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1) Why do we need a broad-based Charter?

THE BEE ACT

Section 12 of the Broad-Based BEE Act of 2003 makes provision for the development of transformation charters for the various sectors of the South African economy. The Tourism BEE Charter was developed in response to this legislation.

REGULATORY FRAMEWORK GOVERNING TRANSFORMATION IN SA

In addition to the BEE Act, the Broad-Based Strategy and Scorecard, The Codes of Good Practice and industry charters have created the context for BEE initiatives in South Africa:

Broad-Based BEE Act

- Enabling framework for the promotion of BEE
- Empowers Minister to issue Codes of Good Practice
- Establishes the BEE Advisory Council

Broad -Based BEE Strategy and Scorecard

- Defines government's Broad-Based Strategy
- Provides the generic balanced scorecard

The Codes of Good Practice (Partially complete)

- Further interpret the BEE Act
- Determine qualification criteria for licensing
- Provide government with criteria for entering into PPP's with the private sector

Industry Charters

- Outline industry-specific BEE weightings and targets
- Establish the residual/industry specific elements of the scorecard
- Standardise industry BEE initiatives and reporting

WHAT IS THE RELATIONSHIP BETWEEN THE CHARTER AND THE SCORECARD?

The Tourism BEE Charter 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. The Charter contains the broad-based Scorecard.

This Scorecard, is the tool which measures commitment to transformation through indicators, targets and weightings. The Scorecard has two components: a scorecard containing milestones for 2009 for the first five years of the Charter's duration and a scorecard containing milestones for 2014 for the second five years of the Charter's duration.

RELATIONSHIP BETWEEN THE TOURISM BEE CHARTER AND THE CODES OF GOOD PRACTICE

Section 9 of the BEE Act makes provision for the development of the Codes of Good Practice. The draft of the first phase of the Codes of Good Practice was released for public comment by the dti in December 2004 and included the dti's Generic Scorecard, as well as codes on ownership, management, verification agencies and industry charters. A draft of the second phase of the Codes will be released in mid-2005 on employment equity, skills development, preferential procurement, enterprise development and corporate social investment.

The Tourism BEE Charter was developed to be in line with the dti's draft of the first phase of the Codes of Good Practice. The Tourism Charter states that:

"...(the Charter) 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"

Statement 010 of Code 000 deals with industry transformation charters. Once this statement has been gazetted as part of the gazetting of the first phase of the Codes, the Tourism Charter will be guided in terms of how best it can align itself with the Codes of Good Practice.

2) What is broad-based BEE?

BLACK ECONOMIC EMPOWERMENT

Black economic empowerment is defined in the BEE Act 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 increases in the number of black people* that manage, own and control the country’s economy, as well as significant decreases in income inequalities”.

* The term ‘black people’ refers to African, Indian and Coloured South African citizens.

BROAD-BASED BEE vs. NARROW-BASED BEE

Narrow-based black economic empowerment looks at the empowerment of black people in the following areas only:

- Ownership
- Management

Broad-based black economic empowerment is 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 such as:

- Ownership
- Management
- Employment Equity
- Skills Development
- Preferential Procurement
- Enterprise Development
- Corporate Social Investment/ Residual/ Industry Specific

The above indicators (also referred to as ‘elements’ or ‘factors’) are generic to all industries in terms of broad-based black economic empowerment. The seventh indicator (corporate social investment/ residual/ industry specific) varies from one industry charter to the next, but usually includes some form of corporate social investment and/or an industry specific initiative, such as the payment of levies to an industry body to promote sector growth and development.

INDICATOR DEFINITIONS

These seven indicators are outlined in the Codes of Good Practice in Statement 000. The following is a brief definition summary:

1. **Ownership** measures the entitlement of black people to participate in the ownership of enterprises.
2. **Management** measures the effective control of enterprises by black people.
3. **Employment Equity** measures initiatives intended to achieve equity in the workplace in line with the spirit and intent of the Employment Equity Act as considered in the context of the Broad-Based BEE Act.
4. **Skills Development** measures the extent to which employers implement initiatives designed to promote the development of core competencies of black employees.

5. **Preferential Procurement** measures the extent of implementation of initiatives intended to widen market access to enterprises meeting the compliance criteria specified in statements issued in Code 500 of the Codes of Good Practice, released in draft form for public comment in mid-2005.
6. **Enterprise Development** measures the extent of implementation of initiatives intended to assist and accelerate the development of enterprises meeting the compliance criteria specified in Code 600 of the Codes of Good Practice, released in draft form for public comment in mid-2005.
7. **Residual Factor** measures the extent to which social development and sector specific initiatives facilitate access to the economy for black people.

3) How was the Charter developed?

The Tourism Charter development process was launched by the Minister of Environmental Affairs and Tourism, Martinus van Schalkwyk, on 13 July 2004.

STEERING COMMITTEE

The process began with the appointment of a steering committee, that was charged with overseeing and driving the development of the Charter. The Minister of Environmental Affairs and Tourism, selected the Steering Committee members based on their extensive experience, expertise and influence within the tourism industry. The committee was therefore made up of the following representatives:

- Executive officers of listed tourism entities
- Executive officers of tourism associations and federations
- A senior tourism government official
- Tourism specialists

The following individuals sat on the Steering Committee:

- | | |
|----------------------|--|
| 1. Clifford Ross | City Lodge Hotels |
| 2. Faiz Noordien | Legend Tours |
| 3. Thabiso Tlelai | The Don Group |
| 4. Vanya Lessing | Association of South African Travel Agents (ASATA) |
| 5. Wayne Duvenhage | South African Vehicle Rental and Leasing Association (SAVRALA) |
| 6. Kananelo Makhetha | BTI Connex Travel |
| 7. Danisa Baloyi | National Black Business Caucus |
| 8. Frank Kilbourn | Bright Equity |
| 9. Jabu Mabuza | Southern Sun |
| 10. Percy Mkhosi | ABSA |
| 11. Vusi Khanyile | Thebe Investment Corporation |
| 12. Anitha Soni | Anitha Soni and Associates Tourism Services |
| 13. Patrick Matlou | Department of Environmental Affairs and Tourism (DEAT) |
| 14. Tanya Abrahamse | Tourism Business Council of South Africa (TBCSA) |

WORKING GROUPS

For the purposes of the Charter development process, the Tourism Sector was broken down into the following three sub-sectors:

- Accommodation
- Hospitality & Related Services
- Travel Distribution Services

A working group was established for each of the above sub-sectors and Steering Committee members were assigned to the working groups. The groups were charged with the following tasks:

- Soliciting input with respect to the draft Charter from relevant stakeholders
- Identifying sub-sector specific needs in terms of the Charter
- Ensuring that the widest possible spectrum of stakeholders was consulted

CONSULTATIVE PROCESS

The Tourism Charter development process followed the consultative process as outlined in Section 12 of the Broad-based Black Economic Empowerment Act of 2003, which states that:

“The Minister must publish in the Gazette for general information and promote a transformation charter for a particular sector of the economy, if the Minister is satisfied that the Charter –

- a) has been developed by major stakeholders in that sector; and
- b) advances the objectives of this Act”

The purpose of the consultative process was to give all industry stakeholders the opportunity to provide input to the Charter in terms of comments, suggestions and proposed targets and weightings. Input was received in the form of written and electronic submissions.

To ensure that the Tourism Charter process was inclusive, the following steps were taken:

Solicited Input

- Input was solicited from labour bodies, including: NACTU, SACCAWU, ECCAWUSA, FAWU, HIAWU
- Input was solicited from industry associations, including: SATSA, SAVRALA, ASATA, FEDHASA, NAASA

Provincial Road shows

- Provincial road shows on the Charter and its proposed Scorecard were held in major cities in all nine provinces
- A total of 5 000 invitations were sent to stakeholders, using provincial databases and TBCSA's database

Media Communication

- Coverage on the Charter and information with regard to submitting input was disseminated via radio and the press
- The launch of the process was announced on *Morning Live*, as well as in *The Star* and in *Business Day* newspapers
- Radio interviews were conducted on *Kaya FM*, *SAFM*, *Jacaranda*, *702*, *East Coast Radio*, *Motsweding*, *Lesedi* and *Thobela*
- Information on the process was published in *Travel News*, *Conference & Exhibition Magazine*, *PMR Magazine*
- A toll free line, dedicated e-mail address and website were set up for stakeholders to contact DEAT or the TBCSA

Stakeholder Submissions

- Written submissions were received from stakeholders with proposed targets and weightings for the Scorecard
- Submissions were taken into consideration by the Steering Committee in drawing up the draft Charter, including the Scorecard
- The draft Charter was handed to the Minister on 8 December 2004
- The Minister then gazetted the Tourism BEE Charter for a period of 60 days, thereby providing further opportunity for public comment
- Stakeholder submissions were taken into consideration in the development of the final Charter
- The final Charter was submitted to Cabinet for approval on 13 April 2005

4) What does the Charter aim to achieve?

The Tourism BEE Charter constitutes a framework and establishes the principles upon which BEE is based.

CHALLENGES

The Charter aims to address two main challenges which the sector currently faces, namely:

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

MAIN OBJECTIVES

The main objectives of the Charter are therefore to:

- Empower black South Africans within the tourism industry
- Make the Tourism Sector more accessible, relevant and beneficial to black South Africans
- Contribute to the sector's growth and sustainability
- Introduce innovation into the Sector through new players entering the Sector, which will, in turn, attract new markets and stimulate new product development
- Provide international tourists with an integrated, authentic South African experience (which includes the management and ownership of products by the broader South African community)
- Realise the potential of the Tourism Sector to grow significantly beyond its current size which would facilitate the transition and entry of new black operators
- Ensure that tourism income penetrates both urban and rural areas so that the distribution of wealth occurs across the nation
- Use transformation as an instrument of nation building and breaking down barriers between communities

5) How will the Charter achieve the sector's aims?

The Charter sets the standard for the level of inclusion of black people in the Tourism Sector, through the Scorecard. The Scorecard sets five-year milestones with attached targets to be achieved by the end of each five-year period. Targets are set for each broad-based indicator and corresponding weightings and sub-weightings are attached to each indicator and sub-indicator. The Scorecard hereby provides the sector with a tool to measure BEE progress.

MILESTONES

The Tourism Scorecard sets targets to be achieved within five and ten years. These periods are referred to as milestones. The first milestone for the achievement of targets set is 2009 and the second milestone is 2014. Each milestone has an individual scorecard (collectively referred to as the Tourism Scorecard). Some targets, weightings and sub-weightings for the 2009 and 2014 scorecards differ from one another.

INDICATORS

The Tourism Scorecard measures the seven indicators which make up broad-based black economic empowerment and sets targets out of 100 for the achievement of each individual indicator.

The Tourism Scorecard comprises the following seven indicators of broad-based BEE:

- Ownership
- Strategic Representation
- Employment Equity
- Skills Development
- Preferential Procurement
- Enterprise Development
- Social Development & Industry Specific

NB: Indicators may also be referred to as 'factors' or 'elements'

WHAT IS AN INDICATOR?

- An indicator identifies which of the elements of broad-based BEE is being measured
- Each indicator has a corresponding description, entitled "indicators to measure BEE achievement"
- Certain indicators have more than one corresponding description. For the purposes of clarity, these will be referred to as "sub-indicators"

WHAT IS A SUB-INDICATOR?

