

# Amendments in Progress: Compliance for the Tourism Sector

---

- **Compliance Webinar: Dot Connectors in Partnership with SATSA**

# TOPICS TO BE DISCUSSED

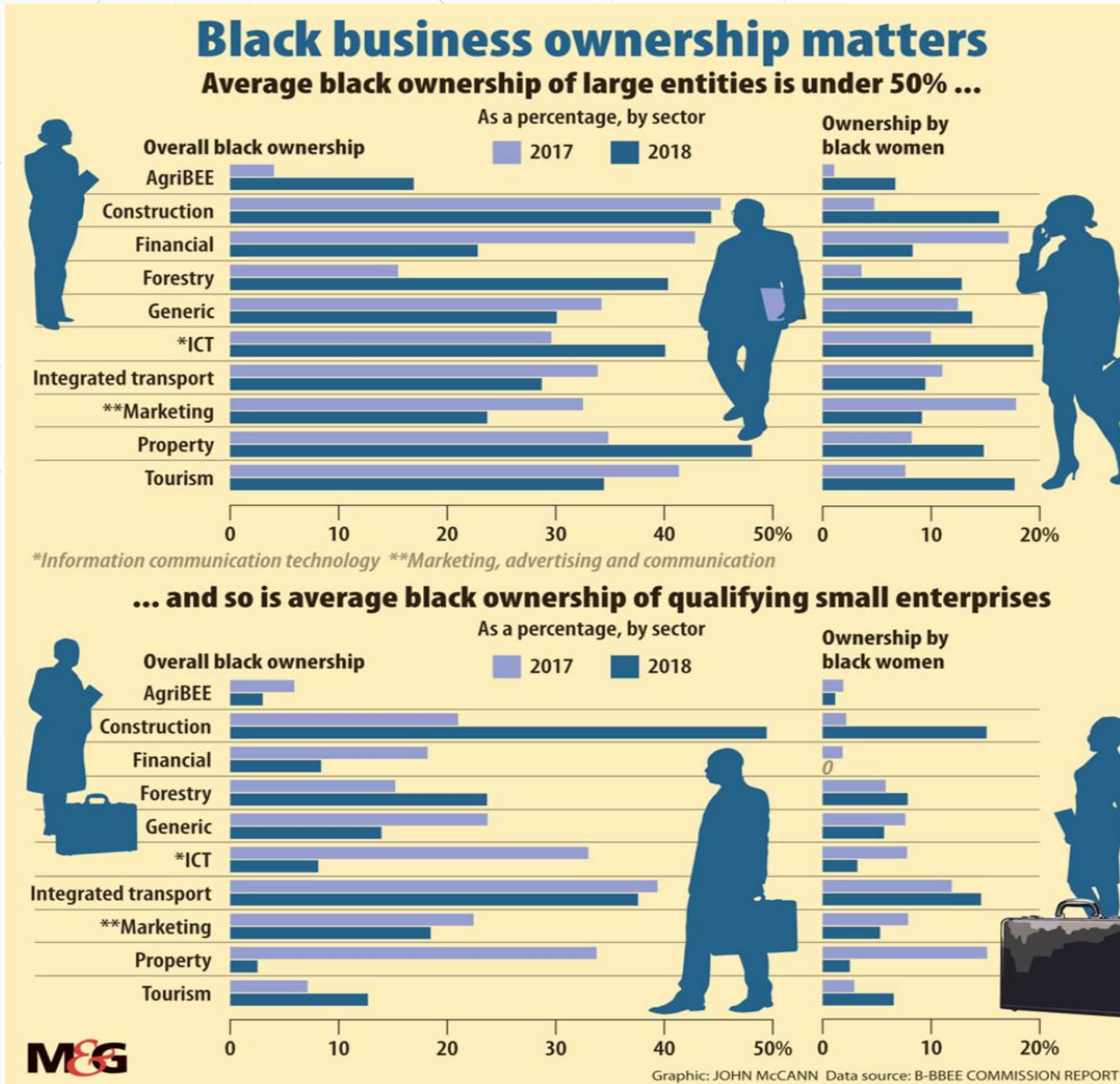
- **BEE Simplified:** Including insights on the new R100 Billion BEE Fund in South Africa
- **Understanding Skills Development Legislation** and available grant opportunities maximising ROI
  -
- **Employment Equity Targets:** Setting and achieving compliance goals

# The Article

The R100 billion Transformation Fund is a proposed initiative in South Africa aimed at promoting economic transformation and addressing historical inequalities in the business sector. It would require large companies to contribute to the fund, with the goal of improving Black South African ownership and participation in the economy.



