

## GENERAL NOTICE

## NOTICE 60 OF 2005

## Department of Environmental Affairs and Tourism

## TOURISM BEE SCORECARD FOR PUBLIC COMMENT

Minister Marthinus van Schalkwyk launched the process to develop a BEE scorecard for the Tourism Industry on the 131 July 2004 in Soweto, and appointed a Steering Committee to drive the scorecard development process. After an intensive consultation process, the Steering Committee handed over a draft BEE Scorecard and Charter to the Minister on 8 December 2004. Minister van Schalkwyk now invites further comment from the public. Please find the proposed BEE Scorecard and Charter to follow.

Comments and statements are invited from the general public as from 21 January 2005 - 22 March 2005.

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## **TOURISM BEE CHARTER AND SCORECARD**

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### **Steering Committee Recommendations**

8 December 2004

# Tourism BEE Charter and Scorecard

*A Commitment to Furthering Transformation and Black Economic Empowerment in the Tourism sector.*

## 1. PREAMBLE

We, the undersigned members of the Steering Committee and the stakeholders of the Tourism Sector, take this opportunity to state our awareness of the need to develop and advance sector initiatives to empower black South Africans, and, in so doing, to make the sector more accessible, more relevant and more beneficial to all South Africans.

This Tourism BEE Charter and Scorecard expresses the commitment of all stakeholders in the tourism sector to the empowerment and transformation of the sector and its commitment to working collectively to ensure that the opportunities and benefits of the Tourism Sector are extended to black South Africans as well.

## 2. OUR COMMITMENT

We acknowledge that two main challenges face the tourism sector:

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

We believe that these two challenges are fundamentally linked. For our sector to thrive and grow, we commit to both.

The commitment to empowerment and transformation is therefore based not only on our moral obligations with regard to a 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.

The stakeholders make this commitment fully aware of the fact that empowerment and transformation of the Tourism Sector will contribute to its growth and sustainability. The key areas of focused empowerment and transformation, in the context of this Scorecard, are: Ownership, Management, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development and Corporate Social Investment, as set out in the attached Tourism Scorecard.

## 3. THE LEGACY

We recognise that our industry, like the rest of South African society, remains characterised by large disparities in access to opportunities and benefits, and in particular, to opportunities and benefits for black people.

We also recognise that our sector is largely white-owned and we are aware of the residual impact of this legacy of

inequality and its continuing impact on efforts to ensure that a tourism- and tourist-friendly culture takes root in our country.

Furthermore, we recognise that the legacy of Apartheid remains apparent in some of the Tourism Sector's associations and bodies and we therefore acknowledge the need for transformation within these associations, so that they may become truly representative and reflective of our society.

In addition, we recognise that our sector remains largely inaccessible to the majority of black South African tourists. Since South Africa has so much to offer in terms of tourism, we recognise the need to reverse this legacy and to make tourism in South Africa more adaptable and accessible to black South African tourists.

## 4. SUSTAINABILITY

We acknowledge that, for our initiatives to be sustainable and meaningfully empowering, they must be based on the identification of strategic opportunities for our enterprises and for our industry. These initiatives must be underpinned by sound commercial logic, and must be well structured and focused, with deliverable growth objectives.

We further acknowledge that the sustainability, competitiveness and growth of our industry require the empowerment and transformation of the sector.

Empowerment and transformation makes good business sense as it would introduce innovation into the sector through new players entering the sector. This would attract new markets and stimulate new product development.

## 5. SCORECARD OBJECTIVES

### The Charter:

- has been developed to advance the objectives of the Broad-based Black Economic Empowerment Act no. 53 of 2003;
- constitutes a framework and establishes the principles upon which BEE will be implemented in the tourism sector;
- represents a partnership programme as outlined in Government's Strategy for Broad-based BEE;
- provides the basis for the sector's engagement with other stakeholders including Government and labour;

- establishes targets and unquantifiable responsibilities in respect of each principle;
- outlines processes for implementing the scorecard and mechanisms to monitor and report on progress; and
- provides a framework for the Tourism Charter.

## 6. DEVELOPMENT OF THE TOURISM SCORECARD

The Tourism BEE Scorecard process was launched with the appointment of the BEE Steering Committee by the Minister of Environmental Affairs and Tourism on 13 July 2004.

The Steering Committee was requested to accomplish the following, *inter alia*:

- the development of a BEE Scorecard for the Tourism sector in order to advance the objectives of the Broad-based Black Economic Empowerment Act no. 53 of 2003;
- develop and promote the BEE process in the Tourism industry;
- be committed to the development of the BEE Scorecard;
- drive the scorecard development process, particularly in terms of promotion, deliverables and the solicitation of input;
- communicate the process and broader principles of the BEE Scorecard;
- facilitate access to research, input and information in the Tourism industry;
- facilitate partnerships between organs of state and the private sector that will advance the objectives of the Scorecard.

