective of contributing

to the development, sustainability, financial and operational independence of those beneficiaries. The beneficiaries of Supplier Development are QSEs or EMEs which are at least 51% Black Owned.

- **Enterprise Development:** refers to monetary or non-monetary contributions made by the measured enterprises with the objective of contributing to the development, sustainability, financial and operational independence of those beneficiaries. The beneficiaries of Enterprise Development are QSEs or EMEs which are at least 51% Black Owned. The following is a non-exhaustive list of qualifying Enterprise Development contributions:
  - Investments in qualifying beneficiary entities;
  - Loans made to qualifying beneficiary entities;
  - Guarantees given or security provided on behalf of qualifying beneficiary entities;
  - Credit facilities made available to qualifying beneficiary entities;

- Grant contributions to qualifying beneficiary entities;
- Direct costs incurred by a measured entity in assisting and hastening development of qualifying beneficiary entities; and
- Overhead costs of a measured entity directly attributable to qualifying Enterprise Development and Supplier Development contributions etc.

### **Weighting Points**

The total weighting points for the Enterprise and Supplier Development element are 40 on the Large Enterprise scorecard, whereas under the QSE scorecard are 30.

### **Compliance Targets**

To score maximum points under the Enterprise and Supplier Development element, a measured entity is required to meet the following compliance targets:

- 80% on Preferential Procurement;
- 3% of NPAT on Supplier Development; and
- 0.5% of NPAT on Enterprise Development.

## **SOCIO-ECONOMIC DEVELOPMENT ELEMENT**



Measurement Category & Criteria	Weighting Points	Compliance Targets
Annual value of all Qualifying Socio-Economic Development contributions by the measured entity as a percentage of the target.	5	1% of NPAT
<b>Bonus Points:</b>		
Status as Tourism Marketing South Africa (TOMSA) levy collector:	3	Yes

### What does Socio-Economic Development actually measure?

#### ▪ The Socio-Economic Development:

refers to monetary or non-monetary contributions implemented for communities, natural persons or groups of natural persons, where at least 75% of the beneficiaries are Black People. The objective of Socio-Economic Development Contributions is to promote sustainable access to the economy. Socio-Economic Development contributions commonly take the following forms:

- Development programmes for women, youths, people with disabilities, people living in rural areas;
- Support for healthcare and HIV/AIDS programmes;

- Support for education programmes, resources and materials at primary, secondary and tertiary education levels as well as bursaries and scholarships;
- Community training, skills development for unemployed people and adult basic education and training; and
- Support for arts, cultural or sporting development programmes.

- **TOMSA:** refers to levy collection initiative administered by the Tourism Business Council of South Africa (TBCSA) to raise additional funds for the marketing of SA as a preferred tourist destination.

### Weighting Points

The total weighting points for the Socio-Economic Development element are 5 for both Large Enterprise and QSE scorecards.

### Compliance Targets

In order to score maximum points under the Socio-Economic Development element, a measured entity is required to contribute at least 1% of NPAT annually on qualifying Socio-Economic Development programmes.



## THE QSE SCORECARD OF THE TOURISM SECTOR

The QSE scorecard is applicable to all enterprises in the Tourism Sector with an annual revenue of more than R5 million but less than R45 million.

### OWNERSHIP ELEMENT

Indicator	Measurement Category & Criteria	Weighting Points	Compliance Targets
Voting Rights	Exercisable Voting Rights in the entity in the hands of Black People;	5	30%
	Exercisable Voting Rights in the entity in the hands of Black Women.	2	15%
Economic Interest	Economic Interest in the entity to which Black People are entitled;	5	30%
	Economic Interest in the entity to which Black Women are entitled;	3	15%
	Economic Interest of Black New Entrants or Black Designated Groups.	3	3%
Realisation Points	Net Value	8	Refer to Annexe TSC100 (E)

### MANAGEMENT CONTROL ELEMENT

Measurement Category & Criteria	Weighting Points	Compliance Targets
<b>Executive Management:</b>		
Black representation at Executive Management;	5	60%
Black Female representation at Executive Management.	2	30%
<b>Senior, Middle and Junior Management:</b>		
Black representation at Senior, Middle and Junior Management;	6	60%
Black Female representation at Senior, Middle and Junior Management.	2	30%
<b>Bonus Points:</b>		
Number of Black Employees with Disabilities as a percentage of all Employees.	2	1%