# The Facts.....



Less Than 50% Black Ownership



# The Stakeholders



**the dtic**

Department:  
Trade, Industry and Competition  
**REPUBLIC OF SOUTH AFRICA**



**NATIONAL  
EMPOWERMENT  
FUND**

Growing Black Economic Participation



dot  CONNECTORS

# Who is the NEF

The **National Empowerment Fund (NEF)** is a South African government agency established to promote and support the economic empowerment of historically disadvantaged individuals (HDIs) in South Africa, particularly in the areas of entrepreneurship and business ownership. It was created in 1998 through the **National Empowerment Fund Act**, with the aim of addressing the legacy of apartheid and supporting transformation in the country's economy.

# Their Impact

**Promoting Black Economic Empowerment (BEE):** The NEF works to facilitate the active participation of historically disadvantaged individuals in the South African economy.

**Entrepreneurship Support:** The NEF supports the growth and development of businesses owned and managed by HDIs. This is achieved through funding, business development support, and advisory services.

**Investment and Financing:** The NEF provides financing solutions to black entrepreneurs, either through equity investments or loans, to enable them to start, grow, or expand their businesses.

**Enterprise Development and Capacity Building:** Apart from financial assistance, the NEF offers support in the form of training, mentorship, and advice to help entrepreneurs succeed in the competitive business environment.

# The NEF's programs include:

**Direct Funding:** Providing capital to black-owned businesses across various sectors.

**Small and Medium Enterprise (SME) funding:** Assisting smaller businesses with growth potential.

**Sustainable Investment Funds:** Supporting businesses with long-term impact and growth prospects.



# The WHY?

## 1. SMMEs in South Africa's Economy:

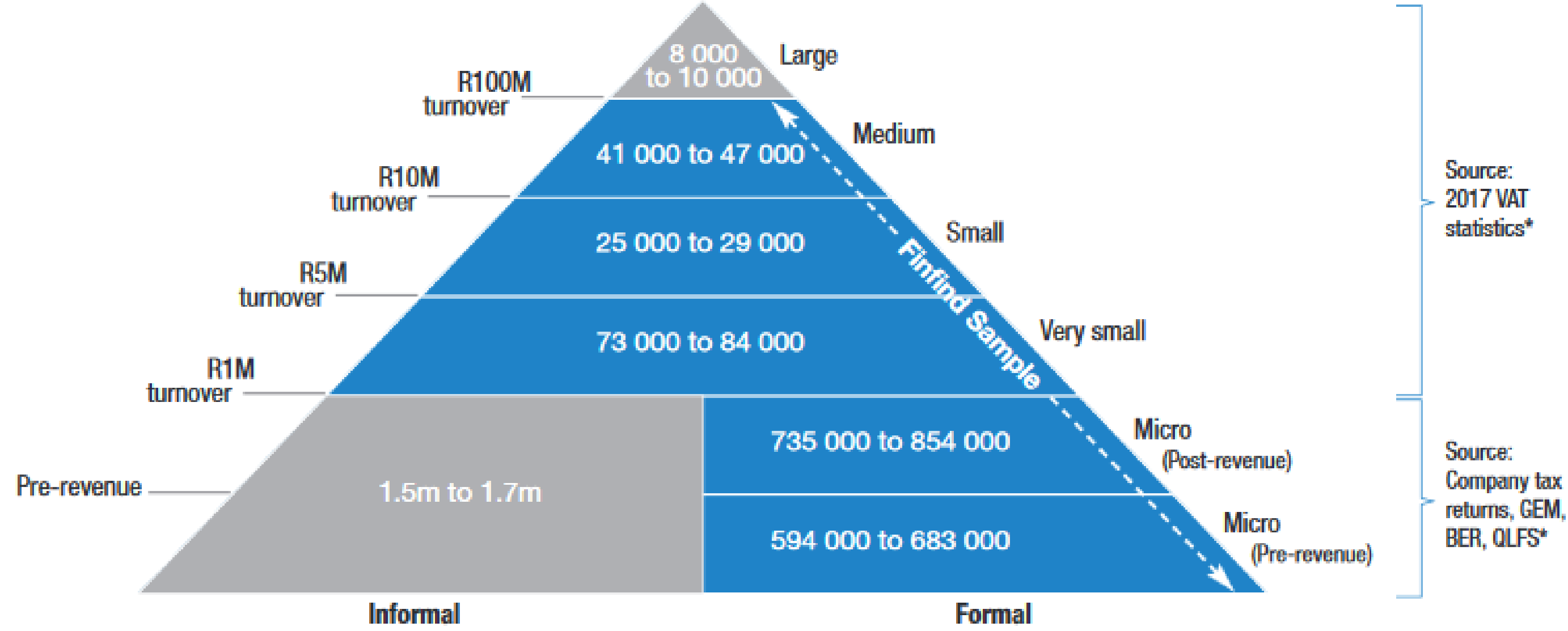
- **Contribution to GDP:** SMMEs contribute around **34%** to South Africa's Gross Domestic Product (GDP).
- **Employment:** They are responsible for **approximately 60%** of employment in the private sector, making them a major source of job creation.
- **Number of SMMEs:** It is estimated that there are over **2.5 million SMMEs** operating in South Africa, though the exact number can vary depending on the source.