Other responsibilities of the Steering Committee included:

- providing recommendations with respect to the amendment of the Tourism Charter to ensure its alignment with the negotiated Tourism BEE scorecard;
- providing recommendations for the consideration of a BEE Tourism Council and the submission of a recommendation to the Minister for his approval.

The process after the launch of the Scorecard process and the appointment of the Steering Committee in July 2004 include:

- establishment of Sub-sector working groups involving Steering Committee members and representatives of major stakeholders in key tourism sub-sectors;
- consultation with the major stakeholders in key tourism sub-sectors and the collation and moderation of input into the preliminary scorecard in September 2004;
- provincial roadshows and other communication mechanisms to solicit further input from all major stakeholders, as well as any other existing and potential stakeholders, on the preliminary scorecard in October 2004;
- collation and finalisation of the final draft Scorecard by the Steering Committee during November and December 2004; and

- submission of the draft Scorecard to the Minister of Environmental Affairs and Tourism on 8 December 2004.

The participation of all major stakeholders was encouraged and obtained in the form of submissions from various constituencies, which formed the basis for the drafting of the preliminary and final draft Scorecards.

The final draft was based on the principles of transformation outlined in the BEE Act of 2003. An expansion of these principles also informed the drafting of this final draft Scorecard.

## 7. SCOPE OF APPLICATION

This Charter and Scorecard applies to all privately owned enterprises within the Tourism Sector, and to all parts of the value chain in that sector, *inter alia*:

### • Accommodation

- hotels
- resort properties and timeshare
- Bed and Breakfasts
- guesthouses
- game Lodges
- backpackers and hostels

### • Hospitality and Related Services

- restaurants (not attached to hotels)
- conference venues (not attached to hotels)
- professional catering
- attractions
- consulting and professional services companies

### • Travel Distribution Systems

- tour wholesalers
- tour operators
- travel agents
- tourist guides
- car rental companies
- coach operators

In addition, this Charter also applies to all organs of state and public entities, organized labour, and communities involved with or interested in the Tourism Sector.

## 8. INTERPRETATION

For the purposes of interpreting this Tourism Charter and Scorecard:

- any term, defined in the Broad-based Black Economic Empowerment Act No.53 of 2003 (BEE Act), or in terms of any codes of good practice issued in terms of section 9 of the BEE Act, when used in this Scorecard shall have the same meaning as there defined.

- the following terms, as used herein, shall have the following meanings:
  - 'Tourism Sector' means those enterprises and stakeholders identified in the section above entitled "Scope of Application";
  - "Ownership" refers to equity participation and the ability to exercise rights and obligations, including voting rights and the rights to the flow of economic benefits, which accrue under such ownership.

## 9. PRINCIPLES

### 9.1. General Principles

The stakeholders acknowledge that in order for this Scorecard to be an effective vehicle for facilitating the transformation of the Tourism Sector, it should be as closely aligned as possible to any Codes of Good Practice issued by the Department of Trade and Industry in terms of the BEE Act. As such, it is acknowledged that to the extent that the BEE Act specifies methods of calculating the indicators of BEE compliance as set forth in this section (which may differ from those specified below), the methods specified by the BEE Act will prevail. It is specifically recognised that this section may contemplate the inclusion of indicators which do not form part of the overall approach adopted in the Codes of Good Practice, issued in terms of the BEE Act and that, to that extent, this Scorecard will retain those indicators, notwithstanding the fact that they are not included in the ambit of the indicators defined under the BEE Act.

### 9.2. Definition of Black Economic Empowerment

Black Economic Empowerment (BEE) is defined as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities.

### 9.3. Unique Principles underpinning the Tourism BEE Charter and Scorecard

The Tourism sector is a people-driven sector in which people provide the services and the interactions which determine the quality of our tourism services and products. The basic premise of the Scorecard takes this into account.

The Scorecard is heavily weighted, in the first five years, in the period ending 31 December 2009, in favour of the human factors; i.e. Strategic Representation, Employment Equity, Skills Development and Enterprise Development. These four factors collectively account for 62 percent of the Scorecard's 100 percent weighting in the first five years ending 31 December 2009. This aims to broaden and improve

the skills capacity in the sector and to ensure that a skilled, trained and efficient workforce will be developed to further facilitate the transformation of the industry.

Secondly, the Tourism BEE Charter and Scorecard process was consultative and has been designed to measure tourism enterprises at every level of the value chain. Submissions from the largest to the smallest enterprises and stakeholders were treated equally during the scorecard process.

### 9.4. Weightings and Targets

#### Weightings

The weighting of each factor reflects the relative importance that the Sector places thereon. The seven core factors of BEE are weighted to bring the Scorecard to a maximum of 100 percent.

