

# COVID-19 INTERVENTIONS FOR TOURISM SECTOR – FINANCIAL RELIEF FOR SMMEs

## Assistance for Business Enterprises in Distress

Over the last few weeks, COVID-19 has compelled countries, including our government, to devise a set of measures ranging from travel bans to events cancellations and now a lockdown in two days in an attempt to contain the spread of the virus.

The impact of these measures on big business as well as small, micro and medium enterprises (SMME) will be devastating and will vary in accordance with the size of the enterprise in short to medium term. The nature of SMMEs is such that the dearth of business activities for more than a month could spell the end for such enterprises.

In light of a constrained fiscus, we have worked closely with all stakeholders to find short-term measures that could assist to bring relief to affected businesses and other supportive mechanisms. We are highly concerned about the potential loss of livelihood by workers in these establishments and they are integral to these measures.

Concerning large businesses, we have looked at relief measures for those registered with the Unemployment Insurance Fund.

## Tourism Relief Funding

The Department of Tourism has made an additional R200 million available to assist SMEs in the tourism and hospitality sector who are under particular stress due to the new travel restrictions. This is amongst the interventions we believe will help to cushion our society from these economic difficulties.

We are committed to putting people and their well-being first, ahead of profits as part of a response to COVID-19. At the same time, we are committed to see the sector being able to pick up the pieces post the COVID-19, thus our role will be to respond and support the industry during this period.

The fund will be administered to benefit SMMEs in all the 9 provinces and various tourism sub-sectors. Necessarily and rightly there will be a degree of bias towards rural areas, townships, women, young people and people with disabilities.

In line with our Amended Codes on BBB-EE the following categories will apply:

- **Accommodation:** Hotels; Resort properties and Bed and Breakfast (B&B's)
- **Hospitality and Related Services:** Restaurants (not attached to hotels); Conference (not attached to hotels), Professional catering; Attractions
- **Travel and Related Services:** Tour operators; Travel agents; Tourist guides; Car rental companies; and Coach Operators.

There will also be an equitable balance between businesses that are in the tourism incentive programme of the Department of Tourism and businesses that are not benefiting from such programmes through a transparent application process and criteria as outlined above.

### **Application Qualifying Criteria**

---

- Must be a formally registered business with Companies and Intellectual Property Commission (CIPC).
- Turnover must not exceed R2.5 million per year.
- Must have a valid tax clearance certificate.
- Guaranteed employment for a minimum number of staff for a period of 3 months.
- Proof of minimum wage compliance.
- Must provide proof of UIF registration for employees employed by the business.
- Be an existing tourism-specific establishment as outline in the scope of application (suppliers and intermediaries are not eligible).
- Must be in existence for at least one business financial year.
- Prove that the relief is required as a result of the impact of COVID-19.
- Must submit statements of financial position; over 12 months' bank statement, balance sheet, income statements, cash flow statements.
- Indicate the intended use of the resources.

### **Application Qualifying Criteria**

---

- The relief will be distributed in a spatially equitable manner to ensure that all provinces benefit.
- At least 70% of beneficiaries will be businesses that are Black owned.
- At least 50% of beneficiaries will be businesses that are women owned.
- At least 30% of beneficiaries will be businesses that are youth owned.
- At least 4% of beneficiaries will be businesses that are owned by people with disabilities.