Strategic Representation, for example, is one of the seven indicators of the Tourism Scorecard. Strategic Representation has four sub-indicators to measure black representation at Strategic Representation level:

- Black people as a % of Board of Directors
- Black women as a % of Board of Directors
- Black people as a % of executive management
- Black women as a % of executive management

Each sub-indicator has a corresponding sub-weighting.

Strategic Representation, Employment Equity, Skills Development and Social Development & Industry Specific all have a number of sub-indicators.

TARGETS

WHAT ARE TARGETS?

Targets are instruments which measure contributions to BEE across the seven indicators of broad-based black economic empowerment.

Each indicator has an attached target on the Scorecard. For indicators with corresponding sub-indicators, each sub-indicator has an attached target.

For example:

- Preferential Procurement has no sub-indicators. The target for Preferential Procurement is therefore simply 40% or 50% for 2009 and 2014 respectively
- Strategic Representation has four sub-indicators and therefore there are four corresponding targets for each sub-indicator under Strategic Representation

WHAT IS THE PURPOSE OF TARGETS?

The purpose of setting targets is to:

- Allow tourism companies to measure their progress against ideal industry targets
- Allow tourism companies to set their own transformation plans, or, if new in business, to strive towards pre-defined BEE standards

RATIONALE BEHIND TARGETS

Stakeholder submissions were taken into consideration in the setting of targets. In this regard, the target for Ownership was lowered for both 2009 and 2014. In addition, separate Ownership targets were set for small and big business, in response to stakeholder submissions.

WEIGHTINGS

WHAT ARE WEIGHTINGS?

Weightings determine the relative importance of indicators. In the same way, sub-weightings determine the relative importance of sub-indicators. Weightings and sub-weightings are measured in percentage terms: the higher the percentage of the weighting or sub-weighting, the greater the importance attributed to that particular indicator or sub-indicator.

THE RATIONALE BEHIND WEIGHTINGS

Weightings are people-focused

As the Tourism Charter stipulates in section 9.3

“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”.

For this reason, for the period ending December 2009, the Scorecard is heavily weighted in favour of human indicators or factors, namely:

- Strategic Representation (14% weighting)
- Employment Equity (14% weighting)
- Skills Development (20% weighting)
- Enterprise Development (14% weighting)

These four indicators collectively account for 62% of the Scorecard's 100% weighting to 31 December 2009.

By assigning people-focused weightings to the Scorecard in the first five years, the Scorecard aims to:

- Broaden and improve the skills capacity in the Tourism Sector
- Ensure that a skilled, trained and efficient workforce will be developed to further facilitate the transformation of the industry

Further rationale behind weightings

- Stakeholder submissions were taken into account and weightings were adjusted according to input from submissions. The weighting for Ownership, for example, was lowered after stakeholder submissions were taken into consideration
- The weightings were designed to be as closely aligned with the Generic Scorecard contained in the draft version of the Codes of Good Practice as possible

COMPARISON OF 2009 AND 2014 WEIGHTINGS

As is the case with targets, the Scorecard weightings for the first five-year milestone period ending on 31 December 2009 differ from those for the second five-year milestone period ending on 31 December 2014.

2009

Most important indicator

- Skills development (20% weighting)

Second most important indicators

- Ownership (15% weighting)
- Preferential Procurement (15% weighting)

2014

Most important indicator

- Ownership (20% weighting)

Second most important indicators

- Preferential Procurement (18% weighting)
- Skills Development (18% weighting)

THE DIFFERENCE BETWEEN TARGETS & WEIGHTINGS

Although both are measured in percentage terms, targets and weightings measure completely different things and should not be confused.

WEIGHTINGS tell us how important an indicator is.

For example: With a weighting of 20% for the five-year period ending 31 December 2009, Skills Development has the greatest importance of the seven indicators.

TARGETS are only meaningful when looked at in conjunction with their corresponding descriptions, listed under "INDICATORS TO MEASURE BEE ACHIEVEMENT" on the Scorecard.

For example: the target for Preferential Procurement is 40% for 2009. This only makes sense when one looks at the indicator to measure BEE achievement, which states:

"spend on BEE compliant companies as a % of total procurement spend"

In other words, in order to meet the target for 2009, companies need to spend 40% of their total procurement spend on BEE compliant companies.

2009 Milestones				
Indicator	Weighting	Sub-weighting	Indicators to measure BEE achievement	Target
Ownership	15%	15%	% share of economic benefits as reflected by direct shareholding by black people Note: Direct shareholding includes ESOPs and other employee share schemes	*21%
Strategic Representation	14%	3.5%	Black people as a % of Board of Directors	30%
		3.5%	Black women as a % of Board of Directors	15%
		3.5%	Black people as a % of executive management	30%
		3.5%	Black women as a % of executive management	15%
Employment Equity	14%	2.5%	Black people as a % of management	35%
		2.5%	Black women as a % of management	18%
		2.5%	Black people as a % of supervisors, junior and skilled employees	45%
		2.5%	Black women as a % of supervisors, junior and skilled employees	23%
		2.0%	Black people as a % of total staff	53%
		2.0%	Black women as a % of total staff	28%
Skills Development	20%	5%	% of payroll spend on skills development (including skills development levy) on all accredited training	3%
		5%	% of skills development spend on black employees	75%
		5%	Number of learnerships as a % of total employees	2%
		5%	Number of black learners as a % of total learners	80%
Preferential Procurement	15%	15%	Spend on BEE compliant companies as a % of total procurement spend	40%
Enterprise Development	14%	14%	The sum of % spend of post-tax profits on enterprise development and % employee time contributed to enterprise development over total employee time	1.0%
			Enhanced revenue and/or cost savings and/or twinning initiatives facilitated for black owned SMME's, as a % of revenue of the company measured	1.0%
Social Development and Industry Specific	8%	3%	% CSI spend of post-tax profits on education, community programmes, job creation, training, health, conservation, community tourism and marketing activities to develop local black tourists market (or % employee time over total employee time)	1.0%
		2%	% of new recruits with no prior work experience	10%
		3%	Status as TOMSA levy collector	Yes

***Exclusion**

- Businesses with a turnover of less than R5 million per annum are exempted from the Ownership requirement
- Indirect ownership is not recognised

2014 Milestones

Indicator	Weighting	Sub-weighting	Indicators to measure BEE achievement	Target
Ownership	20%	20%	% share of economic benefits as reflected by direct shareholding by black people Note: Direct shareholding includes ESOPs and other employee share schemes	30%
Strategic Representation	12%	3.0%	Black people as a % of Board of Directors	50%
		3.0%	Black women as a % of Board of Directors	25%
		3.0%	Black people as a % of executive management	50%
		3.0%	Black women as a % of executive management	25%
Employment Equity	12%	2.0%	Black people as a % of management	50%
		2.0%	Black women as a % of management	25%
		2.0%	Black people as a % of supervisors, junior and skilled employees	65%
		2.0%	Black women as a % of supervisors, junior and skilled employees	35%
		2.0%	Black people as a % of total staff	75%
		2.0%	Black women as a % of total staff	40%
Skills Development	18%	4.5%	% of payroll spend on skills development (including skills development levy) on all accredited training	3%
		4.5%	% of skills development spend on black employees	75%
		4.5%	Number of learnerships as a % of total employees	2%
		4.5%	Number of black learners as a % of total learners	80%
Preferential Procurement	18%	18%	Spend on BEE compliant companies as a % of total procurement spend	50%
Enterprise Development	10%	10%	The sum of % spend of post-tax profits on enterprise development and % employee time contributed to enterprise development over total employee time	1.0%
			Enhanced revenue and/or cost savings and/or twinning initiatives facilitated for black owned SMME's, as a % of revenue of the company measured	1.0%
Social Development and Industry Specific	10%	6%	% CSI spend of post-tax profits on education, community programmes, job creation, training, health, conservation, community tourism and marketing activities to develop local black tourists market (or % employee time over total employee time)	1.0%
		1%	% of new recruits with no prior work experience	10%
		3%	Status as TOMSA levy collector	Yes
Total	100%	100%		

***Exclusion**

- Businesses with a turnover of less than R5 million per annum are exempted from the Ownership requirement
- Indirect ownership is not recognised

6) Does the Tourism BEE Charter apply to me?

The Tourism Charter applies to the following enterprises and organisations:

PRIVATELY OWNED ENTERPRISES

The Tourism Charter applies to all privately owned enterprises operating within the Tourism Sector, and to all parts of the value chain in that sector, regardless of the size of the enterprise.

PUBLIC SECTOR & LABOUR ORGANISATIONS

The Tourism Charter also applies to organs of state and public entities and organised labour involved with and interested in the Tourism Sector.

EXAMPLES OF TYPES OF ENTITIES WHICH SHOULD APPLY THE TOURISM CHARTER

The Tourism Charter divides the Tourism Sector into three sub-sectors and gives examples of types of entities within each sub-sector which should comply with the Tourism Charter:

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

7) How do I apply the Charter to my business?

The objective of the following examples is to demonstrate the application of the Charter to tourism businesses. In other words, these examples will demonstrate the steps and calculations required in order to determine the following:

1. The entity's raw score per indicator in relation to the indicator target
2. The conversion of the raw score to a weighted BEE score
3. The overall BEE score of an entity, which will determine whether the entity is an Excellent, Good, Satisfactory or Limited Contributor to BEE

TOURS FOR AFRICA (PTY) LTD

Tours for Africa is a South African tour operator. In May 2005, the company decided to measure its BEE status according to the Tourism Charter. The company therefore uses the 2009 Scorecard to measure their BEE status.

As at 30 April 2005, Tours for Africa's ownership and management profile is as follows:

- The business is owned and managed by Mr. and Mrs. Smith (both white South Africans)
- Two other directors are Mr. Du Toit and Ms. Young (both white South Africans)
- In 2004, Mr. Molapo (black South African) and Ms. Naidoo (Indian South African) became shareholders and directors. Mr. Molapo and Ms. Naidoo now own 8% and 7% of *Tours for Africa* respectively

Other information on *Tours for Africa* for the twelve months ending 30 April 2005:

- There are 8 staff members (excluding directors who are accounted for under Strategic Representation)
- R 5.8 million turnover
- R 100,000 profit
- Payroll: R 1.8 million
- Procurement of goods and services: R 1.1 million
- (This example ignores the effect of tax)

1) OWNERSHIP CALCULATION

Mr. and Mrs. Smith:	85%
Mr. Molapo	8% (direct ownership)
Ms. Naidoo	7% (direct ownership)

Total black ownership: 8% + 7% = 15%

2009 Ownership Target = 21%

(Shareholding must be direct shareholding only)

Raw Score

= black ownership/ownership target 2009
= 15%/21%
= 71.4%

Target has not been achieved in full.