# + 2.5M SMME'S... No Way

## ESTIMATING THE TOTAL NUMBER OF SMMES IN SA

Total number of SMMEs: 2.9m to 3.4m (Informal and Formal)

Note: The blue area denotes the Finfind sample.



Source: 2017 VAT statistics\*

Source: Company tax returns, GEM, BER, QLFS\*

Note: The Finfind report is focused on startups and businesses in the formal sector.

# SMME Challenges

- **Access to Finance:** A significant challenge for SMMEs in South Africa is the lack of access to affordable financing. According to the **Small Enterprise Finance Agency (SEFA)**, fewer than **30%** of SMMEs have access to formal financing.
- **Bank Loan Rejection Rates:** Studies indicate that **over 70%** of SMMEs are either denied access to loans or cannot secure adequate funding from banks. A **2020 survey** by the **South African Reserve Bank** showed that **88%** of SMMEs face challenges when applying for loans or credit.
- **High-Interest Rates:** Even when funding is available, the interest rates are often **high**, which creates a barrier for growth. Many small businesses in South Africa are unable to meet the collateral requirements imposed by lenders, further limiting their access to funds.

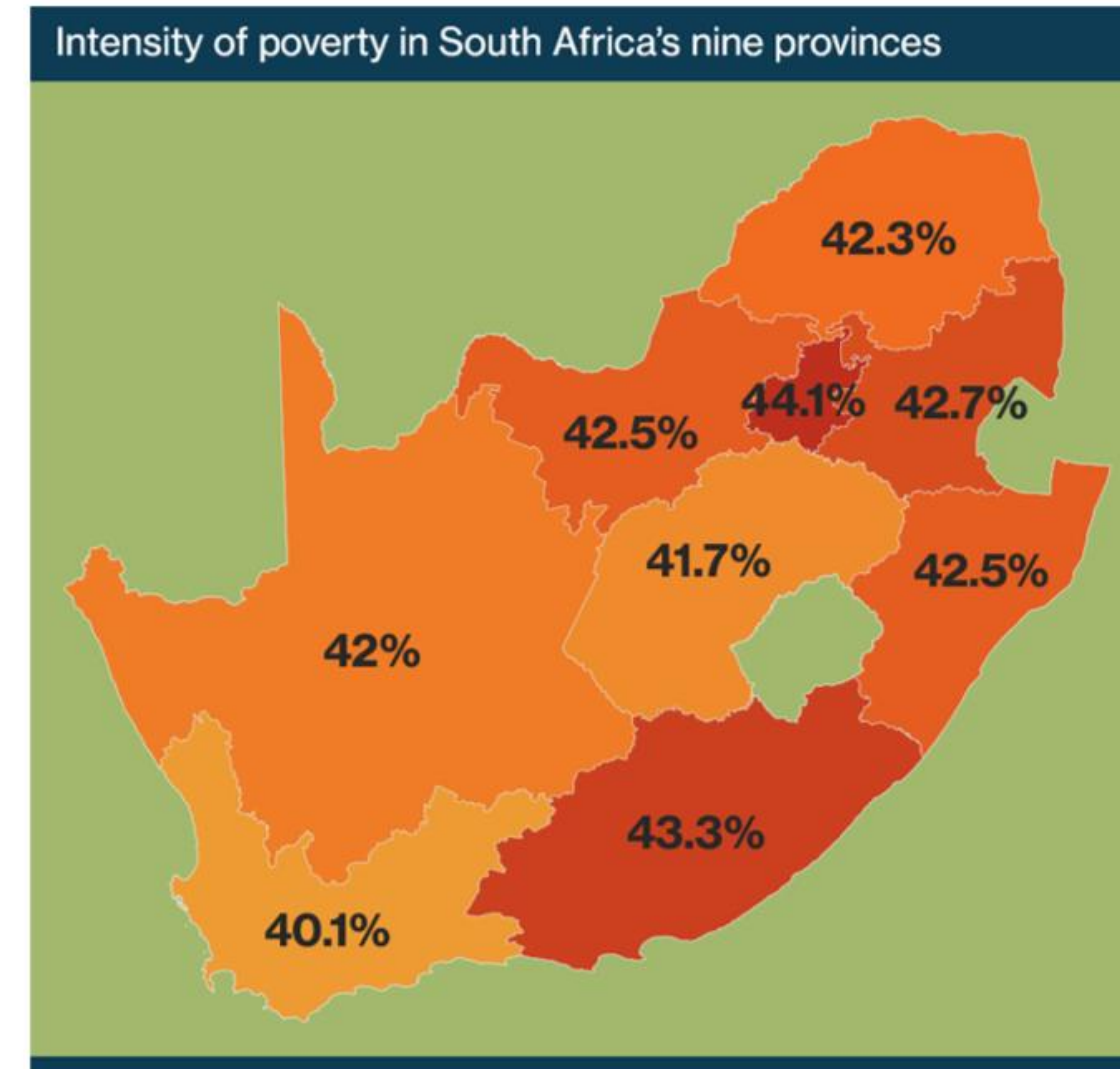
# Impact of Funding Gaps

- **Limited Growth Potential:** Without adequate financing, many SMMEs struggle to expand their operations, invest in technology, hire additional staff, or scale their businesses to reach new markets.
- **High Failure Rate:** It is estimated that up to **75%** of SMMEs in South Africa fail within the first 5 years, with lack of access to funding being one of the primary reasons for failure.