#### Indicators

The indicators represent the key measurement yardsticks included to determine the BEE contribution made by tourism enterprises within each Broad-based BEE factor of Ownership, Management, Employment Equity, Skills Development, Preferential Procurement, Enterprise Development, Corporate Social Investment and Other Industry Specific Factors.

#### Targets

The targets represent the ideal scenario at which the tourism enterprise will score full points for the respective indicator. During the period of interpretation, the tourism enterprise will be awarded proportional points on each indicator, represented by the proportion of the relevant target achieved by the enterprise.

Two targets were set for each indicator, namely: a 2009 milestone to be used during the first five years of implementation, ending on 31 December 2009 and a 2014 target ending on 31 December 2014. The 2009 targets should be used by all companies measuring the BEE status of a tourism enterprise until 31 December 2009. The overall BEE targets for 2014 should be used when one measures the BEE status of a tourism enterprise in the five-year period between 1 January 2010 and 31 December 2014.

### 9.5. The Broad-based BEE Framework

Broad-based BEE means the economic empowerment of all black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include:

- increasing the number of black people that manage, own and control enterprises and productive assets;
- facilitating ownership and management of enterprises and productive assets by communities, workers, co-operatives and other collective enterprises;
- human resource and skills development;

1. Black people include all African, Indian and Coloured South African Citizens (Source: Broad-based Black Economic Empowerment Strategy, Department of Trade and Industry, March 2003). PAGE 03

- achieving equitable representation in all occupational categories and levels in the workforce;
- preferential procurement; and
- investment in enterprises that are owned or managed by black people.

In interpreting and measuring Broad-based BEE, a balanced scorecard is applied which includes core components such as direct empowerment, human resource development and indirect empowerment. These key areas of leverage constitute the key components of Broad-based BEE.

9.6. Core Components of Broad-based BEE

The Scorecard measures three core elements of BEE:

- direct empowerment through ownership and control of enterprises and assets (Ownership and Strategic representation);
- human resource development and employment equity (Employment Equity and Skills Development); and
- indirect empowerment through preferential procurement and enterprise development (Preferential Procurement, Enterprise Development and Social Development);

The direct empowerment component comprises the equity ownership and management element of the scorecard. The key focus of the direct empowerment component is its economic impact on the equity holders, executives and other owners and managers of economic resources. The beneficiaries assume direct economic risk for their involvement and expect returns that are commensurate to that risk.

The Human Resources Development (HRD) component also comprises two elements, namely employment equity and skills development. The focus of this component is internal transformation that will accelerate the development of an entity's black employees, as well as any potential employees of the enterprise. The HRD component will ensure that there is demographic representation of black people in the workplace and prevent income inequality across the different population groups in the same occupational categories or at the same skills level. The component also measures the contributions made by enterprises to advance the skills of its employees.

The indirect empowerment component enables and encourages an enterprise to facilitate Broad-based BEE in entities and communities with which it interacts. The elements of preferential procurement, enterprise development and other industry related factors are recognised and measured.

Preferential procurement promotes Broad-based BEE by allocating preference to enterprises with higher Broad-based BEE contributions during the procurement process. This is also an effective way of creating market access for black entrepreneurs. Entrepreneurs are further supported

through enterprise development which assists with the creation and enhancement of the entrepreneur's operational and financial capacity. Black communities also gain from Broad-based BEE through social development, which focuses on education, health and other relevant social development areas.

10. OWNERSHIP

10.1. Weightings

In the first five-year period ending 31 December 2009, ownership is weighted at 15 percent out of a total of 100 percent on the BEE scorecard. An ownership weighting of 20 percent of the scorecard applies during the second five years of implementation, ending on 31 December 2014.

10.2. Targets

The Tourism Sector commits to attaining an overall level of ownership (including direct and indirect ownership) by black people of enterprises in that sector of 21 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 36 percent within ten years, for the period ending 31 December 2014.

In addition, the recognition of indirect ownership is limited to a quarter of the total BEE target by any tourism enterprise in ownership. For example, a company which claims 24 percent black ownership will only be able to claim up to a maximum of 6 percent through indirect ownership; while a company claiming 16 percent black ownership can claim a maximum of 4 percent through indirect ownership.

10.3. Definitions

"Black people" is as defined in the Broad-based Black Economic Empowerment Act no. 53 of 2003, save that it is limited to South African citizens. In terms of the implementation of the Codes of Good Practice, the term is further defined as Africans, Coloureds and Indians who are South African citizens. For avoidance of doubt, this term does not include juristic persons or any form of Enterprise other than a sole proprietor.

"Direct ownership" means ownership of an equity interest in an enterprise where such equity interest comprises of:

- the right to participate in the voting rights in that enterprise;
- the right to receive unencumbered economic interest (such as dividends) flowing to the shareholders of that enterprise; and
- Broad-based BEE schemes, Employee Share Option Schemes (ESOP's) and other Employee Share Schemes, where the beneficiaries have the unconditional right to receive economic benefits and the capacity to elect and

remove trustees, are specifically recognised as direct ownership. The flow-through principle will be applied to determine the level of black ownership represented by the employee share option scheme.