- 100% is the maximum raw score which may be achieved
- If a raw score greater than 100% is achieved (this will occur when an enterprise EXCEEDS a target for a particular indicator or sub-indicator), the raw score is capped at 100%
- If a raw score of 100% is achieved, it means that the enterprise has met the target for a particular indicator in full
- A raw score of less than 100% means that the enterprise has not achieved the target for a particular indicator and will therefore only achieve a portion of the score allocated to that particular indicator

Calculating the BEE score

- To calculate the BEE score, the raw score calculated above must be converted
- The reason one needs to calculate the BEE score is because the raw score does not take into account the relative importance of the Ownership indicator compared to the other 6 indicators, ie: the raw score does not take weightings or sub-weightings into account
- To calculate the BEE score, you need to multiply the raw score by the weighting for Ownership:

BEE Score

= raw score X indicator weighting

= 71.4% X 15%

= 10.71%

Note: There are no sub-weightings for Ownership

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	Not yet calculated
Employment Equity	Not yet calculated
Skills Development	Not yet calculated
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

2) STRATEGIC REPRESENTATION CALCULATION

Strategic Representation measures Board Representation and Executive Management Representation.

Strategic Representation Profile as at 30 April 2005:

Mr. Smith	White Male	Director
Mrs. Smith	White Female	Director
Mr. Du Toit	White Male	Director
Ms. Young	White Female	Director
Mr. Molapo	Black Male	Director
Ms. Naidoo	Black Female	Director

All of the above directors are both board members as well as executive managers. There are no additional executive managers at *Tours for Africa*.

% Black Representation in Strategic Representation

Before calculating raw scores to discover whether targets have been met or not, first calculate black representation, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

Black Board Representation:

= No. of black board members/ Total no. of board members
= 2/6
= 33%

Black Women Board Representation:

= No. of black women board members/ Total no. of board members
= 1/6
= 16.6%

Black Executive Management Representation:

= No. of black executive managers/ Total no. of executive managers
= 2/6
= 33%

Black Women Executive Management Representation:

= No. of black women executive managers/ Total. no. of executive managers
= 1/6
= 16.6%

SUB-INDICATORS	TARGETS 2009
Black Board Representation	30%
Black Women Board Representation	15%
Black Executive Management	30%
Black Women Executive Management	15%

Calculating Strategic Representation Score

1) Black Board Representation Calculation

Raw Score

= % black board representation/ black board representation target 2009
= 33%/30%
= 110% (capped at 100%)
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 3.5%
= 3.5%

2) Black Women Board Representation Calculation

Raw Score

= % black women board rep./ black women board rep. target 2009
= 16.6%/15%
= 111% (capped at 100%)
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 3.5%
= 3.5%

3) Black Executive Management Representation Calculation

Raw Score

= % black exec. Management/ black exec. management target 2009
= 33%/30%
= 110% (capped at 100%)
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
 = 100% X 3.5%
 = 3.5%

4) Black Women Executive Management Representation Calculation**Raw Score**

% black women exec. man. / black women exec. man. target 2009
 = 16.6%/15%
 = 111% (capped at 100%)
 = 100%
 Target has been achieved in full.

BEE Score

= raw score X sub-weighting
 = 100% X 3.5%
 = 3.5%

Calculating the overall BEE score when there are sub-indicators

Unlike Ownership, Strategic Representation has four sub-indicators. There were therefore four separate calculations to be done under Strategic Representation. These four separate calculations must all be taken into account in order for the BEE score for Strategic Representation to be calculated.

To calculate the overall BEE score for Strategic Representation, add up the scores for each sub-indicator:

= (Black Board Representation)+(Black Women Board Representation)+(Black Executive Management Representation)+(Black Women Executive Management Representation)
 = 3.5% + 3.5% + 3.5% + 3.5%
 = 14%

Tours for Africa met all their targets for Strategic Representation and therefore achieved the maximum BEE score of 14% for this indicator.

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	Not yet calculated
Skills Development	Not yet calculated
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

3) CALCULATING EMPLOYMENT EQUITY**Employment Equity Profile:**

	White staff	Black males	Black Females	Total
Management	1	1	0	2
Supervisors	2	0	0	2
Other Staff	3	0	1	4
Total	6	1	1	8

NB: Total Staff complement of 8 people does NOT include directors and executive managers. These have already been accounted for under Strategic Representation.

Employment Equity - % Black Representation

Before calculating raw scores to discover whether targets have been met or not, first calculate black representation, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

Black Management Representation:

= No. of black managers/ Total no. of managers
 = 1/2
 = 50%

Black Women Management Representation:

= No. of black women managers/ Total no. of managers
 = 0/2
 = 0%

Black Representation at Supervisory Level:

= No. of black supervisors/ Total no. of supervisors
 = 0/2
 = 0%

Black Women Representation at Supervisory Level:

= No. of black women supervisors/ Total no. of supervisors
 = 0/2
 = 0%

Black Representation as % of Total Staff:

= No. of black staff members/ Total staff
 = 2/8
 = 25%

Black Women Representation as % of Total Staff:

= No. of black women staff members/ Total staff
 = 1/8
 = 12.5%

SUB-INDICATORS	TARGET 2009
Management (Black Representation)	35%
Management (Black Women)	18%
Supervisors (Black)	45%
Supervisors (Black Women)	23%
Total Staff (Black)	53%
Total Staff (Black Women)	28%

Calculating Employment Equity

1) Black Management Representation Calculation

Raw Score

= % black management/ black management target 2009
 = 50%/35%
 = 143% (capped at 100%)
 = 100%
 Target has been achieved in full.

BEE Score

= raw score X sub-weighting
 = 100% X 2.5%
 = 2.5%

2) Black Women Management Representation Calculation

Raw Score

= % black women management/ black women management target 2009
= 0%/18%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 2.5%
= 0%

3) Black Supervisor Representation Calculation

Raw Score

= % black supervisors/ black supervisors target 2009
= 0%/45%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 2.5%
= 0%

4) Black Women Supervisor Representation Calculation

Raw Score

= % black women supervisors/ black women supervisors target 2009
= 0%/23%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 2.5%
= 0%

5) Total Black Staff Representation Calculation

Raw Score

= % total black staff/ total black staff target 2009
= 25%/53%
= 47%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 47% X 2.0%
= 0.94%

6) Total Black Women Staff Representation Calculation

Raw Score

= % total women staff/ total black staff target 2009
= 12.5%/28%
= 45%
Target has not been achieved in full.

BEE Score

= raw score X sub-weighting
= 45% X 2.0%
= 0.9%

Calculating the overall BEE score

To calculate the overall BEE scores for Employment Equity, add up the scores for each sub-indicator:

$$\begin{aligned}
 &= (\text{Black Management Representation})+(\text{Black Women Management Representation})+(\text{Black Supervisor Representation})+(\text{Black Women Supervisor Representation})+(\text{Total Black Staff Representation})+(\text{Total Black Women Staff Representation}) \\
 &= 2.5\% + 0\% + 0\% + 0\% + 0.94\% + 0.9\% \\
 &= 4.34\%
 \end{aligned}$$

Tours for Africa did not meet all of their targets for Employment Equity and therefore achieved 4.34% out of a possible total of 14%.

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	4.34%
Skills Development	Not yet calculated
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

4) CALCULATING SKILLS DEVELOPMENT

Skills Development Information for the 12 months ending 30 April 2005:

Skills spend (all employees):	R 45,000
Skills spend (black employees):	R 33 750
Payroll:	R 1.8m
No. of learners:	1 black learner (8 employees)

Skills Development

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

% of Payroll Spend on Skills Development (incl. Skills development levy) on all Accredited Training:

$$\begin{aligned}
 &= \text{Skills spend/ Payroll} \\
 &= R45\ 000/ R1.8\text{m} \\
 &= 2.5\%
 \end{aligned}$$

% of Skills Development Spend on Black Employees:

$$\begin{aligned}
 &= \text{Skills spend on black employees/ Total skills spend on all employees} \\
 &= R33\ 750/R45\ 000 \\
 &= 75\%
 \end{aligned}$$

No. of Learners as % of Total Employees:

$$\begin{aligned}
 &= \text{No. of learners/ Total no. employees} \\
 &= 1/8 \\
 &= 12.5\%
 \end{aligned}$$

No. of Black Learners as % of Total Learners:

$$\begin{aligned}
 &= \text{No. of black learners/ Total no. learners} \\
 &= 1/1 \\
 &= 100\%
 \end{aligned}$$

SUB-INDICATORS	TARGET 2009
Skills Spend	3%
Spend allocated to black employees	75%
Learnerships	2%
Opportunities to black learners	80%

Calculating Skills Development

1) Skills Development Spend Calculation

Raw Score

= % skills spend/ skills spend target 2009
 = 2.5%/ 3%
 = 83%
 Target has not been achieved in full.

BEE Score

= raw score X weighting
 = 83% X 5%
 = 4.15%

2) Black Skills Development Calculation

Raw Score

= % black skills spend/ black skills spend target 2009
 = 75%/75%
 = 100%
 Target has been achieved in full.

BEE Score

= raw score X weighting
 = 100% X 5%
 = 5%

3) Learnership Calculation

Raw Score

= % total learners/ total learners target 2009
 = 12.5%/2%
 = 625% (capped at 100%)
 = 100%
 Target has been achieved in full.

BEE Score

= raw score X weighting
 = 100% X 5%
 = 5%

4) Black Learnership Calculation

Raw Score

= % black learners/ total black learners target 2009
 = 100%/80%
 = 125% (capped at 100%)
 = 100%
 Target has been achieved in full.

BEE Score

= raw score X weighting
 = 100% X 5%
 = 5%

Calculating the overall BEE score

To calculate the overall BEE score for Skills Development, add up the scores for each sub-indicator:

$$= (\text{Skills Development Spend}) + (\text{Black Skills Development Spend}) + (\text{No. of Learnerships}) + (\text{No. of Black Learnerships})$$

$$= 4.15\% + 5\% + 5\% + 5\%$$

$$= 19.15\%$$

Tours for Africa did not meet all of their targets for Skills Development and therefore achieved 19.15 points out of a possible total of 20.

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	4.34%
Skills Development	19.15%
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

5) CALCULATING PREFERENTIAL PROCUREMENT

Preferential Procurement Information for the 12 months ending 30 April 2005:

Procurement from BEE compliant suppliers: R 220,000
 Total procurement spend R 1.1m

Preferential Procurement

Only procurement spend from BEE compliant suppliers counts towards Preferential Procurement spend. The Tourism Charter explains how procurement from BEE compliant suppliers should be calculated:

- One Rand (R1) for every one Rand (R1) spent with Excellent BEE Contributors, Good BEE Contributors, BEE Compliant SMME's and Black Women Owned BEE Contributors; and
- Fifty cents (50c) for every one Rand (R1) spent with Satisfactory BEE Contributors

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

Spend on BEE Compliant Companies as % of Total Procurement Spend:

$$= \text{Procurement spend on BEE compliant companies} / \text{Total Procurement Spend}$$

$$= R220\ 000 / R1.1\text{m}$$

$$= 20\%$$

INDICATOR	TARGET 2009
Preferential Procurement	40%

Calculating Preferential Procurement

1) Preferential Procurement Spend Calculation

Raw Score

$$= \% \text{ procurement spend on BEE compliant companies} / \text{preferential procurement target 2009}$$

$$= 20\% / 40\%$$

$$= 50\%$$

Target has not been achieved in full.

BEE Score

= raw score X indicator weighting
= 50% X 15%
= 7.5%

Calculating the overall BEE score

There is no need to calculate the overall BEE score for Preferential Procurement, since there are no sub-indicators. *Tours for Africa* simply scored 7.5% for Preferential Procurement out of a possible maximum score of 15%, since they did not reach the Preferential Procurement target in full.

