

the **GAUTENG**
BUSINESS OF TOURISM



START A B&B OR A GUESTHOUSE

TOURISM



1. DEFINITIONS

A BED and BREAKFAST establishment (B&B) is an informal, periodic accommodation operation undertaken from a private dwelling. The maximum number of guest bedrooms in a B&B is three.

A GUESTHOUSE is a commercial accommodation establishment offering between 4-16 bedrooms, which has as its primary source of business the supply of tourist accommodation. Breakfast and dinner are made available to guests, particularly where the latter is not readily available in the vicinity of the establishment.

2. POLICY

- A minimum of 50% of lettable rooms is to be maintained for private home use (Breakfast is the only meal which needs to be served to guests).
- The predominant land usage i.e. a residential dwelling, and the residential character of the home are to be maintained (The size of the house and size of the land is to be taken into consideration, and negative impact controlled. This is at the discretion of the Local Council).
- The minimum facilities to be provided to all guests are:
 - a bedroom.
 - access to a bathroom and toilet, separate to that of the hosts.
 - a dining room area where breakfast is served.
 - All facilities and breakfast are for the sole use only of overnight, registered guests.
 - Utilisation of the owner's garden or any other facility in the home, by the guest, is at each owner's discretion.
 - No kitchen facility will be provided to guests in the lettable room; only one kitchen facility per dwelling unit is permissible.
 - One off-road parking space, per lettable room, is to be provided, or at the discretion of the Local Council.
 - It is compulsory to have a fire extinguisher in the kitchen, which is to be tested regularly, to ensure the safety of guests at all times.

•On making application to establish a B&B, the following steps should be taken:

- Neighbours are to be advised about the proposed business.
- Any objections received from neighbours must be motivated by the person objecting (complainant). A Special Consent application can then be made in terms of the Development and Planning Act, by the owner, to the Local Council.
- For Group Housing/Cluster Area Applications, the owner is to obtain consent from the Body Corporate or the Home Owner's Association, prior to submitting an application to the Local Council.
- Title deed conditions/ restrictions become applicable only when the predominant use of the land is other than that of the current usage.
- Road and directional signage is to be in line with the existing character of the locality, and to adopt the signage policy of the Local Council, or any other regulations that exist. Signage erected on State roads in rural areas will be subject to policy of the Provincial Department of Transport.
- Neon lighting shall be in line with the existing character of locality, and to adopt the policy of the Local Council, or any other regulations that exist.
- Bylaws of the Local Council regarding noise shall be adhered to and the environment and general area be preserved and kept in good condition.
- The rates base on the property concerned will not change for typical B&B establishments, however, should the establishment require rezoning, the rates base will change. This will be at the discretion of the Local Council.

3. LAND AND PLANNING ISSUES

3.1 Available Space

You need to ensure that you have enough space to cope with the number of people you wish to accommodate.

3.2 Amenity Value

The following questions should be asked:

- Is the site you have chosen quiet enough for people to sleep undisturbed?
- Are the street surrounds well kept and maintained?
- Is the site free from unpleasant odours?

3.3 Accessibility / Roads

Is the site easy to find for people using their own transport or using public transport?

The Local Council has controls for the erection of any signs. If new access onto streets is needed, the Local Council will usually construct them, at the cost of the developer. Permission must be obtained from the Provincial Department of Transport to construct new access points onto main roads outside of Local Council areas.

4. LEGAL REQUIREMENTS

4.1 Land Use Zoning

Approach the Local Council to establish whether the Town Planning Scheme permits the activity on the site you have chosen.

The establishment of a new enterprise in which the present use is substantially changed may require a scoping report to be prepared in terms of the National Environmental Management Act (107 of 1998).

In the case of the establishment of a guesthouse, Special Consent in terms of the Planning and Development Act (5 of 1998) must be obtained from the Local Council prior to establishment.

4.2 Licensing and Registration

Approach the Town Planning Department of the Local Council for permission to go ahead with your plans. Once permission has been obtained, register with the Regional Council.