Direct ownership is measured as being the lower of the level of black participation in voting rights and black participation in the unencumbered economic interest of an enterprise, measured using the flow-through principle.

**"Indirect ownership"** means ownership of an equity interest in an enterprise where such equity interest entitles the holders to participate in the economic interest (such as dividends) flowing to the shareholders of that enterprise, but not directly in the voting rights of that enterprise. Voting rights can be exercised indirectly through a conduit such as a trust or a superannuation scheme.

Indirect ownership is measured as being the level of black participation in the economic interest of an enterprise, measured using the flow-through principle.

**"Flow-through principle"** refers to the tracking of economic benefits when determining a score for BEE ownership. Entities are scored on the entitlement of black people to exercise voting rights and to participate in the economic interest of an enterprise. The purpose of the flow-through principle is to ensure that all companies, regardless of their structure, are scored uniformly with respect to their BEE ownership. The flow-through principle states that only voting rights and economic interest to which black people who are natural persons are entitled, are taken into account. Should entitlement to voting rights and/or economic interest be held by juristic persons, only voting rights and economic interests to which black natural persons are entitled in that juristic person, will be taken into account. The same principle is applied consistently throughout the chain of ownership with respect to juristic persons, until such time as that chain terminates in the entitlement of a natural person, who is a black person, to such voting rights and/or economic interest. In the case of indirect ownership, the flow-through principle is applied without regard to voting rights.

11. STRATEGIC REPRESENTATION

11.1. Weighting

Strategic Management is weighted at 14 percent for both proposed five-year implementation periods of the Tourism BEE Scorecard, ending on 31 December 2009 and 31 December 2014, respectively.

11.2. Targets

Strategic representation is measured at two levels: board representation and top executive management. In order to ensure participation by black women, the tourism sector

has also set specific strategic representation targets for participation by black women.

The Tourism Sector commits to attaining:

- an overall level of board representation of black people of enterprises in that sector of 30 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009, and 50 percent within ten years period ending 31 December 2014;
- a similar commitment in respect of black women representation at board level of 15 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009, and 25 percent, within ten years, for the period ending 31 December 2014, is recognised;
- the Tourism Sector further commits to attaining an overall level of executive management participation of black people of enterprises in that sector of 30 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009, and 50 percent, within ten years, for the period ending 31 December 2014; and
- a similar commitment in respect of black women participation in executive management of 15 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 25 percent, within ten years, for the period ending 31 December, is recognised.

11.3. Definitions

**"Board representation"** refers to membership of black people to the duly constituted board of directors (or equivalent structure) of an enterprise and is calculated upon the basis of the percentage that black directors hold to the total number of directors of that enterprise.

**"Executive representation"** refers to participation of black people in the senior non-board level management of an enterprise and more specifically targets management levels which influence the strategic and operational management of an enterprise. Participation is measured upon the basis of the percentage that black executive managers hold to the total number of executive managers of that enterprise.

12. EMPLOYMENT EQUITY

12.1. Weightings

Employment equity is weighted at 14 percent for both proposed five-year implementation periods of the Tourism BEE Scorecard, ending on 31 December 2009 and 31 December 2014, respectively.

12.2. Targets

Employment equity is measured through the representation of black people and black women at management and supervisory levels, as well as the representation of black people and black women as a percentage of total staff.



The Tourism Sector commits to attaining an overall level of management participation of black people of enterprises in that sector of 35 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 50 percent within ten years, for the period ending 31 December 2014. A similar commitment in respect of black women participation in management of 18 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 25 percent within ten years, for the period ending 31 December 2014, is recognised.

The Tourism Sector further commits to attaining an overall level of participation by black people at supervisory and junior skilled staff level of enterprises in that sector of 45 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 65 percent within ten years, for the period ending 31 December 2014. A similar commitment in respect of black women participation at supervisory and junior skilled staff level of 23 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 35 percent within ten years, for the period ending 31 December 2014, is recognised.

The Tourism Sector finally commits to attaining an overall level of participation of black people in total staff complement of enterprises in that sector of 53 percent within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 75 percent within ten years, for the period ending 31 December 2014. A similar commitment in respect of black women participation in total staff complement of 28 percent within five years, of the commencement of this Scorecard for the period ending 31 December 2009, and 45 percent within ten years, for the period ending 31 December 2014, is recognised.

### 12.3. Definitions

**"Management"** refers to all senior and middle management who do not form part of executive management or the board.

**"Supervisory"** refers to junior management and professional staff.

**"Total Staff"** refers to all employees and/or contractors for whom the tourism enterprise is responsible for the collection and payment of applicable Employee tax. The intention of the Scorecard is to include temporary staff in the definition of total staff, since tourism is an industry that relies heavily on temporary, casual and seasonal staff.