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	4.34%
Skills Development	19.15%
Preferential Procurement	7.5%
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

6) CALCULATING ENTERPRISE DEVELOPMENT

Enterprise Development Information for the 12 months ending 30 April 2005:

Enterprise Development Spend: R 400
Post-tax Profit: R 100 000

Enterprise Development

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

% Spend of Post-Tax profits on Enterprise Development:

= Enterprise Development Spend/ Post-tax profits
= R400/ R100 000
= 0.4%

INDICATOR	TARGET 2009
Enterprise Development Spend	1%

Calculating Enterprise Development

1) Enterprise Development Spend Calculation

Raw Score

= % enterprise development spend/ enterprise development target 2009
= 0.4%/ 1%
= 40%

Target has not been achieved in full.

BEE Score

= raw score X indicator weighting
= 40% X 14%
= 5.6%

Calculating the overall BEE score

There is no need to calculate the overall BEE score for Enterprise Development, since there are no sub-indicators. *Tours for Africa* simply scored 5.6% for Enterprise Development out of a possible maximum score of 14%, since they did not reach the Enterprise Development target.

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	4.34%
Skills Development	19.15%
Preferential Procurement	7.5%
Enterprise Development	5.6%
Social Development & Industry Specific	Not yet calculated

7) CALCULATING SOCIAL DEVELOPMENT & INDUSTRY SPECIFIC

Social Development & Industry Specific Information:

Social Development Spend:	R 300
Post-tax Profit:	R 100 000
New recruits with no prior work experience:	1 out of 8 employees
TOMSA Levy collector:	Yes

Social Development & Industry Specific

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

% Spend of Post-Tax profits on Social Development:

= Social Development Spend/ Post-tax profits
 = R300/ R100 000
 = 0.3%

% of New Recruits with no Prior Work Experience

= No. of new recruits with no prior work experience/ total employees
 = 1/8
 = 12.5%

SUB-INDICATORS	TARGET 2009
Social Development Spend	1%
% New Recruits with no prior work experience	10%
Status of TOMSA Levy Collector	Yes

Calculating Social Development

1) Social Development Spend Calculation

Raw Score

= % social development spend/ social development target 2009
 = 0.3%/ 1%
 = 30%

Target has not been achieved in full.

BEE Score

= raw score X sub-weighting
 = 30% X 3%
 = 0.9%

2) % New Recruits Calculation

Raw Score

= % new recruits with no prior work experience/ new recruits target 2009
= 12.5%/ 10%
= 125% (capped at 100%)
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 2%
= 2%

3) Status of TOMSA Levy Collector

Raw Score

= Is the enterprise a TOMSA levy collector? Yes/ No
= Yes
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 3%
= 3%

Calculating the overall BEE score

To calculate the overall BEE score for Social Development & Industry Specific, add up the points for each sub-indicator:

= (Social Development Spend)+(% New Recruits)+(Status as TOMSA Levy Collector)
= 0.9% + 2% + 3%
= 5.9%

Tours for Africa did not meet all of their targets for Social Development & Industry Specific and therefore achieved 5.9% out of a possible total of 8%.

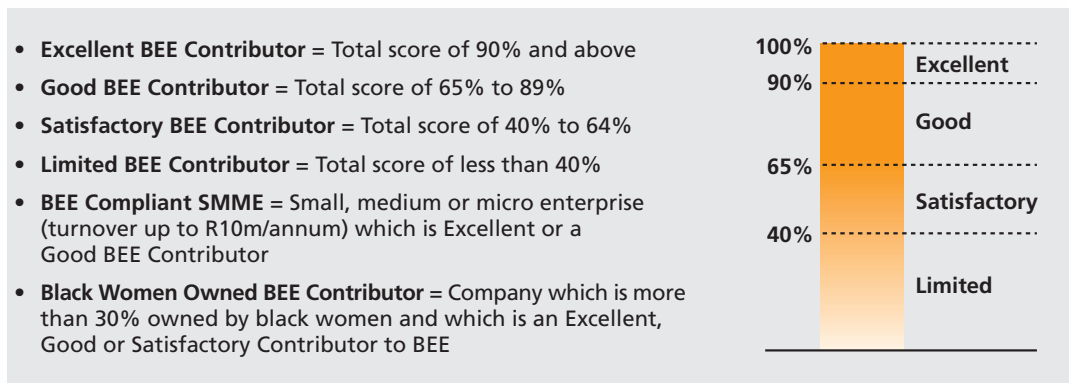
TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	4.34%
Skills Development	19.15%
Preferential Procurement	7.5%
Enterprise Development	5.6%
Social Development & Industry Specific	5.9%

Calculating the Total BEE Score for *Tours for Africa*:

To calculate the total BEE score for *Tours for Africa*, add up BEE scores for each individual indicator:

TOURS FOR AFRICA	BEE SCORE
Ownership	10.71%
Strategic Representation	14%
Employment Equity	4.34%
Skills Development	19.15%
Preferential Procurement	7.5%
Enterprise Development	5.6%
Social Development & Industry Specific	5.9%
TOTAL BEE SCORE	67.20%

- According to the 2009 Scorecard, *Tours for Africa* scored 67.20%
- *Tours for Africa* is therefore classified as a GOOD BEE CONTRIBUTOR, according to the Tourism Charter.



THE WAVES BED & BREAKFAST

The Waves Bed and Breakfast is a South African accommodation establishment. In May 2005, the enterprise decided to measure its BEE status according to the Tourism Charter. The enterprise therefore used the 2009 Milestone to measure their BEE status.

As at 30 April 2005, The Waves's ownership and management profile is as follows:

- The business is owned and managed by Mr. and Mrs. Jackson (both white South Africans)

Other information on The Waves for the 12 months ending 30 April 2005:

- There are 2 staff members (excluding owners/managers who are accounted for under Strategic Representation)
- R 320,000 turnover
- R 32,000 profit
- Payroll: R 204,000 per annum (includes salaries of owner-managers)
- Procurement of goods and services: R 84,000
- (This example ignores the effect of tax)

1) OWNERSHIP CALCULATION

Mr. and Mrs. Jackson: 100% (direct ownership)

Total black ownership: = 0%

(BEE Act: Black people = African, Asian and Coloured South Africans)

Exclusion

Businesses with a turnover of less than R5 million per annum are exempted from the ownership requirement and are thus awarded 100% for Ownership.

2009 Ownership Target = 21%

Raw Score

= black ownership/ownership target 2009

= 0%/21%

= 0%

Turnover less than R5 million.

Raw score = 100%

BEE Score

= raw score X indicator weighting

= 100% X 15%

= 15%

Note: There are no sub-weightings for Ownership

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	Not yet calculated
Employment Equity	Not yet calculated
Skills Development	Not yet calculated
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

2) STRATEGIC REPRESENTATION CALCULATION

Strategic Representation measures Board Representation and Executive Management Representation.

Strategic Representation Profile as at 30 April 2005:

Mrs. Jackson White Female Director/ Executive Manager
 Mr. Jackson White Male Director/ Executive Manager

% Black Representation in Strategic Representation

Before calculating raw scores to discover whether targets have been met or not, first calculate black representation, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

Black Board Representation:

= No. of black board members/ Total no. of board members
 = 0/2
 = 0%

Black Women Board Representation:

= No. of black women board members/ Total no. of board members
 = 0/2
 = 0%

Black Executive Management Representation:

= No. of black executive managers/ Total no. of executive managers
 = 0/2
 = 0%

Black Women Executive Management Representation:

= No. of black women executive managers/ Total. no. of executive managers
 = 0/2
 = 0%

Note that Mr and Mrs Jackson were accounted for under board representation as well as executive management since they both assume dual roles of 'directors' and 'executive managers' or the equivalent of these within their enterprise.

SUB-INDICATORS	TARGETS 2009
Black Board Representation	30%
Black Women Board Representation	15%
Black Executive Management	30%
Black Women Executive Management	15%

Calculating Strategic Representation

1) Black Board Calculation

Raw Score

= % black board representation/ black board representation target 2009
= 0%/30%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 3.5%
= 0%

2) Black Women Board Calculation

Raw Score

= % black women board rep./ black women board rep. target 2009
= 0%/15%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 3.5%
= 0%

3) Black Executive Management Calculation

Raw Score

= % black exec. management/ black exec. management target 2009
= 0%/30%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 3.5%
= 0

4) Black Women Executive Management Calculation

Raw Score

% black women exec. man. / black women exec. man. target 2009
= 0%/15%
= 0%
Target has not been achieved.

BEE Score

= raw score X sub-weighting
= 0% X 3.5%
= 0%

Calculating the overall BEE score when there are sub-indicators

Unlike Ownership, Strategic Representation has four sub-indicators. There were therefore four separate calculations to be done under Strategic Representation. These four separate calculations must all be taken into account in order for the BEE score for Strategic Representation to be calculated.

To calculate the overall BEE score for Strategic Representation, add up the scores for each sub-indicator:

= (Black Board Representation)+(Black Women Board Representation)+(Black Executive Management Representation)+(Black Women Executive Management Representation)
= 0% + 0% + 0% + 0%
= 0%

The Waves did not meet any of their targets for Strategic Representation and scored 0% for each sub-indicator, thereby achieving a score of 0% overall.

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	Not yet calculated
Skills Development	Not yet calculated
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

3) CALCULATING EMPLOYMENT EQUITY

Employment Equity Profile for the period ending 30 April 2005:

2 staff members – 1 black male, 1 black female
 – 1 unskilled, 1 semi-skilled

NB: Total Staff complement of 2 people does NOT include directors/ executive managers. These have already been accounted for under Strategic Representation.

Employment Equity - % Black Representation

Before calculating raw scores to discover whether targets have been met or not, first calculate black representation, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

Black Management Representation:

= No. of black managers/ Total no. of managers
 = n/a

Since there are no managers (besides Mr. and Mrs. Jackson who are the 'executive managers' and who have already been accounted for under Strategic Representation), this calculation is not applicable to *The Waves*.

Black Women Management Representation:

= No. of black women managers/ Total no. of managers
 = n/a

Since there are no managers (besides Mr. and Mrs. Jackson who are the 'executive managers' and who have already been accounted for under Strategic Representation), this calculation is not applicable to *The Waves*.

Black Representation at Supervisory Level:

= No. of black supervisors/ Total no. of supervisors
 = n/a

Since there are no supervisors in this enterprise, this calculation is not applicable to *The Waves*.

Black Women Representation at Supervisory Level:

= No. of black women supervisors/ Total no. of supervisors
 = n/a

Since there are no supervisors in this enterprise, this calculation is not applicable to *The Waves*.

Black Representation as % of Total Staff:

= No. of black staff members/ Total staff
 = 2/2
 = 100%

Black Women Representation as % of Total Staff:

= No. of black women staff members/ Total staff

= 1 /2

= 50%

SUB-INDICATORS	TARGET 2009
Management (Black Representation)	35%
Management (Black Women)	18%
Supervisors (Black)	45%
Supervisors (Black Women)	23%
Total Staff (Black)	53%
Total Staff (Black Women)	28%

Calculating Employment Equity**1) Black Management Calculation**

= % black management/ black management target 2009

= n/a

Since there are no managers (besides Mr and Mrs Jackson who are the 'executive managers' and who have already been accounted for under Strategic Representation), this calculation is not applicable to *The Waves*.