If the enterprise includes the sale of perishable food, then a trading licence must be purchased from the Business Licencing Department of the Local Council.

Your B&B or Guesthouse should also be accredited by Gauteng Tourism Authority (GTA)

4.3 Regulations and By-Laws

Your application for a trading licence will be circulated by the Local Council to the Health, Fire and Building inspectors, the Town Planning Department, and in some cases the Development Services Board (DSB). These bodies will ensure that your plans comply with their regulations before the application can be approved.

4.4 Other Legal Requirements

If you wish to erect a road sign in the road reserve area (as distinct from your own property) and advertising your business, then you need approval from:

- Department of Transport in the case of national roads;
- the Facility Signs Committee in the Provincial Department of Transport in the case of secondary roads;
- the Local Municipal Engineer in the case of local roads within a Local Council area.

5. BUSINESS ISSUES

5.1 Structure of Your Business

You may be registered as a Sole Proprietor, or your business may be registered as a Private Limited Company (Pty) Ltd Company, or Close Corporation (cc). Chambers of Commerce, Gauteng Tourism Authority (GTA) and Gauteng Enterprise Propeller (GEP) are good contact to obtain details of organisations that can give advice on the structuring of your business. Advice may also be obtained from Business Advice Centres.

5.2 Grading of the B&B/Guesthouse

Grading your business is the most important step, that is applicable, as soon as your B&B/Guesthouse starts to operate. These are the benefits of grading your B&B/Guesthouse;

- Graded establishments have the right and are required to display the Grading Council plaque outside their premises and the certificate inside their premises to display their star rating and indicate that they meet or exceed the Grading Council's requirements.
- Graded establishments may use the Grading Council logo (star) in all their marketing collateral.
- All graded establishments will be listed on the Tourism Grading Council website with the following details: name of establishment, contact person, telephone and fax number, category, address, email address and web-site details with link to establishment's website for reservation purposes.
- All graded establishments get a free listing in the annual TGCSA Accommodation Guide and advertising is also available. The TGCSA Accommodation Guide is the only accommodation guide distributed by SA Tourism via its call centre and offices worldwide, conference venues are listed in the Accommodation Guide.
- South African Tourism endorses and uses star graded establishments ahead of non-graded establishments as listed on the official South African Tourism website www.southafrica.net.
- Grading assists organisations in positioning their products.
- All government departments are required to procure accommodation from graded establishments only.

Visit the Tourism Grading Council of South Africa (TGCSA) for more information on how to get your accommodation graded. www.tourismgrading.co.za

5.3 Managing Your Business

Management of your business will involve:

- a decision on the types and packaging of services;
- bookkeeping and accounting;
- arrangement of VAT and taxes;
- record-keeping for your own records, for advertising reasons and for tax purposes;
- taking and managing bookings from clients;
- employment and labour conditions which includes employment equity, labour unions and conditions of employment;
- training of staff : it is vitally important that staff are trained in customer care and to be professionals in their field; and
- insurance cover which includes both security and public liability.

5.4 Marketing and Advertising

Marketing and advertising may be done through a variety of mediums such as printed brochures, internet, television and word of mouth. Gauteng Tourism Authority should be approached to enter your business into Tourism Assets database.

GTA, Ekurhuleni, Johannesburg and Tshwane metropolitan tourism information centres, West Rand, Sedibeng and offices, should be approached to help disseminate your marketing material, also they can advise on other marketing opportunities available relating to your businesses.

Any brochures produced should include an easily readable map of location (if you have an office) to show clients the way to your premises.