## 13. SKILLS DEVELOPMENT

### 13.1. Weightings

Skills development is weighted at 20 percent in the first five years for the period ending 31 December 2009, thereby

displaying its relative importance in terms of impacting human capacity building in the Tourism sector. The weighting is then reduced to 15 percent during the second five years of implementation, for the period ending 31 December 2014.

### 13.2. Targets

The Scorecard measures skills development expenditure as a percentage of total payroll. The target set is 3 percent of payroll within five years of the commencement of this Scorecard, for the period ending 31 December 2009 and 3 percent of payroll within ten years of the commencement of this Scorecard, for the period ending 31 December 2014. This 3 percent is inclusive of the 1 percent Skills Development Levy.

The scorecard further measures and commits the percentage of skills development spent on the training of black employees. The Scorecard sets a target of 75 percent of the 3 percent of payroll to be spent on black employees for the periods ending 31 December 2009 and 2014 respectively.

The third indicator measures the number of learnerships as a percentage of total employees. The target is set at 2 percent for both periods, ending 31 December 2009 and 2014 respectively. In other words, if you employ 100 staff, you will achieve the BEE score for the learnership indicator if you hire two learners as a part of your workforce.

The fourth indicator measures the learnership opportunities provided to black people who are unemployed. The target set is 80 percent for both periods, ending 31 December 2009 and 2014 respectively.

### 13.3. Definitions

**"Skills Development Spend"** refers to investment in skills development initiatives through both external training providers and the quantifiable costs of accredited internal training programmes. Internal training spend does not include the opportunity cost of employees attending the skills development initiatives.

**"Learnership"** refers to learnerships as defined in the Skills Development Act No. 97 of 1998, amended in 2003.

## 14. PREFERENTIAL PROCUREMENT

Preferential Procurement is a measure designed to widen market access for black entities, in order to integrate them into the mainstream of the economy. Preferential Procurement will create economic empowerment benefits indirectly but meaningfully as it multiplies the effects of private and public sector intervention to promote Broad-based BEE.

### 14.1. Weightings

Preferential Procurement is weighted at 15 percent during the five-year period ending 31 December 2009, and is



increased to 18 percent during the second five years of implementation, ending 31 December 2014.

#### 14.2. Targets

Preferential Procurement is defined as the percentage of total procurement that is sourced from suppliers that are BEE compliant.

The Tourism scorecard establishes a target of 40 percent of all discretionary procurement by 2009 and 50 percent of all procurement by 2014.

#### 14.3. Definitions

The following terms are defined in relation to the BEE indicator of Preferential Procurement:

- an excellent BEE contributor means a company which has scored in excess of 90 percent on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the codes of good practice and under the BEE Act;
- a good BEE contributor means a company which has scored in excess of 65 percent, but less than 90 percent, on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the codes of good practice and under the BEE Act;
- a satisfactory BEE contributor means a company which has scored in excess of 40 percent, but less than 65 percent, on a BEE scorecard under a scorecard governing that company's sector or a BEE scorecard issued in the codes of good practice and under the BEE Act;
- a limited BEE contributor means a company which has scored less than 40 percent on a BEE scorecard under a Scorecard governing that company's sector or a BEE scorecard issued in the codes of good practice and under the BEE Act;
- a BEE Compliant SMME means a small, medium or micro enterprise (with a turnover of up to R20 million per annum) which is either an Excellent or a Good Contributor to BEE; and
- a black women-owned BEE contributor is a company which is more than 30 percent owned by black women and which is also an Excellent, Good or Satisfactory contributor to BEE.

"Discretionary Procurement" includes all amounts expended by an enterprise subject to measurement. Discretionary procurement excludes:

- employment related expenditure;
- procurement from public utilities and natural monopolies; and
- facilitated procurement by travel agencies or other travel distribution providers where the choice of service providers remains with the consumer.

"Procurement from BEE Compliant Supplier" refers to all spend with BEE compliant service providers, to be calculated as follows:

- one Rand (R1) for every one Rand (R1) spent with Excellent BEE Contributors, Good BEE Contributors, BEE Compliant SMMEs and Black Women Owned BEE Contributors; and
- fifty Cents (50c) for every one Rand (R1) spent with Satisfactory BEE Contributors.

### 15. ENTERPRISE DEVELOPMENT

#### 15.1. Weightings

In the Tourism Scorecard, Enterprise Development is weighted at 14 percent during the five years ending 31 December 2009, with its weighting reduced to 10 percent during the five years ending 31 December 2014.

#### 15.2. Targets

Enterprise Development contributions (whether by spend or management time contribution) relate solely to initiatives targeted for the benefit of Black Owned Tourism companies as specified under the indicator of Preferential Procurement. It needs to be noted that only the benefits flowing to black owned SMMEs, i.e. companies with revenue of less than 20 million and is owned more than 50 percent by black people, will qualify in this indicator.