2) Black Women Management Calculation

= % black women management/ black women management target 2009

= n/a

Since there are no managers (besides Mr and Mrs Jackson who are the 'executive managers' and who have already been accounted for under Strategic Representation), this calculation is not applicable to *The Waves*.

3) Black Supervisor Calculation

= % black supervisors/ black supervisors target 2009

= n/a

Since there are no supervisors in this enterprise, this calculation is not applicable to *The Waves*.

4) Black Women Supervisor Calculation

= % black women supervisors/ black women supervisors target 2009

= n/a

Since there are no supervisors in this enterprise, this calculation is not applicable to *The Waves*.

5) Total Black Staff Calculation**Raw Score**

= % total black staff/ total black staff target 2009

= 100%/53%

= 189% (capped at 100%)

= 100%

Target has been achieved in full.

BEE Score

= raw score X sub-weighting

= 100% X 7%*

= 7%

6) Total Black Women Staff Calculation**Raw Score**

= % total women staff/ total black staff target 2009

= 50%/28%

= 179% (capped at 100%)

= 100%

Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 7%*
= 7%

*** What happens when a particular sub-indicator is not applicable to an enterprise, as is the case with *The Waves* and certain Employment Equity sub-indicators? (*The Waves* does not have any staff members who are managers or supervisors)**

- You need to adjust the sub-indicators and corresponding sub-weightings for the particular indicator (Employment Equity, in this case), so that only applicable sub-indicators and sub-weightings remain
- To calculate the new sub-weightings, divide the total indicator weighting by the number of remaining sub-indicators:
 - = Employment Equity weighting/no. of remaining relevant sub-indicators
 - = 14%/2
 - = 7%
- (Targets remain the same for the remaining sub-indicators)
- The new Employment Equity sub-indicators and sub-weightings become:

Sub-weighting	Sub-indicator	Target
7%	Black people as a % of Total Staff	53%
7%	Black women as a % of Total Staff	28%

Capping scores

- **100% is the maximum raw score which may be achieved.**
- **If a raw score greater than 100% is achieved (this will occur when an enterprise EXCEEDS a target for a particular indicator or sub-indicator), the raw score is capped at 100%**
- **If a raw score of 100% is achieved, it means that the enterprise has met the target for a particular indicator in full**
- **A raw score of less than 100% means that the enterprise has not achieved the target for a particular indicator and will therefore only achieve a portion of the BEE score allocated to that indicator**

Calculating the overall BEE points

To calculate the overall BEE points for Employment Equity, only the two applicable sub-indicators in the table above are considered. The two individual scores are added together to calculate overall BEE points for Employment Equity:

= (Black people as a % of total staff)+(Black women as a % of total staff)
= 7% + 7%
= 14%

The Waves achieved the maximum possible score of 14% for Employment Equity.

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	14%
Skills Development	Not yet calculated
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

4) CALCULATING SKILLS DEVELOPMENT

Skills Development Information for the period ending 30 April 2005:

Skills spend (all employees):	R 6,120
Skills spend (black employees):	R 6,120
Payroll:	R 204,000
No. of learnerships:	0

Skills Development

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculations

% of Payroll Spend on Skills Development (incl. skills development levy) on all Accredited Training:

= Skills spend/ Payroll
= R6,120/ R204,000
= 3%

% of Skills Development Spend on Black Employees:

= Skills spend on black employees/ Total skills spend on all employees
= R6,120/R6,120
= 100%

No. of Learners as % of Total Employees:

= No. of learners/ Total no. employees
= 0/2
= 0%

No. of Black Learners as % of Total Learners:

= No. of black learners/ Total no. learners
= 0/0
= 0%

SUB-INDICATORS	TARGET 2009
Skills Spend	3%
Spend allocated to black Employees	75%
Learnerships	2%
Opportunities to black learners	80%

Calculating Skills Development

1) Skills Development Spend Calculation

Raw Score

= % skills spend/ skills spend target 2009
= 3%/ 3%
= 100%

Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 5%
= 5%

2) Black Skills Development Calculation

Raw Score

= % black skills spend/ black skills spend target 2009
= 100%/75%
= 133% (capped at 100%)
= 100%

Target has been achieved in full.

BEE Score

= raw score X sub-weighting
 = 100% X 5%
 = 5%

3) Learnership Calculation**Raw Score**

= % total learners/ total learners target 2009
 = 0%/2%
 = 0%

Target has not been achieved in full.

BEE Score

= raw score X sub-weighting
 = 0% X 5%
 = 0%

4) Black Learnership Calculation**Raw Score**

= % black learners/ total black learners target 2009
 = 0%/80%
 = 0%

Target has not been achieved in full.

BEE Score

= raw score X sub-weighting
 = 0% X 5%
 = 0%

Calculating the overall BEE score

To calculate the overall BEE score for Skills Development, add up the points for each sub-indicator:

= (Skills Development Spend)+(Black Skills Development Spend)+(Learnerships)+(Black Learnerships)
 = 5% + 5% + 0% + 0%
 = 10%

The Waves did not meet all of their targets for Skills Development and therefore achieved 10% out of a possible total of 20%.

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	14%
Skills Development	10%
Preferential Procurement	Not yet calculated
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

5) CALCULATING PREFERENTIAL PROCUREMENT**Preferential Procurement Information for the period ending 30 April 2005:**

Procurement from BEE compliant suppliers: R 37,000
 Total procurement spend R 84,000

Preferential Procurement

Only procurement spend from BEE compliant suppliers counts towards Preferential Procurement spend. The Tourism Charter explains how procurement from BEE compliant suppliers should be calculated:

- One Rand (R1) for every one Rand (R1) spent with Excellent BEE Contributors, Good BEE Contributors, BEE Compliant SMME's and Black Women Owned BEE Contributors; and
- Fifty cents (50c) for every one Rand (R1) spent with Satisfactory BEE Contributors

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

Spend on BEE Compliant Companies as % of Total Procurement Spend:

= Procurement spend on BEE compliant companies/ Total Procurement Spend

= R37,000/ R84,000m

= 44%

INDICATOR	TARGET 2009
Preferential Procurement	40%

Calculating Preferential Procurement

1) Preferential Procurement Spend Calculation

Raw Score

= % procurement spend on BEE compliant companies/ preferential procurement target 2009

= 44%/ 40%

= 110% (capped at 100%)

= 100%

Target has been achieved in full.

BEE Score

= raw score X weighting

= 100% X 15%

= 15%

Calculating the overall BEE points

There is no need to calculate the overall BEE points for Preferential Procurement, since there are no sub-indicators. *The Waves* simply scored 15% for Preferential Procurement which is the maximum which can be scored for this indicator.

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	14%
Skills Development	10%
Preferential Procurement	15%
Enterprise Development	Not yet calculated
Social Development & Industry Specific	Not yet calculated

6) CALCULATING ENTERPRISE DEVELOPMENT

Enterprise Development Information for the 12 months ending 30 April 2005:

Enterprise Development Spend:	R 400
Post-tax Profit:	R 32,000

Enterprise Development

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

% Spend of Post-Tax profits on Enterprise Development:

= Enterprise Development Spend/ Post-tax profits
 = R400/ R32,000
 = 1.25%

INDICATOR	TARGET 2009
Enterprise Development Spend	1%

Calculating Enterprise Development

1) Enterprise Development Spend Calculation

Raw Score

= % enterprise development spend/ enterprise development target 2009
 = 1.25%/ 1%
 = 125% (capped at 100%)
 = 100%
 Target has been achieved in full.

BEE Score

= raw score X weighting
 = 100% X 14%
 = 14%

Calculating the overall BEE score

There is no need to calculate the overall BEE score for Enterprise Development, since there are no sub-indicators. *The Waves* simply scored 14% for Enterprise Development which is the maximum which can be scored for this indicator.

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	14%
Skills Development	10%
Preferential Procurement	15%
Enterprise Development	14%
Social Development & Industry Specific	Not yet calculated

7) CALCULATING SOCIAL DEVELOPMENT & INDUSTRY SPECIFIC

Social Development & Industry Specific Information for the period ending 30 April 2005:

Social Development Spend:	R 350
Post-tax Profit:	R 32,000
New recruits with no prior work experience:	No new recruits
TOMSA Levy collector:	Yes

Social Development & Industry Specific

Before calculating raw scores to discover whether targets have been met or not, first calculate actual percentages, as described by each "indicator to measure BEE achievement":

Sub-Indicator Calculation

% Spend of Post-Tax profits on Social Development:

= Social Development Spend/ Post-tax profits
= R350/ R32,000
= 1.1%

% of New Recruits with no Prior Work Experience

= No. of new recruits with no prior work experience/ total employees
= n/a

The Waves had no new recruits for the annual period ending 31 May 2005. This sub-indicator will therefore be excluded from calculations as it does not apply to the enterprise.

SUB-INDICATORS	TARGET 2009
Social Development Spend	1%
% New Recruits with no prior work experience	10%
Status of TOMSA Levy Collector	Yes

Calculating Social Development

1) Social Development Spend Calculation

Raw Score

= % social development spend/ social development target 2009
= 1.1%/ 1%
= 110% (capped at 100%)
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 4% **
= 4%

2) % New Recruits Calculation

= % new recruits with no prior work experience/ new recruits target 2009
= n/a

3) Status of TOMSA Levy Collector

Raw Score

= Is the enterprise a TOMSA levy collector? Yes/ No
= Yes
= 100%
Target has been achieved in full.

BEE Score

= raw score X sub-weighting
= 100% X 4% **
= 4%

**As with the Employment Equity calculation for *The Waves*, you need to adjust the sub-indicators and corresponding sub-weightings for Social Development and Industry Specific so that only applicable sub-indicators and sub-weightings remain

- This is because the sub-indicator "percentage new recruits" is not applicable to *The Waves*
- To calculate the new sub-weightings, divide the total indicator weighting by the number of remaining sub-indicators:
 - Social Dev. Weighting/ no. of remaining sub-indicators
 - = 8%/2
 - = 4%

- (Targets remain the same for the remaining sub-indicators)
- The new Social Development and Industry Specific sub-indicators and sub-weightings become:

Sub-weighting	Sub-indicator	Target
4%	% CSI spend	1%
4%	Status as TOMSA levy collector	Yes

Calculating the overall BEE score

To calculate the overall BEE score for Social Development & Industry Specific, only the two applicable sub-indicators (social development spend and status as TOMSA levy collector) are considered. The sub-indicator “percentage new recruits” is ignored as it is not applicable. The two individuals scores are therefore added together to calculate overall BEE score:

$$\begin{aligned}
 &= (\text{Social Development Spend}) + (\text{Status as TOMSA Levy Collector}) \\
 &= 4\% + 4\% \\
 &= 8\%
 \end{aligned}$$

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	14%
Skills Development	10%
Preferential Procurement	15%
Enterprise Development	14%
Social Development & Industry Specific	8%

Calculating the Total BEE Score for *The Waves*:

To calculate the total BEE score for *The Waves*, add up BEE points for each individual indicator:

THE WAVES	BEE SCORE
Ownership	15%
Strategic Representation	0%
Employment Equity	14%
Skills Development	10%
Preferential Procurement	15%
Enterprise Development	14%
Social Development & Industry Specific	8%
TOTAL BEE SCORE	76%

- According to the 2009 Scorecard, *The Waves* scored 76%.
- *The Waves* is therefore classified as a GOOD BEE CONTRIBUTOR, according to the Tourism Charter.