- **Job Creation Limitations:** SMMEs are seen as key drivers of job creation, but without financial support, their ability to scale and provide employment is significantly constrained.

# Is Government Pressured

## The South African Multidimensional Poverty Index

Dimension	Indicator	Deprivation cut-off	Weight
<b>Health</b>	Child mortality	If any child under five in the household has died in the past 12 months.	25%
	Years of schooling	If no household member aged 15 or older has completed five years of schooling.	12.5%
<b>Education</b>	School attendance	If any school-aged child (7 to 15 years old) is out of school.	12.5%
	Fuel for lighting	If the household uses paraffin, candles, "other" or nothing for lighting.	3.6%
	Fuel for heating	If the household uses paraffin, wood, coal, dung, "other" or nothing as fuel for heating.	3.6%
<b>Standard of living</b>	Fuel for cooking	If the household uses paraffin, wood, coal, dung, "other" or nothing as fuel for heating.	3.6%
	Water access	If there is no piped water in the household dwelling or on the stand.	3.6%
	Sanitation type	If the household does not have a flushing toilet.	3.6%
	Dwelling type	If the household lives in an shack, a traditional dwelling, a caravan, a tent or other informal housing.	3.6%
<b>Economic activity</b>	Unemployment	If all the adults (aged 15 to 64) in the household are unemployed.	25%
<b>Total</b>			100%



Each household is scored according to these indicators. If the score is 33.3% or more, the household is living in poverty - they are "multidimensionally poor".