Initiatives which are considered in enterprise development specifically include, amongst others, the support and funding provided for the grading of emerging tourism companies, as well as various business linkage initiatives that provide business opportunities to these enterprises.

Enterprise Development can be measured through three related indicators. A tourism enterprise can elect to contribute through one or both of the indicators provided. These indicators are as follows:

- the first indicator measures the percentage of post-tax profits that a tourism enterprise contributes toward any enterprise development or related initiative. The target set remains constant over the entire ten year period ending 31 December 2014, at 1 percent of the post tax profit;
- the second indicator measures total management time contributed to enterprise development initiatives, as a percentage of total management time. The target set remains constant over the entire ten year period ending 31 December 2014, at 1 percent of the post total management time;
- the third indicator measures the outcome of Enterprise development initiatives, measured as the total revenue generated or costs saved by Black owned SMMEs; and
- for tourism enterprises that contribute through all three elements, the sum of the three indicators will be applied as a measure of its enterprise development contribution.

Enterprise Development aims at assisting and accelerating the development of the operational and financial capacity of entrepreneurial enterprises that are BEE compliant. It is

defined in terms of the total investment by a company in other entities that are BEE compliant.

#### 15.3. Definitions

"**Enterprise Development Initiatives**" may take a variety of forms including:

- direct investment in Black Owned and Black Empowered SMMEs;
- joint ventures with Black Owned and Black Empowered SMMEs that result in 'substantive' skills transfer;
- support and funding for the grading of emerging tourism companies, as well as providing mentorship, business relationships and linkages which, in turn, provide business opportunities to these enterprises; and
- twinning initiatives with Black Owned and Black Empowered SMME's which result in cost savings or revenue generation for those SMME's.

"**Black Owned SMME**" means a small, medium or micro enterprise (with a turnover of up to R20 million per annum) which has more than 50 percent direct ownership and management by black people.

"**Black Empowered SMME**" means a small, medium or micro enterprise (with a turnover of up to R20 million per annum) which has between 25 percent and 50 percent direct ownership and management by black people.

"**Total Employee Time**" refers to the total working hours calculated as the product of the total number of employees and their standard working hours.

#### 16. CORPORATE SOCIAL INVESTMENT

Social Development refers to the opportunity to encourage activity that will foster socio-economic growth and development in the Tourism sector.

##### 16.1. Weightings

Social Development is weighted at 3 percent for the first five years and 5 percent for the last five years.

##### 16.2. Targets

The Indicators for Social Development are similar to the measures for Enterprise Development. The indicators measure the percentage of post-tax profits that a company contributes toward Social Development or employee time invested in Social Development as a percentage of total employee time.

The target set for the periods ending 31 December 2009 and 2014 respectively, is 1 percent.

##### 16.3. Definitions

"**Social development contributions**" (whether by spend or management time contribution) measured in the

Scorecard, relate solely to initiatives targeted for the benefit of black people, and can include, but are not limited to the following:

- education programmes;
- community programmes;
- job creation initiatives;
- health programmes;
- conservation;
- community Tourism Initiatives; and
- participation in marketing initiatives to develop the local black tourist market, especially those initiatives accredited and recognized by DEAT and TBCSA.

"**Total Employee Time**" refers to the total working hours calculated as the product of the total number of employees and their standard working hours.

#### 17. INDUSTRY SPECIFIC FACTORS

Two industry specific indicators have been identified by the tourism sector. These relate to the ability of the industry to create jobs and to market South Africa as a preferred tourism destination. These indicators are:

- recruitment of employees with no prior working experience; and
- the Status of the tourism enterprise as a TOMSA levy collector. In this regard, the implementers of the Tourism Scorecard will urge marketing bodies benefiting from TOMSA funds, to ensure that these funds are used to further the interests of black people in all aspects of tourism.

##### 17.1. Weightings

Industry specific factors are weighted at a total of 5 percent in the first five years, for the period ending 31 December 2009, and at 4 percent during the second five-year period, ending 31 December 2014. Three percent of the weighting is allocated to the status of a tourism enterprise as a TOMSA collector, within ten years of the commencement of this Scorecard, for the period ending 31 December 2014. while 2 percent has been allocated to the recruitment of black people with no prior work experience for the period ending 31 December 2009 and 1 percent for the period ending 31 December 2014.

##### 17.2. Targets

- a target of 10 percent has been set for the percentage of new recruits with no prior work experience during the 12 months prior to their prospective employment, within ten years of the commencement of this Scorecard, for the period ending 31 December 2014. This indicator is proposed to decrease the number of unemployed people who have had no prior work experience, through participation in the industry; and

- the second proposed industry specific indicator is the status of a tourism enterprise as a TOMSA collector.