- **Excellent BEE Contributor** = Total score of 90% and above
- **Good BEE Contributor** = Total score of 65% to 89%
- **Satisfactory BEE Contributor** = Total score of 40% to 64%
- **Limited BEE Contributor** = Total score of less than 40%
- **BEE Compliant SMME** = Small, medium or micro enterprise (turnover up to R10m/annum) which is Excellent or a Good BEE Contributor
- **Black Women Owned BEE Contributor** = Company which is more than 30% owned by black women and which is an Excellent, Good or Satisfactory Contributor to BEE

The chart is a vertical bar with a gradient from light orange at the bottom to dark orange at the top. Horizontal dashed lines mark the following percentages: 100%, 90%, 65%, and 40%. To the right of the bar, the corresponding categories are listed: Excellent (90-100%), Good (65-89%), Satisfactory (40-64%), and Limited (0-39%).

8) How will my enterprise be measured against the Charter?

Before taking steps to comply with the Charter, you need to determine your business's current BEE status.

There are two ways to determine your enterprise's BEE status:

1. Internal evaluation
2. External evaluation or rating

INTERNAL EVALUATION

You may decide to determine your company's BEE status yourself, instead of appointing an external BEE verification agency to perform this service for you.

Advantages of an internal evaluation

- Besides the opportunity cost of performing an internal BEE status evaluation, you will not incur service costs as a result of appointing a verification agency to rate your company
- You may choose to obtain a rough idea of where your company stands in relation to BEE, before requesting an official BEE rating. In this way, you will be able to identify weaknesses which can be improved upon before obtaining an official verification certificate

Disadvantages of an internal evaluation

- When applying for tenders (government or other), you will not have the benefit of an independently accredited BEE verification certificate and your evaluation is likely to be considered subjective
- Depending on the size and structure of your entity, the evaluation may be complex and mistakes may be made which could hamper your enterprise's reputation, if quoted or which could cause you to formulate an incorrectly focussed BEE plan

Two comprehensive examples (one tour operator example and one bed & breakfast example) have been provided in order to demonstrate the evaluation of the BEE status of SMME's in the tourism industry. If you choose to perform your company's BEE status evaluation in-house, follow one of the examples provided when calculating your BEE status.

EXTERNAL BEE VERIFICATION

You may decide to appoint an independent BEE verification agency to determine your company's BEE status.

Advantages of an external BEE verification certificate

- Verification certificates from reputable BEE verification agencies are independent
- An independent verification certificate may be used when procuring business, entering into joint ventures and applying for tenders

Disadvantages of an external verification

- Verification agencies charge a fee to perform ratings

Getting in contact with a reputable verification agency

Contact the BEE Unit of the Department of Trade and Industry (dti) in Pretoria. They will refer you to a reputable verification agency:

Contact:	Happiness Majola
Designation:	Trade & Industry Advisor on BEE
Tel:	012 394 1634
E-mail:	hmajola@thedti.gov.za

Cost

The cost of a BEE verification varies and depends on the size of the entity being rated. Broad-based SMME verifications range from approximately R2 000 to R8 000 excluding VAT. Be certain to obtain a quotation from the BEE verification agency and to find out whether incidental costs (such as travel and accommodation, where applicable) are included in the quoted fee.

The BEE Verification Process

The verification process will vary from one verification agency to the next and will be dependent on the size of your organisation and the complexity of the verification. You should allow for approximately one to two weeks for the completion of an SMME verification, from the time that you have submitted all relevant company documentation to the verification agency of your choice.

9) What does my Score mean?

Your enterprise will be measured according to the Tourism Charter.

Once your enterprise's overall BEE score has been determined (either internally or by a verification agency), you will be able to categorise your entity according to its contribution to BEE. The following definitions are taken from page 7 of the Tourism Charter:

- **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 R10 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.

The following companies are classified as "BEE Compliant Companies" in the Charter:

- Excellent BEE Contributors
- Good BEE Contributors
- Satisfactory BEE Contributors
- BEE Compliant SMME's
- Black Women Owned SMME's

Note that for a BEE Compliant SMME to be classified as a BEE Compliant Company, the SMME must meet the full definition of a BEE Compliant SMME: it must have a turnover of up to R10 million per annum and it must score sufficient points to be classified as an Excellent or Good Contributor to BEE.

10) How can I improve my enterprise's BEE score?

In order to improve your enterprise's overall BEE score, you need to begin by improving individual indicators. Guidelines on how to improve indicators are outlined below:

1) OWNERSHIP

To increase your enterprise's black ownership, you have the following options:

- Employee share options – offered to black employees
- Selling a stake of your business to a black partner
- A combination of the above. Certain BEE investment companies consider offering previously disadvantaged employees share options, to be essential to a successful BEE deal

When implementing Ownership, it is critical to understand the difference between direct and indirect ownership and the meaning of the flow-through principle.

Direct Ownership

- Shareholders have voting rights as well as the right to unencumbered economic interest (e.g. dividends)
- Broad-based BEE schemes, employee share schemes are examples of direct ownership but only if the beneficiaries have the unconditional right to benefits and the right to elect/remove trustees
- Employee share options – the flow through principle is applied (see definition below)

Indirect Ownership

- No points are awarded for indirect ownership in the Tourism Charter

Flow-through Principle

Only voting rights and economic interest to which black people, who are natural persons, are entitled, is taken into account.

Measuring Ownership - Twin Evaluation Approach

Ownership is measured as being the lesser of:

- The percentage of voting rights held by natural persons falling within the beneficiary class
- The percentage of economic interest (dividend flow) held by natural persons falling within the beneficiary class

2) STRATEGIC REPRESENTATION

To increase black representation at Strategic Representation level:

- Many BEE investor companies drive transformation within the companies they invest in. Therefore, if you are looking at selling equity to a black partner, investigate the possibility of their seconding senior strategic staff to your enterprise or ascertain whether they are willing and able to help you source black talent at Strategic Representation level, through their networks
- Investigate the viability of promoting black staff internally and implement a plan to ensure that you have sufficient black middle management to ensure that you have black representation at Strategic Representation level in years to come

3) EMPLOYMENT EQUITY

To increase black representation at all employee levels below Strategic Representation level:

- As with Strategic Representation, BEE investor companies often drive transformation within the companies they invest in. Therefore, if you are looking at selling equity to a black partner, ascertain whether they are willing and able to help you source black talent at employment equity level, through their networks
- Identify means of attracting black talent, e.g.:
 - graduate recruitment at tertiary institutions (including smaller hotel schools, technikons and colleges which offer certificates and diplomas relevant to your business)
- The presence of black role models at senior level and evidence that your enterprise is committed to transformation, will help to attract black talent

4) SKILLS DEVELOPMENT

The Tourism Charter includes compulsory skills development levies in an enterprise's skills development spend target. The total target (including skills development levy) is therefore three percent of total payroll.

It is important to note that the opportunity cost of employees attending training, cannot be included in your Skills Development spend figure.

For advice on how to implement Skills Development, and access to relevant training providers in the Tourism Sector, contact THETA (Tourism, Hospitality & Sport Education & Training Authority):

Call Centre: 0860-100-221

Telephone: 011-803-6010

Fax: 011-803-6702

E-mail: mummy@theta.org.za

Website: www.theta.org.za

For THETA addresses, refer to the comprehensive contact list at the back of this guide.

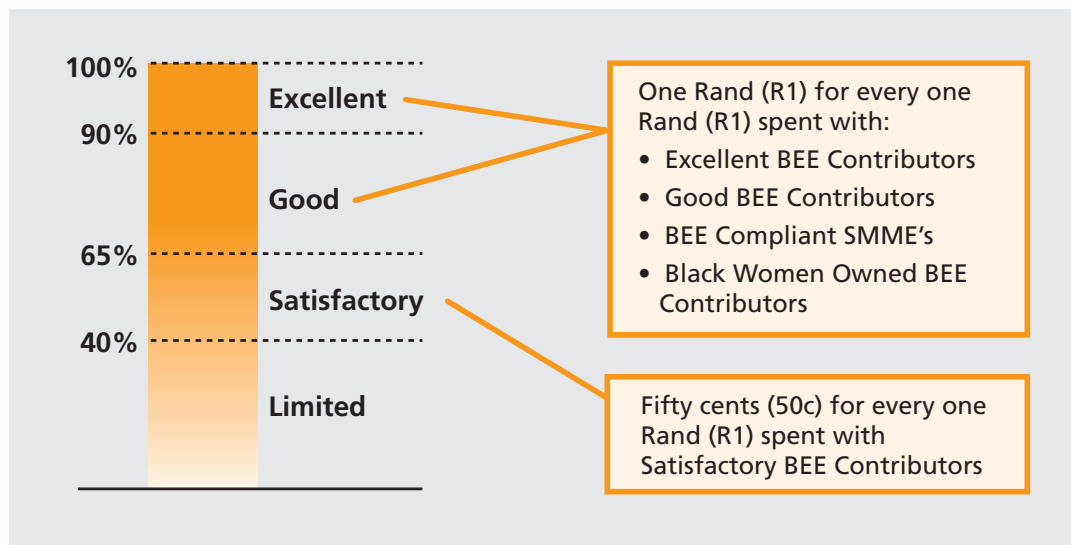
5) PREFERENTIAL PROCUREMENT

To improve your Preferential Procurement score, the following steps need to be taken:

- You need to understand the Tourism Charter's BEE categorisation in terms of BEE contribution (Excellent/ Good/ Satisfactory/ BEE Compliant/ Black Women Owned). Refer to Section 7 entitled "What does my score mean?" or see page 9 of the Tourism Charter for categorisation criteria
- Once you understand these categories, you need to determine the status of your suppliers by requesting a BEE verification certificate from a reputable BEE verification agency. Refer to Section 8 entitled "How will my enterprise be measured against the Charter?" for information on verification agencies
- Understand how the BEE status of your suppliers will affect the number of points your enterprise will score for Preferential Procurement. The information in the diagram below is taken from page 7 of the Tourism Charter:

Transforming Existing Suppliers

- Once you have assessed your suppliers according to their BEE status, a decision must be taken on whether to transform existing suppliers or to identify and develop new suppliers (or both)



- Exert pressure on suppliers to improve their BEE scores so that your enterprise can benefit from a higher Preferential Procurement score when you procure from transformed suppliers

Identifying and Developing New Suppliers

Visibility and accessibility is one of the major obstacles currently inhibiting Preferential Procurement. Here are some ways to help you identify new BEE suppliers:

- Top 250 Black SMME's: A brochure listing the top 250 black SMME's per sector. This is a list of entities which have been independently rated but the list is by no means exhaustive. Brochures are available from DEAT:

Kelebogile Molopyane Tel: 012 310 3427 E-mail: Kmolopyane@deat.gov.za

- Consulting a database of deemed BEE suppliers. "Deemed" BEE databases provide lists of companies which have not had their BEE status verified and should therefore only be used as a starting point for the identification of BEE suppliers. Contact the Tourism Enterprise Programme (TEP) to enquire about their database of deemed BEE suppliers:

Tim Anderson Tel: 011 804 5750 E-mail: Tim.Anderson@eciafrica.com

6) ENTERPRISE DEVELOPMENT

To improve your business's Enterprise Development score, you need to identify Black Owned and Black Empowered Enterprises. The definitions of Black Owned and Black Empowered SMME's are taken from the Tourism Charter:

- "**Black Owned SMME**" means a small, medium or micro enterprise (with a turnover of up to R10 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 R10 million per annum) which has between 25 percent and 50 percent direct ownership and management by black people

Sources of identifying Enterprise Development beneficiaries

The following sources may be utilised to identify Enterprise Development beneficiaries:

- Supplier database/ TEP or other databases

- Outsourcing of internal processes
- Direct solicitation

Enterprise Development initiatives outlined in the Tourism Charter

Enterprise Development initiatives could take on the following forms:

- Support and funding for grading of emerging tourism companies
- Business linkages and mentorships to provide business opportunities to SMME's
- Joint ventures with Black Owned and Black Empowered SMME's which result in substantive skills transfer
- Twinning initiatives with Black Owned and Black Empowered SMME's which result in cost savings or revenue generation for the entities

7) SOCIAL DEVELOPMENT AND INDUSTRY SPECIFIC

To improve your company's Social Development score, the following steps can be taken:

- Ensure that levies to TOMSA* are collected and recorded (this will guarantee you the full 3 percent of the 10 percent allocated to this indicator)
- Identify areas in which you would be able to employ staff with no prior work experience whatsoever. These recruits need to account for 10 percent of all new recruits. Ways of identifying such recruits include sourcing from high schools in your area. Working together with the principals of these schools and the co-operation and input of principals and teachers will help you to source staff on their recommendation, which will increase your chances of employing the right people and will help your enterprise reach its BEE targets.
- To enjoy the benefit of a full score for Social Development, your enterprise will need to spend 1 percent of post-tax profits (or 1 percent of total employee time) on education, community programmes, job creation, training, health and conservation and on community tourism and marketing activities to develop the local black tourist market. It is important to remember that the majority of the beneficiaries of this Social Development spend should be black. One of the most efficient ways of meeting this target is to identify charity organisations and/ or NGO's whom you can co-operate with to identify beneficiaries and projects.

* TOMSA (Tourism Marketing South Africa) is the name of a trust account set up originally by the TBCSA (Tourism Business Council of South Africa), to raise funds for the generic marketing of South Africa internationally. The funds are collected through a consumer levy on tourism products in South Africa.

11) What are the benefits of complying with the Charter?

Now that you have determined your enterprise's overall BEE score in percentage terms and have subsequently categorised your enterprise as an Excellent, Good, Satisfactory or Limited Contributor to BEE and/or as BEE Compliant SMME, it is important to understand the implications of this categorisation.

1) PREFERENTIAL PROCUREMENT

As more and more South African companies begin to recognise BEE as a business imperative, BEE initiatives are being implemented across the seven indicators of broad-based empowerment. One such indicator is Preferential Procurement. This means that companies seek to procure from suppliers with the best BEE credentials possible. The better the BEE credentials of their suppliers (in other words, the higher their total BEE score), the more BEE points the client company is able to score for themselves.

Your enterprise's BEE score is therefore critical to you as a supplier.

Preferential Procurement is recognised by government and by many other sectors in the South African economy, making your BEE score important not only for Tourism Sector business, but for cross-sector and public sector supplier opportunities.

2) ENTERPRISE DEVELOPMENT

The sixth indicator in the Scorecard is Enterprise Development. The objective of Enterprise Development is to nurture and grow emerging Black Owned and Black Empowered SMME's in the tourism industry. Therefore, if you are an emerging SMME, in order for you to be eligible to benefit from Enterprise Development, your business needs to have black ownership and management greater than 25%:

- **"Black Owned SMME"** means a small, medium or micro enterprise (with a turnover of up to R10 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 R10 million per annum) which has between 25 percent and 50 percent direct ownership and management by black people

If you are an SMME wishing to benefit from Enterprise Development, your direct empowerment credentials (ownership and management) are essential. You cannot, however, ignore the other indicators on the Scorecard which will contribute to your overall BEE score, if you wish to continue to supply to other enterprises that are committed to Preferential Procurement.

3) ACCESS TO GOVERNMENT INCENTIVES AND BUSINESS SUPPORT

One of the criteria to be able to benefit from government incentives and business support, includes a positive overall BEE score in terms of the Scorecard.

For more information on government incentives and business support, contact the Tourism Enterprise Programme:

Tim Anderson Tel: 011 804 5750 E-mail: Tim.anderson@eciafrica.com

4) OTHER BENEFITS OF THE TOURISM CHARTER

4.1 Development of the Domestic Tourist Market

The Charter aims to promote domestic tourism through the co-ordination of marketing and product development. The development of the domestic tourism market will not only increase the demand for tourism products, but could also reduce the impact of seasonality on tourism enterprises. A decreased dependence on overseas markets will also help cushion the negative effect of a strong Rand on South African tourism enterprises.

The Tourism Charter also aims to make the sector more accessible and appealing to black South Africans. Tapping into the emerging black middle class market will help increase demand for local tourism.

4.2 Business Linkages

Tourism enterprises can benefit significantly from new business linkages that will be encouraged and rewarded by the Charter. This is likely to benefit small enterprises, especially through the proposed twinning initiatives which aim to generate additional revenue and cost savings to emerging enterprises.

4.3 Ownership and Partnership Opportunities

In achieving the BEE ownership requirements as laid out in the Scorecard, tourism entities are likely to benefit from new opportunities to partner or merge with other tourism enterprises. This is likely to bring about new opportunities that would otherwise not have been available to existing businesses.

4.4 Skills and Training

The Charter identifies Skills Development as one of the seven BEE factors to be implemented within the tourism industry. Training and development will help to improve levels of service, professionalism and overall performance of staff within the tourism industry, which will, in turn, make South African tourism more attractive to both domestic and international consumers. Through learnerships (one of the key components of Skills Development in the Scorecard), the sector will benefit from a more qualified and better-trained and equipped workforce, from the bottom up. This is especially important since many semi-skilled and junior roles in the tourism sector are customer-facing.

4.5 Additional Skills into the Sector

By encouraging the introduction of new and/or previously excluded or overlooked skills into the sector, the industry will benefit from a greater overall skill set as well as from new and additional skills not previously enjoyed by the sector.

4.6 New Products and Opportunities

By making the sector more accessible to a broader range of people from diverse backgrounds, new product development will be stimulated. This will be a result of new ideas being generated which will encourage product development and overall business opportunities. This will help to grow and expand the sector, thereby making it more attractive to more consumers, which will stimulate overall sector growth.

12) Frequently asked questions

1) **WHAT IS THE DIFFERENCE BETWEEN THE CHARTER AND THE SCORECARD?**

The Tourism BEE Charter contains a scorecard. The Charter 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. The Charter contains a broad-based scorecard.

This Scorecard is the tool which measures commitment to transformation through indicators, targets and weightings. The Scorecard has two components: a scorecard containing milestones for 2009 for the first five years of the Charter's duration and a scorecard containing milestones for 2014 for the second five years of the Charter's duration.

2) **WHAT IS THE DIFFERENCE BETWEEN THE TOURISM BEE CHARTER AND THE CODES OF GOOD PRACTICE?**

Once the Codes have been finalised, they will be legally binding on organs of state and public entities as provided for in Section 10 of the BEE Act. The private sector, through its interaction with government, will be affected by the Codes.

Industry charters and their corresponding scorecards represent an industry's commitment to BEE. However, once a charter is gazetted by government as a Code of Good Practice, it will have the same status as the Codes and will be applied by organs of state and public entities when interacting with private sector enterprises operating within that industry. In order for an industry charter to be gazetted as a Code of Good Practice, the industry charter must meet certain criteria which ensure that they are in alignment with the Codes of Good Practice. These criteria are outlined in Code 000, Statement 010 of the Codes of Good Practice.

3) **HOW DO WE RECONCILE DIFFERENCES BETWEEN INDUSTRY CHARTERS AND THE CODES OF GOOD PRACTICE?**

Once the Codes of Good Practice have been finalised, industry charters (and their scorecards) must align themselves with the Codes in order to be gazetted as Codes of Good Practice in terms of Section 9 of the BEE Act. If an industry charter does not meet the criteria to be gazetted as a Code of Good Practice, the charter will be viewed as the industry's commitment to BEE but organs of state and the public sector will be bound by the Codes of Good Practice and the Generic Scorecard in their interactions with that industry, and not by the industry charter.

4) **DO THE CODES OF GOOD PRACTICE OVERRIDE THE TOURISM CHARTER?**

Until the Tourism Charter is gazetted as a Code of Good Practice, government will be bound by the application of the Codes and not the Tourism Charter. Once the Tourism Charter is gazetted as a Code of Good Practice in terms of Section 9 of the BEE Act, the Tourism Charter will be applied by organs of state and public entities in their interactions with the tourism industry.

5) **DO I NEED TO SELL MY BUSINESS? / AM I OBLIGED TO SELL EQUITY IN MY BUSINESS TO A BLACK PARTNER?**

No, you do not need to sell your entire business in order to comply with the Tourism Charter.

Your enterprise will, however, score zero for the Ownership indicator if you have no black shareholding whatsoever, if your business has an annual turnover in excess of R5 million. This means that, for the period ending 31 December 2009 you will score zero out of a possible weighted maximum of 15 percent for Ownership. For the period ending 31 December 2014, you will score zero for Ownership out of a possible weighted maximum of 20 percent. Your enterprise will therefore have to perform sufficiently well in the other indicators to make up for the loss of points on Ownership.

In the light of the above, it is advisable to have a plan in place to introduce black

Ownership in your enterprise. The targets in the Scorecard may be used as guidelines. (The ownership targets for small businesses for the 2009 and 2014 Scorecards are 15 percent and 25 percent respectively).

If, however, your business has an annual turnover of less than R5 million, your entity will automatically achieve the full Ownership score of 15 percent for Ownership for the period ending 31 December 2009 and 20 percent for the period ending 31 December 2014.

6) WHAT IF I DON'T HAVE ANY BLACK OWNERSHIP OR PLANS FOR BLACK OWNERSHIP?

If your enterprise has no black ownership, but your overall BEE score is such that you are still able to do business with your suppliers, you will not be penalised for your enterprise's lack of black ownership. Your enterprise will not, however, be able to benefit from Enterprise Development initiatives: companies practicing enterprise development may only score points for the development of Black Owned and Black Empowered entities (see definitions under Enterprise Development in Section 10).

7) IS THE TOURISM CHARTER EQUIVALENT TO LEGISLATION?

Once the Tourism Charter has been gazetted as a Code of Good Practice by the dti, the Charter will become a regulation, and will be binding on all organs of state and public entities. Organs of state will therefore apply the Charter when procuring from, or supporting, tourism sector operators, such as accommodation establishments (i.e. hotels, resort properties, bed and breakfasts, guest houses, game lodges and backpacker lodges and hostels), restaurants, conference venues and professional catering concerns, as well as travel industry establishments such as tour operators, travel agents and car rental companies.