## SKILLS DEVELOPMENT ELEMENT

Measurement Category & Criteria	Weighting points	Compliance Targets
<b>Skills Development Expenditure on any programme specified in the Learning Programme Matrix for Black People as a percentage of the Leviable Amount:</b>		
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black People in any of the following three tourism sub-sectors as a percentage of Leviable Amount: <ul style="list-style-type: none"> <li>▪ Accommodation;</li> <li>▪ Hospitality and related services;</li> <li>▪ Travel and related services.</li> </ul>	10	3%
Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for Black Females in any of the following three tourism sub-sectors as a percentage of Leviable Amount: <ul style="list-style-type: none"> <li>▪ Accommodation;</li> <li>▪ Hospitality and related services;</li> <li>▪ Travel and related services.</li> </ul>	9	1.5%
<b>Learnerships, Apprenticeships, and Internships:</b>		
Number of Black People participating in Learnerships, Apprenticeships and Internships paid for by the measured entity as a percentage of total Employees.	6	2.5%
<b>Bonus points:</b>		
Number of Black People absorbed by the measured and/industry entity at the end of the Learnership, Apprenticeship or Internship Programme.	5	100%

## ENTERPRISE AND SUPPLIER DEVELOPMENT ELEMENT

Measurement Category & Criteria	Weighting Points	Compliance Targets
<b>Preferential Procurement:</b>		
B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend;	8	60%
B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% Black Owned based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend.	10	30%
<b>Supplier Development:</b>		
Annual value of all Qualifying Supplier Development Contributions made by the measured entity as a percentage of the target.	7	2% of NPAT
<b>Enterprise Development:</b>		
Annual value of all Qualifying Enterprise Development Contributions made by the measured entity as a percentage of the target.	5	1% of NPAT

## SOCIO-ECONOMIC DEVELOPMENT ELEMENT

Measurement category & criteria	Weighting Points	Compliance Targets
Annual value of all Qualifying Socio-Economic Development Contributions by the measured entity as a percentage of the target.	5	1% of NPAT
<b>Bonus Points:</b>		
Status as TOMSA levy collector:	3	Yes

## VERIFICATION OF TOURISM ENTERPRISES FOR B-BBEE COMPLIANCE

The verification of tourism enterprises for B-BBEE compliance must be performed by the Verification Professional of a Verification Agency accredited for tourism by the B-BBEE Verification Professional Regulator appointed by the Minister of Trade and Industry.

All B-BBEE verifications conducted using the financial year ending before 20 November 2015 can be verified using the old Tourism B-BBEE Sector Code, gazette No. 32259. However, all B-BBEE verifications conducted using the financial year ending after 20 November 2015 must be verified using the Amended Tourism B-BBEE Sector Code, gazette No. 39430.

In terms of the B-BBEE Act as amended, measured entities that are governed by the Amended Tourism B-BBEE Sector Code must submit on an annual basis their B-BBEE verification certificates and B-BBEE verification reports or, where relevant, sworn affidavits, or CIPC certificates to the Tourism B-BBEE Charter Council.

Any misrepresentation or attempt to misrepresent a measured entity's true B-BBEE Status constitutes a criminal offence, and will be dealt with in accordance with the provisions as set out in the B-BBEE Act as Amended, and may lead to the disqualification of the entire scorecard of the entities concerned.

## B-BBEE RECOGNITION LEVELS

Based on the overall performance of the measured entity during verification, using either the Large Enterprise Scorecard or Qualifying Small Enterprise Scorecard, the measured entity will receive one of the following B-BBEE Statuses with the corresponding B-BBEE Recognition Level:

B-BBEE Status	Qualification	B-BBEE Recognition Level
Level One Contributor	≥100 points on the Scorecard	135%
Level Two Contributor	≥95 but <100 points on the Scorecard	125%
Level Three Contributor	≥90 but <95 points on the Scorecard	110%
Level Four Contributor	≥80 but <90 points on the Scorecard	100%
Level Five Contributor	≥75 but <80 points on the Scorecard	80%
Level Six Contributor	≥70 but <75 points on the Scorecard	60%
Level Seven Contributor	≥55 but <70 points on the Scorecard	50%
Level Eight Contributor	≥40 but <55 points on the Scorecard	10%
Non-Compliant Contributor	<40 points on the Scorecard	0%

## IMPLEMENTATION AND MONITORING

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The Minister of Tourism established the Tourism B-BBEE Charter Council in accordance with the Amended Guidelines for Developing and Gazetting Sector Codes issued under Section 9 of the B-BBEE Amendment Act No. 46 of 2013, to monitor and provide advice in the sector on the implementation of the Amended Tourism B-BBEE Sector Code. Members of the Council represent different relevant constituencies such as tourism large and small enterprises, tourism associations, academics, labour and civil society.

### ROLE OF THE TOURISM B-BBEE CHARTER COUNCIL

The functions of the Tourism B-BBEE Charter Council include the following:

- Provide guidance on sector specific matters effecting B-BBEE in entities within the sector;
- Compile reports on the status of B-BBEE within the sector;
- Share information with Tourism Sector stakeholders, approved Accreditation Agencies, the B-BBEE Commission, B-BBEE Presidential Advisory Council, the Minister of Tourism and the Minister of Trade and Industry;
- Monitor the implementation of the Amended Tourism B-BBEE Sector Code.

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