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**MINISTRY OF TOURISM**

**REPUBLIC OF SOUTH AFRICA**

Private Bag X424, Pretoria, 0001, South Africa. Tel. (+27 12) 444 6780, Fax (+27 12) 444 7027

Private Bag X9154, Cape Town, 8000, South Africa. Tel. (+27 21) 469 5800, Fax: (+27 21) 465 3216

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**NATIONAL ASSEMBLY:**

**QUESTION FOR WRITTEN REPLY:**

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 **Mr G R Krumbock (DA) to ask the Minister of Tourism:**

 (a) What percentage of small, medium and micro enterprise bed and breakfast establishments are currently owned by black entrepreneurs, (b) how is the percentage expected to change by the end of the (i) 2017-18, (ii) 2018-19 and (iii) 2019-20 financial years and (c) what amounts has her department allocated in the 2017-18 to 2019-20 medium term expenditure framework to accelerate transformation in this segment of the industry? NW1542E

 **Reply**

1. The total number of Bed and Breakfast (B&B) establishments in the country is currently unknown and so is the demographic information about them. However, through the grading system, 884 B&B establishments were graded as of 31 May 2017. Furthermore, updates of the National Tourism Database, which currently relies on voluntary updates by establishments, indicates that an additional 29 B&B establishments which were not graded also updated their information.

 The department recognises the need for a comprehensive database that is not solely dependent on the updates from establishments in order to support planning, growth and development of the tourism sector. In this regard, the Department, working with Provinces; Department of Cooperative Governance and Traditional Affairs; Municipalities; Industry and other related agencies is embarking on a process to build a comprehensive tourism database for the country through a “census” of establishments during the current financial year.

1. (i),(ii) & (iii) There is no forecast on the increase of Bed & Breakfast establishments in the country. The department’s initiatives in the form of enterprise development support as well as capital and other incentives are aimed at growing existing and start-ups businesses with the aim to increase participation of black enterprises in the tourism sector. However, as government, our responsibility is to create a conducive environment and appropriate support mechanisms to enable entrepreneurs to succeed.
2. What amounts has her department allocated in the 2017-18 to 2019-20 medium term expenditure framework to accelerate transformation in this segment of the industry?

 Small enterprise development and sector transformation are central to most of the department’s programmes. The following budget allocations have been made to specific programmes that focus on enterprise development, market access support, capital investment (i.e. Tourism Transformation Fund) and energy efficiency retrofitting (i.e. Green Tourism Incentive Programme) over the 2017-18 to 2019-20 medium term expenditure framework. These programmes would contribute to sector transformation.

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| **Programme** | **Estimated budget allocation (‘000) over medium term expenditure framework (MTEF) period** |
| **2017/2018** | **2018/2019** | **2019/2020** |
| Enterprise Development | 17 882 | 16 420 | 14 361 |
| Market Access Support (international) |  13  000\* |  15 318\* | 13  125\* |
| Market Access Support (Hidden Gems) |  13  000\* |  15 318\* | 13  125\* |
| Tourism Transformation Fund (TFF) - in collaboration with NEF. |  40  000\*\* |  40 000\*\* |  40 000\*\* |
| Green Tourism Incentive Programme (GTIP) - in collaboration with IDC) |  30 000\*\* |  45 000\*\* | 67 500\*\* |

**\*** *Allocation estimate in line with Estimates of National Expenditure*

***\*\**** *Provisional allocation in line with memoranda of agreement with the relevant development finance institution –*

 *amounts may increase or decrease dependant on programme uptake and availability of funds*

 The eligibility and qualifying criteria included in the programme guidelines for the market access support and the energy efficiency retrofitting (i.e. GTIP) programmes gives preference to, and offer increased benefits to small and transformed enterprises. The incubator initiatives under the enterprise development and capital investment (i.e. TTF) support programmes specifically focus on black owned enterprises.

 It is further important to note that the TTF that will be administered by the National Empowerment Fund (NEF) is a dedicated support mechanism aimed at unlocking investment by black investors in the tourism sector. The department’s contribution of R120 million over the MTEF period will serve as a grant component. This will be complemented by equal contributions of R120 million in debt finance and R120 million in equity contributions from the NEF over the same period. Through the collaboration with NEF, the total value of the Tourism Transformation Fund will therefore be R360 million over the MTEF period.