A background network diagram consisting of numerous grey circular nodes connected by thin grey lines, forming a complex web of connections. The nodes are scattered across the page, with a higher density in the lower half.

# **B-BBEE SCORECARD OVERVIEW**

---

A complex network diagram with numerous nodes and connecting lines, rendered in a light gray color, serves as the background for the entire page. The nodes are scattered across the canvas, with a higher density in the upper-left and lower-right areas. The lines connect these nodes, creating a web-like structure.

# OWNERSHIP

---

# OWNERSHIP SCORECARD

	Ownership	Weighting Points	Compliance Target
<b>Voting Rights</b>	Exercisable Voting rights in the entity in the hands of black people	4	25% + 1 Vote
	Exercisable Voting rights in the entity in the hand so of black women	2	10%
<b>Economic Interest</b>	Economic interest in the entity to which black people are entitled	4	25%
	Economic interest in the entity to which black women are entitled	2	10%
	Economic Interest of any of the following black natural people in the measured entity  1.Black designated groups;  1.Black participants in employee share ownership programs;  1.Black people in broad based ownership schemes;  1.Black participants in co-operatives	3	3%
	New entrants	2	2%
	Net Value	8	Refer to Annexure C
<b>Total</b>		<b>25</b>	





# MANAGEMENT & CONTROL

---

# MANAGEMENT & CONTROL SCORECARD

Management Control	Measurement Category & Criteria	Weighting points	Compliance Target
Board Participation	Exercisable voting rights of black board members as a percentage of all board Members	2	50%
	Exercisable voting rights of black female board members as a percentage of all board members	1	25%
	Black Executive Directors as a percentage of all directors	2	50%
	Black female Executive Directors as a percentage of all directors	1	25%
Other Executive Management	Black Executive Management as a percentage of all executive directors	2	60%
	Black female Executive Management as percentage of all executive directors	1	30%

# MANAGEMENT & CONTROL SCORECARD

Management Control	Measurement Category & Criteria	Weighting points	Compliance Target
Senior Management	Black employees in Senior Management as a percentage of all senior management	2	60%
	Black female employees in Senior Management as a percentage of all senior management	1	30%
Middle Management	Black employees in Middle Management as a percentage of all middle management	2	75%
	Black female employees in Middle Management as a percentage of all middle management	1	38%
Junior Management	Black employees in Junior Management as a percentage of all junior management	1	88%
	Black female employees in Junior Management as a percentage of all junior management	1	44%
Employees with disabilities	Black employees with disabilities as a percentage of all employees	2	2%



# SKILLS DEVELOPMENT

---

# SKILLS DEVELOPMENT SCORECARD

Skills Development	Measurement Category & Criteria	Weighting points	Compliance Target
Expenditure	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black people as a percentage of Leivable Amount.	6	3.50%
	Skills Development Expenditure on Bursaries for Black Students at Higher Education Institutions	4	2.50%
	Skills Development Expenditure on Learning Programmes specified in the Learning Programme Matrix for black employees with disabilities as a percentage of Leivable Amount.	4	0.30%
Learnerships, Apprenticeships & Internships	Number of black people participating in Learnerships, Apprenticeships and internships as a percentage of total employees.	6	5%
<b>Bonus Point</b>	Number of black people absorbed by the Measured and Industry Entity at the end of the Internship, Learnership and Apprenticeship programme	5	100%

- WSP/ATR (Workplace Skills Plan / Annual Training Report)
- SETA submission **and** approval
- Implementation of priority skills for black people. Priority skills refer to core, scarce and critical skills that have been identified.
- Development of a trainee tracking tool in order to score points under Absorption

A background network diagram consisting of numerous grey dots (nodes) connected by thin grey lines (edges). The nodes are scattered across the page, with a higher density in the lower half. The overall structure is a complex, interconnected web.