#### 17.3. Definitions

"Employees with no prior working experience" refers to those employees who have no formal employment experience prior to joining an enterprise in tourism. Formal employment does not include learnerships, traineeships or short-term and temporary assignments.

**"TOMSA (Tourism Marketing South Africa) Levy Collectors"** refers to tourism enterprises who are registered to raise funds on behalf of the trust.

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### 18. IMPLEMENTATION AND MONITORING

In order to ensure that the Tourism BEE Charter is implemented and monitored effectively during the proposed ten year period, it is recommended that the Minister consider the viability of the formation of a BEE Council for the industry. The purpose of such a council would be the following, *inter alia*:

- to facilitate the communication and popularization of the Charter and Scorecard;
- to provide interpretation and guidance with respect to the Charter and Scorecard;
- to facilitate the provision of practical implementation support to the industry;
- to liaise with dti-accredited rating agencies to monitor the Charter and Scorecards implementation;
- to facilitate the certification, by dti-accredited rating agencies, for those entities complying with the Charter and Scorecard. In so doing, the Council should facilitate incentive for tourism enterprises to comply and become certified;
- to facilitate cross-industry and government negotiation to promote the application and implementation of the Charter and Scorecard; and
- to compile an annual report on the Tourism Sectors progress in implementing the Charter and Scorecard.

It is envisaged that the Tourism BEE Council would look to other industry BEE councils for its structural organisation. It is envisaged that the Council would comprise the following key industry stakeholders, namely:

- private-sector stakeholders in the industry
- labour
- government; and
- civil society

The Tourism BEE Council will report directly to the Minister of Environmental Affairs and Tourism, as well as to the BEE Advisory Council and the dti as envisaged in the Broad-based BEE Act 53 of 2003.



TOURISM CHARTER AND SCORECARD PROCESS: STEERING COMMITTEE RECOMMENDATIONS

19. TOURISM BEE SCORECARD

19.1. Proposed 2009 Milestones

This scorecard is to be applied when measuring the BEE status and contributions of **Tourism enterprises during the five years ending 31 December 2009.**

INDICATOR	2009 WEIGHTINGS		2009 MILESTONES	
	WEIGHTING	SUB-WEIGHTING	INDICATORS TO MEASURE BEE ACHIEVEMENT	2009 TARGET
				TARGET
	A	B		C
Ownership	15.00%	15.00%	% share of economic benefits as reflected by direct and indirect shareholding by black people <i>Note 1: Direct shareholding include ESOP's and other employee share schemes</i> <i>Note 2: indirect can be recognised up to a maximum of the ownership score claimed by the enterprisee</i>	21.00%  <i>Indirect Ownership will only account for a maximum of 5.25%</i>
Strategic Management	14.00%	3.50%	Black people as a % of Board of Directors	30.00%
		3.50%	Black women as a % of Board of Directors	15.00%
		3.50%	Black people as a % of executive management	30.00%
		3.50%	Black women as a % of executive management	15.00%
Employment Equity	14.00%	2.50%	Black people as a % of management	30.00%
		2.50%	Black women as a % of management	18.00%
		2.50%	Black people as a % of supervisors, junior & skilled employees	45.00%
		2.50%	Black women as a % of supervisors, junior & skilled employees	23.00%
		2.00%	Black people as a % of Total Staff	53.00%
		2.00%	Black women as a % of Total Staff	28.00%
Skills Development	20.00%	5.00%	% of payroll spend on skills development (including skills development levy) on all accredited training	3.00%
		5.00%	% of skills development spend on black employees	75.00%
		5.00%	Number of learnerships as a % of total employees	2.00%
		5.00%	Number of black learners as a % of total learners	80.00%
Preferential Procurement	15.00%	15.00%	Spend on BEE compliant companies as a% of total procurement spend	40.00%
Enterprise Development	14.00%	14.00%	The sum of % spend of post-tax profits on enterprise development and % employee time contributed to enterprise development over total management time	1.00%
			Enhanced revenue and/or cost savings and/or twinning innitiatives facilitated for black owned SMME's, as a % of revenue of the company measured	1.00%
Social Development and industry specific	8.00%	3.00%	% CSI spend of post-tax profits on education, community programmes, job creation, training, health, conservation and community tourism and marketing activities to develop local black tourists market (or % management time over total employee time)	1.00%
		2.00%	% of New Recruit with no prior work experience	10.00%
		3.00%	Status of TOMSA levy collector	Yes
Total	100.00%	100.00%	Total estimated score as per proposed	





TOURISM CHARTER AND SCORECARD PROCESS: STEERING COMMITTEE RECOMMENDATIONS

19. TOURISM BEE SCORECARD (continued)

19.1. Proposed 2014 Milestones

This scorecard is to be applied when measuring the BEE status and contributions of **Tourism enterprises** during the ten years ending 31 December 2014.