Other Requirements

- It is important that your business is registered with GTA and GEP.
- Membership of SATSA (Southern Africa Tourist Services Association) is advisable to ensure that minimum standards are adhered to. Membership of SATSA can be used as a marketing tool and provides tourists with an assurance that certain standards are being maintained. The requirements for membership of SATSA are available at www.satsa.co.za
- The criteria set out in South African Tourism's voluntary grading system which has been established in terms of the Tourism Act (72 of 1993) are also useful as practical guidelines for achieving a specific standard of service. Participation in the grading system provides a good marketing tool and ensures a high level of service. Booklets may be obtained from Tourism Grading Council of South Africa (TGCSA) which outline the minimum standards required for the grading. www.tourismgrading.co.za

5.5 Financial Record Keeping

Good record keeping systems provide information for managing finances. The key items in record keeping include;

- Original records e.g. keeping your sales slips, receipts, invoices etc.;
- Journals which record the details of every transaction in chronological order e.g. the cash book;
- Ledger where information obtained from journals is made more useable;
- Trial balance is a list of all ledger accounts balances taken out to prepare financial statements;
- Financial statements:
 - Income statement
 - Balance sheet

The minimum requirements for a small business operation are:

- Cash book
- Cash control Systems
- Assets Register
- Debtors Record
- Creditors Record.

5.6 Budgeting

Budgets are based on past experience current state of affairs and future expectations. Budgets will help provide an estimate of financial requirements in the execution of plans in the business operation. Kinds of budgets include:

- Sales budget: a forecast of expected monthly income
- Materials budget: expected purchases
- Labour budget: expected remunerations and numbers of workers
- Capital budget: expected fixed assets expenditure e.g. machinery, land etc
- Cash budget: expected working capital requirements over a specific period.

5.7 Tariffs Structures

Tariffs should be based on those of your competitors and a detailed analysis of income and expenditure for the proposed operation. Research will therefore be needed in order to set realistic tariffs. Advices on how to set your tariffs competitively may be obtained from;

- GTA- Ekurhuleni, Johannesburg and Tshwane Metropolitan - Tourism Information Centres- Sedibeng, and Information Centres.

6. FINANCIAL ISSUES

6.1 Financing your business

The Department of Trade and Industry provide limited subsidy for certain small and medium sized enterprises in the Tourism field.

Gauteng Tourism Authority may be approached for advice on potential funders.

6.2 Business Plan

Loan organisations (like banks) normally require a comprehensive Business Plan to be prepared in applying for a loan.

This Business Plan should include:

- business analysis
- financial forecasts; based on rational assumptions and experience
- budgeting guidelines
- schedules determining the amount and kind of finance most appropriate for the business
- details on proposed financing sources
- useful information about the planned business which will aid decision making by the loan organisation.

Assistance to draw up a business plan, can be obtained from:

- GTA and GEP
- Business Advice Centres,
- You may employ Consultants to advise you or to draw your Business Plan with you. This would be at your own expense. The GTA could give you a list of such persons to assist you.

IMPORTANT CONTACTS

Gauteng Tourism Authority
11th Floor
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Tel:011 085 2500
www.gauteng.net

Dep of Sport, Arts, Culture and Recreation
NBS Building 7th Floor, 38 cnr Rissick and
Market Street, Johannesburg
Tel: 011 355 2504
Fax: 011 333 4319

Gauteng Enterprise Propeller
124 Main Street
6th Floor
Marshalltown
Tel:011 085 2001
www.gep.co.za

Department of Trade and Industry
Physical address:77 Meintjies Street,
Sunnyside, Pretoria, 0002
Tel:0861 843 384

Joburg Tourism Company
Ground Floor, Grosvenor Corner
195 Jan Smut Avenue, Parktown North
Johannesburg
Tel:011 214 0700

Tshwane Tourism
Old Nederlandsche Bank Building
Church Square
Pretoria
Tel:012 358 1430

Ekurhuleni Tourism
Corner Hendrick Potgieter Road and
Van Riebeeek Avenue
Edenvale
Tel:011 999 3327

West Rand District Municipality Centre
Corner ixth and Park street
Randfontein
Tel:011 411 5155

Sedibeng District Municipality
471 merrimen Street
House & Home Building
Vereeniging
Tel:016 450 3317/ 016 450 3316

TEP(Tourism Enterprise Partnership)
3rd Floor Travel House
6 Hood Avenue, Rosebank
2121
Tel:011 880 3790

South African Tourism Service Association
(Satsa)
3rd Floor, Petrob House, 343 Surrey Avenue
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