# **ENTERPRISE & SUPPLIER DEVELOPMENT**

---

# ENTERPRISE & SUPPLIER DEVELOPMENT SCORECARD

Enterprise and supplier development		Weighting points	Compliance targets
Supplier Development	Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target	10	2% of NPAT
Enterprise Development	Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target	5	1% of NPAT
Bonus Points	<u>Bonus Point</u> - for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level	1	
	<u>Bonus Points</u> - for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1	

# SOCIO-ECONOMIC DEVELOPMENT

---





# SOCIO-ECONOMIC DEVELOPMENT SCORECARD

- Where more than 75% of the beneficiary group are black, the full value of the contributions will be recogniSable.
- Where less than 75% of the beneficiary group are black, the pro-rata recognition will apply
- Revised Codes - Greater emphasis on contributions that facilitate sustainable participation in the mainstream economy

## Target - 1% of NPAT

- Contribution types:
- Socio Economic Development contributions can be:  
Monetary or non-monetary

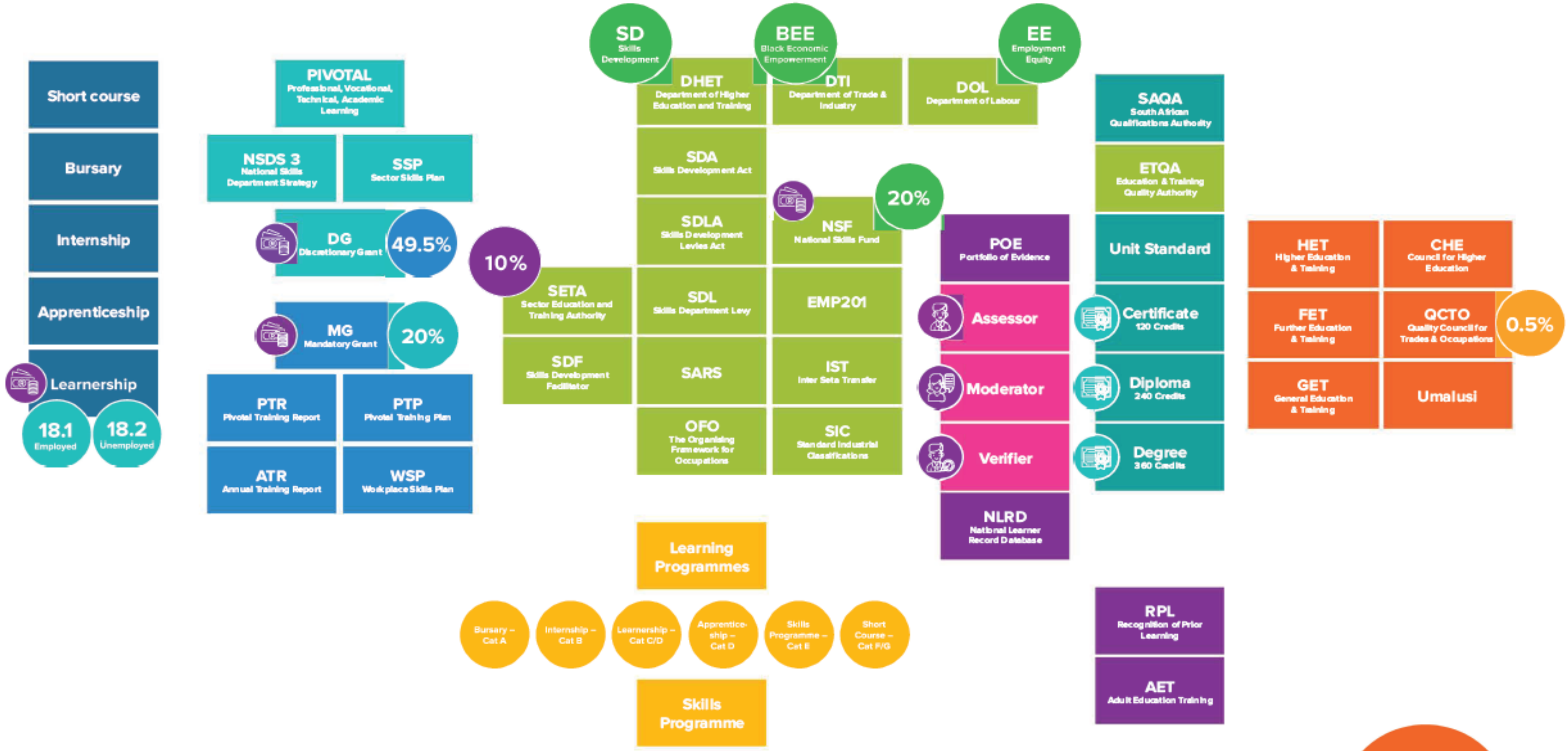


# THE SKILLS DEVELOPMENT LANDSCAPE

---

The Skills Development (SD) landscape plays a crucial role in equipping individuals and organisations with the necessary skills for economic growth and sustainability.

# SKILLS DEVELOPMENT LANDSCAPE SUMMARY



10% + 49.5% + 20% + 20% + 0.5% = 100% of the 1%SDL

# MANDATORY GRANTS

---

**Mandatory Grants (MGs)** provide financial incentives to employers who contribute to the Skills Development Levy (SDL) to encourage skills development and training within their organisations. These grants are disbursed by SETAs based on compliance with specific requirements.

# MANDATORY GRANTS

## Key Features:

- Available to employers registered for SDL and compliant with reporting requirements
- Support for workplace-based learning, apprenticeships, and employee training program
- Require submission of an approved Workplace Skills Plan (WSP) and Annual Training Report (ATR)
- Funding is determined by the employer's SDL contributions and SETA guidelines

# MANDATORY GRANTS



## Impact of Mandatory Grants:

- MGs help businesses offset training costs, improve workforce capabilities, and ensure alignment with industry standards.
- Companies utilising MGs benefit from structured skills development programs, leading to enhanced employee performance and business competitiveness

# DISCRETIONARY GRANTS

---

Discretionary Grants (DGs) provide financial support to organisations for skills development initiatives and are allocated based on specific criteria set by the SETA's.