Although the Charter is not legally enforceable in the private sector, the impact of non-compliance will be felt through the trickle-down effect of Preferential Procurement: if any enterprise in your chain of supply supplies, or wishes to supply, to organs of state, there will be pressure on your enterprise to transform. This means that Supplier A, who wishes to do business with government, will need to make sure that his/her BEE status complies with the Tourism Charter. His/her Preferential Procurement status forms part of his/her overall BEE status. S/he will therefore wish to procure from excellent or good BEE contributors and will therefore exert pressure on his/her suppliers who will in turn exert pressure on their own suppliers, all the way down the chain of supply.

8) WHO WILL ENFORCE THE TARGETS AND "POLICE" THE INDUSTRY?

The Codes of Good Practice have provided for the establishment of a National BEE Council to be the watchdogs of BEE in South Africa. Organs of state will be in breach of the law once the Charter is gazetted as a Code of Good Practice.

In terms of the private sector, there is no official watchdog or body to oversee or "police" the implementation of BEE. The incentive to comply with the Charter comes in the form of interaction with organs of state in terms of procurement, the issuing of licences and the determination of recipients of grants and funding, as well as Enterprise Development initiatives from both the private and public sectors. Once again, the trickle-down effect of Preferential Procurement will affect all enterprises within any chain of supply in which one supplier interacts with organs of state.

9) WHAT WILL HAPPEN IF I DON'T COMPLY WITH THE TOURISM CHARTER?

If your chain of supply includes interaction with organs of state, your customers will eventually seek to procure from your competitors who are Excellent or Good Contributors to BEE.

10) WHAT IF MY CUSTOMERS ARE INDIVIDUALS? WHAT IF MY CUSTOMERS ARE PREDOMINANTLY FOREIGN?

If your customers are individuals and there is no interaction with government, there may be less incentive to transform. You may, however, want to consider the impact of not transforming on individual perceptions. Local individual customers may prefer to support tourism entities which are seen to be more committed to transformation than those which are not.

If your customers are predominantly foreign and there is no interaction with organs of state in your chain of supply, non-compliance with the Tourism Charter should not affect your business.

11) WHEN IS THE CHARTER APPLICABLE FROM?

It is advisable to take cognisance of the Charter immediately since government currently practises Preferential Procurement, but it will be legally applicable to organs of state once it has been gazetted as a Code of Good Practice by the dti.

12) HOW LONG DO I HAVE BEFORE I HAVE TO COMPLY?

If your enterprise interacts with organs of state or forms part of supply chains which interact with organs of state, your overall BEE score is already influencing your business opportunities in South Africa. Your business will already be measured and evaluated, today, according to the 2009 milestones on the Scorecard.

13) IS THE CHARTER APPLICABLE TO SMME'S?

As it stands, the Charter is applicable to all businesses in the Tourism Sector, regardless of their size. The dti, however, is in the process of making provisions for the measurement of SMME's in the drafting of the second phase of the Codes of Good Practice. Once this has been finalised, it is envisaged that the Tourism Charter will be amended to include the principle aspects of the Codes with respect to SMME's.

14) IF I'M A BLACK OWNED BUSINESS, DO I NEED TO PAY ATTENTION TO INDICATORS OTHER THAN OWNERSHIP?

Absolutely. Ownership is an important principle because, through Ownership and Strategic Representation, transformation is driven from the top down. However, scoring very well on Ownership and poorly on the other broad-based factors of the Scorecard will result in your enterprise having a poor overall BEE score. This will mean that your enterprise will not be favourably considered by procurers when implementing their own Preferential Procurement policies.

15) AS AN EMERGING BLACK ENTREPRENEUR, HOW CAN I BENEFIT FROM THE TOURISM CHARTER?

Your Black Owned or Black Empowered business will be eligible to benefit from Enterprise Development initiatives. Your enterprise will also stand in line to benefit from Preferential Procurement initiatives by procurers.

16) WHAT ADVICE DO YOU HAVE FOR EMERGING BLACK ENTREPRENEURS?

One of the biggest problems with the implementation of Preferential Procurement and Enterprise Development, is that companies seeking to procure from BEE enterprises or to develop black SMME's, do not know how or where to find these SMME's. Various companies, agencies and municipal councils are aware of this networking gap and are developing databases and other tools to bridge this gap, but black or BEE compliant SMME's need to make themselves more visible and more accessible in order to benefit from Procurement and Enterprise Development opportunities. Knocking on doors and marketing your goods and services, pointing out the benefits of scoring BEE points to the prospective customer, is the best way to put yourself in a position to benefit from BEE.

17) HOW WILL IN-HOUSE TRAINING BE MEASURED?

In-house training will count towards an enterprise's Skills Development target provided that it is accredited by THETA. To ensure that your enterprise scores points for in-house training, contact THETA for more information (see contact list at the end of this guide).

18) HOW WILL THE ISSUE OF LACK OF FUNDING OR ACCESS TO FUNDING FOR THE IMPLEMENTATION OF BEE IN SMME'S BE ADDRESSED?

Government has enhanced the mandate of the IDC to emphasise funding for BEE overall. The National Empowerment Fund provides funding for businesses which fall in the revenue bracket of R2 million to R10 million. (www.nefcorp.co.za)

Khula has been set up as a micro-financing unit for small businesses. (www.khula.org.za)

With respect to private sector funding, the Financial Sector Charter compels banks and other funding institutions falling under the ambit of the charter to provide funding for BEE.

13) Useful Contacts

Contact DEAT and TBCSA for more information on the Tourism Charter.

DEAT – Department of Environmental Affairs & Tourism

www.environment.gov.za

Pretoria Office: Fedsure Building, 10th Floor, North Tower, 315 Pretorius St
Tel: 012 310 3911 Fax: 012 322 0082

For the following documents, contact Kelebogile Molopyane at DEAT:

- SMME Business Support Handbook, containing a comprehensive list of contact information relevant to SMME's in the Tourism Sector

- A copy of the Tourism Charter

Tel: 012 310 3427 E-mail: Kmolopynae@deat.gov.za

TBCSA – Tourism Business Council of South Africa

www.tbcsa.org.za

Physical Address: Leriba Lodge, 245 End Avenue, Clubview, Pretoria

Postal Address: P.O.Box 11655, Centurion, 0046

Tel: 012 654 7525 Fax: 012 654 7394 E-mail: tourism@tbcsa.org.za

The TBCSA is the home of TOMSA (Tourism Marketing South Africa). For information on the initiative or on TOMSA levies, contact the TBCSA.

dti – Department of Trade and Industry

www.dti.gov.za

Physical Address: No. 77 Meintjies St., Sunnyside, Pretoria, 0002

Postal Address: Private Bag X84, Pretoria, 0001

Tel: 012 394 1634 Fax: 012 394 2634

Contact: Happiness Majola

Designation: Trade & Industry Advisor on BEE

E-mail: hmajola@thedti.gov.za

Useful Contacts: Provincial Representatives

KwaZulu Natal

Product Development Official: Thomas Mathibela

Tel: 031 366 7500 Fax: 031 305 6693 E-mail: thomas@tourism-kzn.org

Eastern Cape

Product Development Official: Keketso Kostile

Tel: 043 701 9629 Fax: 043 701 9641/22 E-mail: keketso@ecotourism.co.za

Gauteng Tourism Authority

Product Development Official: Tiny Dolamo

Tel: 011 327 2000 Fax: 011 327 7000 E-mail: tiny@gauteng.net

Product Development Official: Mpho Moeti

Tel: 011 340 9000 Fax: 011 327 7000 E-mail: mpho@gauteng.net

North West

Product Development Official: Joseph Akwa/ Aggie Moheta

Tel: 018 397 1500 Fax: 018 386 1158 E-mail: yakwa@nwpg.gov.za /amoheta@nwpg.gov.za

Western Cape

Product Development Official: Linda Mase

Tel: 021 483 4800 Fax: 021 483 4802 E-mail: linda@capetourism.org.za

Western Cape Department of Economic Development & Tourism

Product Development Official: Yumnah Firfirey

Tel: 021 483 5535 Fax: 021 483 3018 E-mail: firfire@pawc.wcape.gov.za

Limpopo

Product Development Official: Xolani Mthethwa

Tel: 015 290 7300 Fax: 015 291 4140 E-mail: mthethwax@mweb.co.za

Free State

Product Development Official: Jack Ntsane
Tel: 051 400 9543 Fax: 051 400 9553 E-mail: ntsanej@dteea.fs.gov.za

Northern Cape

Product Development Official: Yoliswa Sehloho
Tel: 053 830 4821 Fax: 053 831 3668 E-mail: ysehloho@ds.ncape.gov.za

Mpumalanga

Product Development Official: Manelo Mkhonza
Tel: 013 766 4004 Fax: 013 766 4583 E-mail: mmkhonza@nel.mpu.gov.za

Other Useful Contacts: Industry Associations

ASATA – Association of South African Travel Agents

www.asata.co.za

Head Office: (Johannesburg)

Physical Address: 2nd Floor - Middle Wing, Sanlam Arena, Cnr Baker & Cradock Avenues, Rosebank, Johannesburg
Postal Address: P O Box 1234, Saxonwold, 2132
Tel: 011 327-7803 Fax: 011 327-7827
E-mail: general@asata.co.za

Johannesburg International Airport Office:

Physical Address: Domestic Terminal B, South Wing, 4th Floor, Johannesburg International Airport
Postal Address: P.O. Box 1234, Saxonwold, 2132
Tel: 011 390 2953 Fax: 011 970 1683
Telex: 746232 E-mail: adri@asata.co.za
Contact: Adri Moorcroft Hours: Mon-Sun 06h00 – 20h00

Cape Town Office:

Postal Address: P.O. Box 12402, N1 City, 7463, Cape Town
Tel: 021 930 6444 Fax: 021 930 4162
E-mail: asata.cpt@imaginet.co.za
Contact: Shayne Niehaus

Durban Office:

Physical Address: 149 Tern Way, Woodhaven, 4004, Durban
Tel: 031 469 3180 Fax: 031 469 3180
E-mail: durban@asata.co.za
Contact: Josee Schneeberger

SATSA – South African Tourism Services Association

SATSA represents the private sector incoming tourism industry.

www.satsa.co.za

Physical Address: 3rd Floor, Petrob House, 343 Surrey Avenue, Ferndale, Randurg
Postal Address: PO Box 900, Ferndale, 2160
Tel No : 086 12 SATSA or 086 12 72872
Fax No: 011 886-7557 E-mail: pa@satsa.co.za

SATSA Contacts	Jenny Mewett	Office Manager	pa@satsa.co.za
	Diane van Dyk	Financial Department	finance@satsa.co.za
	Carol Purnell	Special Projects	projects@satsa.co.za
	Helen Beverley	Membership Manager	memberships@satsa.co.za
	Patricia Dilotsohle	Administration/Rebate Travel	admin@satsa.co.za
	Ursula Zulu	Member Reviews	memberdata@satsa.co.za
	Marjorie Dean	Communications	communications@satsa.co.za

SATSA has Chapter Secretariats in six of the nine provinces. For a detailed list of Secretariats, please see SATSA's website. Click on "contact SATSA"