

Tourism fund 'hardly enough'

R1.2BN: DROP IN THE OCEAN FOR R400BN INDUSTRY Those who want to enter space must know it is 'tough and competitive'.

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The R1.2 billion Tourism Equity Fund is a drop in the ocean for the largely untransformed industry with an annual turnover of more than R400 billion, according to the Tourism Business Council of South Africa.

Potential new entrants to the market will not only find that it is a tough and competitive industry, but will also have to bring unique offerings to an industry decimated by the Covid-19 pandemic.

But the council's chief executive, Tshifhiwa Tshivhengwa, believes there is no better time than now to begin a transformation process for the industry as the initiative was a culmination of transformation plans prior to the pandemic.

"I do not think there is a better time. By the way, it is a small fund, we are talking about R1.2 billion in an industry that is worth over R400 billion," Tshivhengwa said.

He warned that those looking to benefit from the fund could find it easy to break into the tourism industry but would soon learn that it will take more than just money to succeed.

"For us [the fund] is an important initiative as it may enhance the industry in terms of getting new players – but tourism is going through a difficult time... It is tougher for all the businesses in the industry, especially the small businesses that have no access to loans to keep afloat," he said.

According to Tshivhengwa, those interested in entering the tourism space must bring unique ideas, be resilient and have deeper understanding of the industry.

This week, President Cyril Ramaphosa launched the fund aimed at reviving the coronavirus-hit tourism sector and promoting transformation.

The fund, established by the department of tourism and the Small Enterprise Finance Agency, will provide a combination of debt finance and grant funding to facilitate equity acquisition and new project development in the tourism sector by black entrepreneurs.

The R1.2 billion has been budgeted for the initiative that the Democratic Alliance's tourism spokesperson, Manny de Freitas, has said could not happen at the expense of the entire industry – particularly at the time the industry was on its knees.

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