# DISCRETIONARY GRANTS

## Key Features:

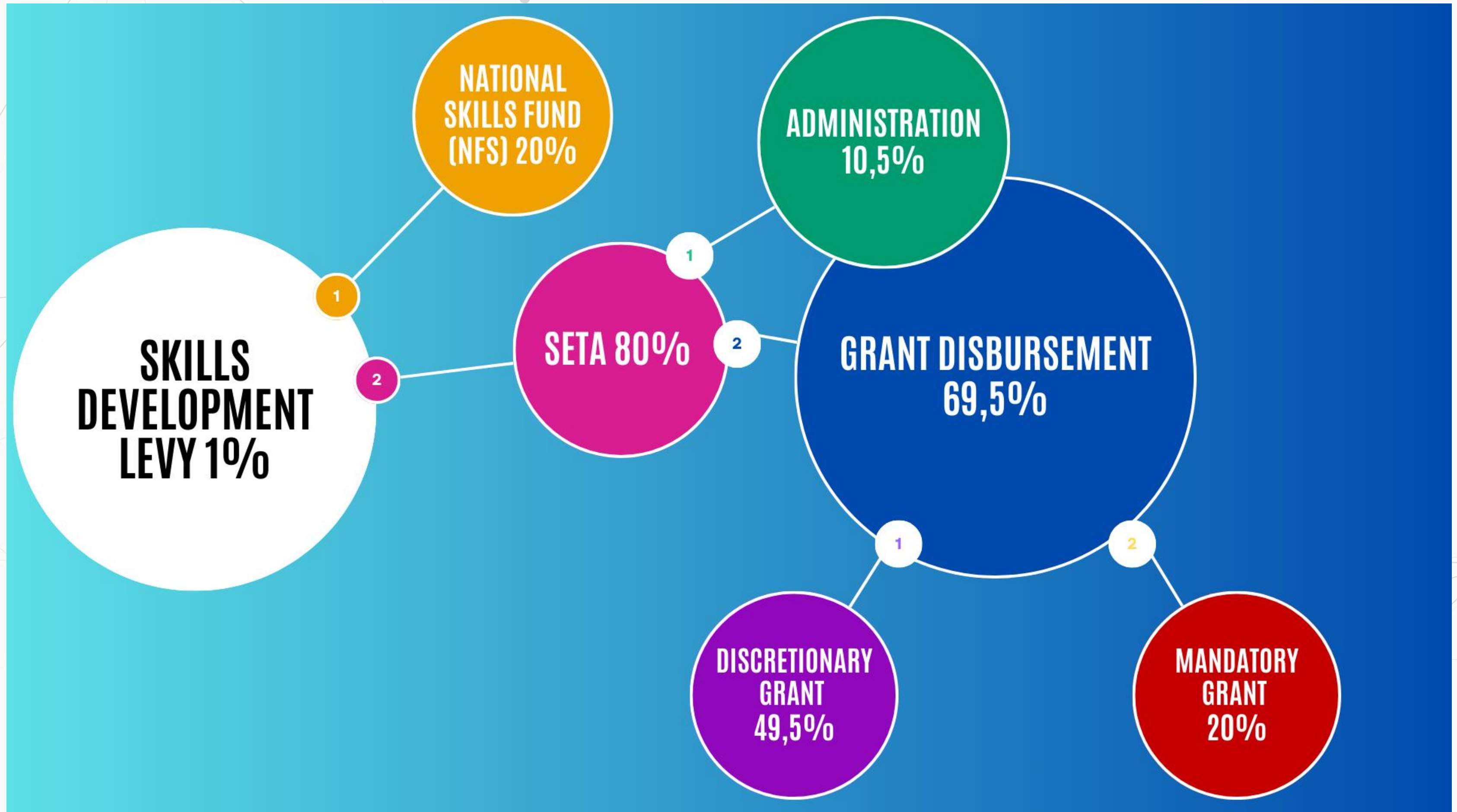
- Available to businesses, non-profits, and educational institutions
- Support for training, upskilling, and workforce development projects
- Require detailed compliance and accountability measures
- Application processes vary based on funding agency and industry needs

## Impact of Discretionary Grants:

- DGs empower organisations to enhance workforce skills, drive innovation, and promote career development.
- Case studies show that companies leveraging DGs report improved employee productivity and compliance success.



# SKILLS DEVELOPMENT LEVY DISTRIBUTION



A background network diagram consisting of numerous grey dots connected by thin grey lines, forming a complex web of connections. The dots are scattered across the page, with a higher density in the lower half.

# COST SAVINGS IN THE SKILLS DEVELOPMENT LANDSCAPE

---

- Effective skills development initiatives can lead to **significant cost savings for organisations** while ensuring workforce growth and compliance.

# KEY COST-SAVING OPPORTUNITIES

- Government Incentives & Tax Rebates: Financial benefits for implementing skills development programs.
- Reduced Employee Turnover: Skilled employees contribute to long-term retention and productivity.
- Training Partnerships: Collaborating with educational institutions to reduce training costs.
- Automated Learning Platforms: Cost-effective digital learning solutions.



# EMPLOYMENT EQUITY TARGETS

---

- Setting Employment Equity Targets

# SETTING EMPLOYMENT EQUITY TARGETS

- **Workforce Analysis:** Assessing current workforce demographics.
- **Gap Identification:** Identifying areas where representation is lacking (e.g., gender, race, disability).
- **Industry Benchmarks:** Aligning targets with sector-specific expectations and national demographics.
- **Stakeholder Involvement:** Collaborating with management, employees, and unions in target-setting
- **Formulating Corrective Measures:** Implementing change based on EE Objectives set



Thank you!

---