



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

MEDIA STATEMENT

30 January 2021

**OBSTRUCTION TO TRANSFORMATION UNFORTUNATE: MINISTER KUBAYI-
NGUBANE**

Three days after President Cyril Ramaphosa successfully launched the Tourism Equity Fund (TEF), the Minister of Tourism has received a letter from attorneys representing Solidarity and Afriforum in which both organisations are tacitly threatening legal action against the criteria that will be used to award funding to applicants.

In the letter received on Friday, 29 January 2021, they demand confirmation by no later than Tuesday, 2 February 2021, that the operationalisation of the TEF be suspended claiming “it is exclusive on the basis of race, and discriminates without any legal or justifiable basis”.

It is not the first time that Solidarity and Afriforum have brought legal action against the Department in an attempt to stifle transformation. Last year, these two organisations lost numerous court bid to challenge the implementation of the COVID-19 Tourism Relief Fund.

Once more, both organisations are questioning the legality and rationality of the 51% black owner/managed qualification criteria for the fund, suggesting that it deviates materially from the provisions of the Broad-Based Black Economic Empowerment (B-BBEE) Act, read with the Tourism Code. The Code prescribes a formula of allocating points for B-BBEE compliance.

The Minister is currently considering the letter and will respond in due course. She is further encouraged by the interest already shown in the fund and has called for enterprises who qualify to continue to apply and expresses such intentions to SEFA.

We wish to emphasize yet again that B-BBEE was never designed to exclude established businesses or South Africans but to level the playing field in the economy. As government, we remain steadfast in our commitment to advancing the

transformation agenda through creating equitable opportunities, as we strive to create an inclusive and revived tourism economy as part of our country's economic reconstruction and recovery plan.

The fund, established by the Department of Tourism in partnership with the Small Enterprise Finance Agency (SEFA) an entity by the Department of Small Business Development, is a mechanism to provide a combination of debt finance and grant funding to facilitate equity acquisition as well as new project development in the tourism sector by black entrepreneurs.

Working together with the private sector, in particular commercial banks, we believe the fund will go a long way towards crowding in investments in the tourism sector and the diversification of tourist attractions in South Africa.

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