**MEDIA STATEMENT**

**TOURISM COMMITTEE WELCOMES THE TOURISM EQUITY FUND**

**Parliament, Tuesday, 16 February 2021** – The Portfolio Committee on Tourism, (National Assembly), today welcomed the briefing by the Department of Tourism (DOT) and Small Enterprise Finance Agency (SEFA) on the Tourism Equity Fund (TEF) and thereafter, received an analysis of the State of the Nation Address on issues relevant to the tourism sector.

The Minister of Tourism, Ms Mmamoloko Kubayi-Ngubane, in her opening remarks, clarified to the committee that the Tourism Equity Fund was not a relief fund but a transformation fund designed to transform and bolster the tourism sector. She also informed the committee that the department will defend any action brought against it by AfriForum and Solidarity with regard to the criteria for the rollout of the fund. The TEF is a R1.2 billion fund with R540 million coming from the department over the next three years, whilst the balance of R594 million will come from the major banks in South Africa, with a contribution of R120 million from SEFA.

Mr Martin Mahosi of SEFA informed the committee of the criteria required for applications and advised that up to a maximum of R20 million in grant funding can be made available to an applicant provided that there is capital projection, job creation and a focus on villages, townships, small dorpies, struggle and heritage tourism, amongst others. There is also a need for the grant funding to be geared towards people with disabilities and the youth. SEFA informed the committee that it has a target to create 5 016 jobs in the tourism sector through grant funding.

The committee raised it concerns that transformation should be biased towards emerging enterprises (start-ups) in villages, townships and small dorpies (VTSDs) as unemployment, poverty and inequality is more prevalent in these areas. Start-ups require as much assistance as established businesses. In order to reach the 51% of black ownership or managed qualification criteria in the tourism sector, funding opportunities must take cognisance of the fact that start-ups will require assistance in the application process, and therefore the department and SEFA must ensure that there is a mechanism in place to remove unnecessary red tape which will exclude these businesses in the application process.

Another concern raised is that the TEF has a grant and loan element and given the current economic situation and slump in the tourism economy, some beneficiaries may struggle to repay the loan element and this is a possible risk especially for businesses in the VTSDs. The department and SEFA should take cognisance of this and explicitly outline the process to be followed when beneficiaries default on loan repayments to avoid the risk of the banks repossessing properties that have been partly funded through taxpayers’ money.

**ISSUED BY THE PARLIAMENTARY COMMUNICATION SERVICES ON BEHALF OF THE ACTING CHAIRPERSON OF THE PORTFOLIO COMMITTEE ON TOURISM, MS LUSIZO SHARON MAKHUBELA-MASHELE.**