INDICATOR	2014 WEIGHTINGS		2014 MILESTONES	
	WEIGHTING	SUB-WEIGHTING	INDICATORS TO MEASURE BEE ACHIEVEMENT	2014 TARGET
				TARGET
				C
Ownership	20.00%	20.00%	% share of economic benefits as reflected by direct and indirect shareholding by black people <i>Note 1: Direct shareholding include ESOP's and other employee share schemes</i> <i>Note 2: indirect can be recognised up to a maximum of the ownership score claimed by the enterprisee</i>	35.00%  <i>Indirect Ownership will only account for a maximum of 8.75%</i>
Strategic Management	14.00%	3.50%	Black people as a % of Board of Directors	50.00%
		3.50%	Black women as a % of Board of Directors	25.00%
		3.50%	Black people as a % of executive management	50.00%
		3.50%	Black women as a % of executive management	25.00%
Employment Equity	14.00%	2.50%	Black people as a % of management	50.00%
		2.50%	Black women as a % of management	25.00%
		2.50%	Black people as a % of supervisors, junior & skilled employees	65.00%
		2.50%	Black women as a % of supervisors, junior & skilled employees	35.00%
		2.00%	Black people as a % of Total Staff	75.00%
		2.00%	Black women as a % of Total Staff	45.00%
Skills Development	15.00%	3.75%	% of payroll spend on skills development (including skills development levy) on all accredited training	3.00%
		3.75%	% of skills development spend on black employees	75.00%
		3.75%	Number of learnerships as a % of total employees	2.00%
		3.75%	Number of black learners as a % of total learners	80.00%
Preferential Procurement	18.00%	18.00%	Spend on BEE compliant companies as a % of total procurement spend	50.00%
Enterprise Development	10.00%	10.00%	The sum of % spend of post-tax profits on enterprise development and % employee time contributed to enterprise development over total management time	1.00%
			Enhanced revenue and/or cost savings and/or twinning innitiatives facilitated for black owned SMME's, as a % of revenue of the company measured	1.00%
Social Development and industry specific	8.00%	5.00%	% CSI spend of post-tax profits on education, community programmes, job creation, training, health, conservation and community tourism and marketing activities to develop local black tourists market (or % management time over total employee time)	1.00%
		1.00%	% of New Recruit with no prior work experience	10.00%
		3.00%	Status of TOMSA levy collector	Yes
Total	100.00%	100.00%	Total estimated score as per proposed	





20. ACCEPTANCE OF STEERING COMMITTEE RECOMMENDATIONS

I hereby accept the recommendations of the Tourism BEE Scorecard Steering Committee

.....  
**The Honourable Minister Marthinus van Schalkwyk of the Department of Environmental Affairs and Tourism**

Date:  
.....



TOURISM CHARTER AND SCORECARD PROCESS: STEERING COMMITTEE RECOMMENDATIONS

21. SIGNATORIES OFTHE STEERING COMMITTEE

..... <b>Mr Tim Modise,</b> <i>Chairperson Of the Steering Committee and Chairman of Proudly South African</i>	Date: .....	..... <b>Mr Vusi Khanyile</b> <i>Chairman of Thebe Investment Corporation</i>	Date: .....
..... <b>Dr Tanya Abrahamse,</b> <i>Executive Director of TBCSA</i>	Date: .....	..... <b>Mr Frank Kilbourne,</b> <i>CEO of Bright Equity</i>	Date: .....
..... <b>Dr Patrick Matlou,</b> <i>Deputy Director General: Tourism-DEAT</i>	Date: .....	..... <b>Ms Vanya Lessing,</b> <i>CEO of ASATA</i>	Date: .....
..... <b>Mr Wayne Duvenage,</b> <i>General Manager of SAVRALA and the Convener of the Travel Distribution Services Working Group</i>	Date: .....	..... <b>Mr Jabu Mabuza,</b> <i>CEO of Tsogo Sun</i>	Date: .....
..... <b>Ms Anitha Soni,</b> <i>ASA Tourism Services and the Convener of the Hospitality and Related Services Working Group</i>	Date: .....	..... <b>Mr Kananelo Makhetha,</b> <i>Managing Director of Connex Travel</i>	Date: .....
..... <b>Mrmabiso Tlelai,</b> <i>CEO of The Don Group and the Convener of the Accommodation Working Group</i>	Date: .....	..... <b>Mr Faiz Noordien</b> <i>Deputy Chair SARSA</i>	Date: .....
..... <b>Dr Danisa Baloyi,</b> <i>Executive Director of NBBC and Deputy Chairperson of SA Tourism</i>	Date: .....	..... <b>Mr Clifford Ross,</b> <i>CEO of City Lodge Hotels</i>	Date: .....
		..... <b>Mr Percy Mkhosi,</b> <i>Tourism Specialist at ABSA Bank</i>	Date: .....

