



**MINISTRY OF TOURISM
REPUBLIC OF SOUTH AFRICA**

**Remarks by the Minister of Tourism, Minister Mmamoloko Kubayi-Ngubane, at Virtual
Tourism Equity launch**

26 January 2021

Programme director

HE President Cyril Ramaphosa, President of the Republic of South Africa

Deputy Minister Mr. Fish Mahlalela

Minister of Small Business Development, Ms. Khumbudzo Ntshavheni,

Mr Sandile Zungu, President of the BBC

Members of Portfolio Committee on Tourism led by Chairperson Hon Mahumapelo

Members of Select committee on Trade and Industry, Economic Development, Small Business

Development led by Chairperson Hon Rayi

MECs present

Social partners at NEDLAC, leaders of BUSA, COSATU and Civil Society

Distinguished Business Leaders

Leaders of various tourism organisations that have joined us

Ladies and gentlemen

Good Afternoon

Let me begin by welcoming everybody to this important virtual launch of the Tourism Equity Fund and thank everyone for joining us today to mark this critical milestone in the tourism sector. We are gathered here to launch the Tourism Equity Fund which has been established by the Department of Tourism, in partnership with the Small Enterprise Finance Agency, which falls under the Department of Small Business Development.

The Tourism Equity Fund is a dedicated fund that will 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. In this partnership, the fund will be managed by sefa on behalf of the Department of Tourism over the initial three-year period of which after that we will evaluate to improve the fund. During this three-year period, the Department of Tourism will capitalise the fund with an amount of R540 million. The funding from the Department will be matched with a contribution of R120 million from sefa and R594 million from commercial banks that will be participating in this programme. This combination will put the value of the Tourism Equity Fund at just over R1.2 billion.

The tourism sector in South Africa is largely private sector owned and driven, and its contribution to the South African economy has grown tremendously since the 1994 democratic breakthrough. In addition to the beautiful landscapes, the long coastline and the wildlife, South Africa is also endowed with a rich biodiversity and a cultural diversity that makes South Africa one of the world's most sought after tourism destination. This is because these endowments combine to make South Africa's tourism attractions more diverse than other tourist destinations.

The private sector has done an excellent job in developing and investing in the sector to turn our natural endowments into economic assets for the country. However, much remains to be done to stimulate new investments and to fully exploit the potential that is still unexplored in our country's tourism sector. The outbreak of the COVID-19 pandemic that brought the tourism sector to a grinding halt for most of last year and still continues today, has reduced the number and diversity of tourism attractions. Throughout this period, the sector has experienced great difficulties, however, the sector has also shown admirable resilience.

In responding to this devastation of the sector by the pandemic, government made a commitment that it will contribute to the rejuvenation of the supply side of the tourism market. We believe that to deepen the diversification of the tourist attractions, we also have to pay attention to the diversification and transformation of the sector in terms of ownership and management control. Broadening participation in the tourism sector to South Africans of all races, ages and genders can only enrich the tourism sector to be more competitive and sustainable in the long run. As South Africans, we know and understand that our diversity is our strength and it is only when this diversity expresses itself in all spheres of our lives that we will be able to reap its benefits. The journey towards a transformed society is not an easy one as we have witnessed in past 25 years. However, collectively we should never abandon the task of building a non-racial society in which equitable distribution of resources and opportunities is a fundamental part. In this journey we must always recall the words of former President Mbeki when he used the metaphor of a Comrades Marathon and said: "Those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is still too long, the inclines too steep, the loneliness impossible to bear and the prize itself of doubtful value."

It is in this context that we believe the launch of the Tourism Equity Fund is timely and necessary. Though the conceptualisation of the fund preceded the pandemic, as it was announced by the President in the 2020 State of the Nation Address, the fund is timely in that it will be instrumental in helping in the recovery and the reconstruction of the sector after the devastating impact of the pandemic. It is necessary because not only will this fund help us to crowd-in private sector investment in the rejuvenation of the supply side of the tourism market, but it will also help to transform the sector in terms of ownership and make the sector more inclusive. It is envisaged that the fund will seek to achieve the following objectives:

- Fund commercially viable and sustainable majority Black owned tourism enterprises with a minimum of 51% black ownership including enterprises in rural areas and townships, to help create jobs, alleviation of poverty, fight inequality and promote growth of black controlled tourism enterprises.
- De-risk the funding provided to tourism enterprises through patient capital that will ease the debt repayment ability of black controlled enterprises.
- Facilitate the participation of targeted groups such as women and youth in the priority tourism sectors as defined by the B-BBEE sector codes.

I am also excited to announce that today we are also opening the call for proposals from entrepreneurs who have projects that need funding. The team is ready to receive proposals and get the programme rolling. The details of the requirements and where to send proposals will be published on various media platforms.

I would like to thank the Minister of Small Business Development, Minister Khumbudzo Ntshavheni and the leadership of sefa, the board and the executives, for agreeing to be our partner and working with us to make this fund a reality. Let me also thank the team in the Department of Tourism that worked tirelessly to meet the deadlines in preparation for today's launch.

Most importantly, I would like to thank His Excellency the President for not only launching this fund today, but for being the champion and greatest supporter of the tourism sector.

Today is a great day for the tourism sector; a great day for Black Business and entrepreneurs; a great step forward for transformation and a great day for the South African economy.

I thank you.