**PORTFOLIO COMMITTEE 24th OF OCTOBER 2017: FEEDBACK ON AQUACULTURE OPERATION PHAKISA OCEANS ECONOMY**

**Aquaculture Highlights & Achievements**

The Department of Agriculture, Forestry and Fisheries is the lead department for the Oceans Economy Aquaculture focus area and oversees the implementation of its deliverables by various initiatives owners. The goal is to grow the aquaculture sector in South Africa to play a major role in supplying fish products; an enhanced role in job creation, increased contribution to national income and rural livelihoods. The targets over five years (2014-2019), seeks to grow sector revenue from R0, 67 billion to R3 billion; production by 20 000 tons; jobs from 2 227 to 15 000 and to ensure increased participation to support transformation in the sector.

It has been three years since the launch of the Operation Phakisa: Ocean’s Economy and substantial developments have been made to grow the aquaculture sector.

High level impacts since the launch of Operation Phakisa:

Key highlights are worth noting include key legislative progress in terms of the Aquaculture Development Bill and the Strategic Environmental Assessment to identify and incentivise areas for further aquaculture development. Numerous catalyst project-specific blockages and bottlenecks have been resolve through the Intergovernmental Authorisation Committee. The Aquaculture Development Fund working group has also made good progress and important scarce skills such as veterinary needs are being addressed in under the skills and capacity initiative while a thorough skills audit and needs analysis is underway.

* **Total investment committed to Operation Phakisa Aquaculture Projects is R690 million, of which government committed R227 million**
* **Total jobs sustained and created across Operation Phakisa projects in 2016 is 1806**
* **Operational Phakisa Projects Production: 3500 tons**

Highlights from Aquaculture Initiatives

1. **SELECTION AND IMPLEMENTATION OF CATALYST PROJECTS**

* Current number of aquaculture Operation Phakisa projects = 36
* 26 of the 36 projects are in production phase at the end of 2016; at least 15 of these projects are considered SMME’s.
* Five (5) of the original 24 projects have been removed and placed onto business opportunities.
* New Projects: Seventeen (17) projects were accepted.

Project highlights include:

* The harvesting of 22 tons of the first farmed and market size dusky kob in July 2017 from trial cages of the DST Stellenbosch University Project in Richards Bay, KZN.
* The opening of a new mussel factory in Veldrift by a level 1 BEE Operation Phakisa project and employment of additional 47 people which will increase as production increases.
* In the Eastern Cape, one project employs 23 people with the capacity to produce 20 tons of dusky kob per annum and has already sold it first harvest to the Cape Town Fish Market at the V&A Waterfront in Cape Town.
* The economic weight of an abalone ranching project in the Eastern Cape represents a value of R37.7 million to the South African economy of abalone seeded so far.
* A trout and salmon project has 18 000 fish in the cage and plans to grow the fish to 2-3 kg each by next year in the Western Cape. Another project in the province was approved as an exporter to both Mainland China and Taiwan for oysters.

1. **LEGISLATIVE REFORM**

* The **Aquaculture Development Bill** was discussed and signed off by National Economic Development and Labour Council (NEDLAC). The estimated date to cabinet is in January 2018, pending State Law Advisor review and certification.
* Suitable areas have been screened and reviewed by key stakeholders through consultative workshops through the **Aquaculture Strategic Environmental Assessment.** The areas will now be investigated in further detail and include ways to reduce and streamline authorisations. Once the project is completed the areas deemed suitable for aquaculture development will require limited/no further environmental studies thus encouraging investments.
* Issues update

The Trout Mapping has not been finalised to date but the presence and absence of trout has been mapped per province and DEA has communicated regulatory implications of a state legal opinion that was received to industry stakeholders.

It should be noted that the approach to authorising and approving tilapia aquaculture systems has agreed upon between the DEA, provinces and industry. There is ongoing discussion around this issue, especially in Limpopo, Mpumalanga and KZN.

The DEA and the DAFF have had numerous constructive discussions around the draft regulations for the network of 22 Marine Protected Areas.

1. **INTER-DEPARTMENTAL AUTHORISATIONS COMMITTEE**

The numerous authorisations required for aquaculture have been mapped in detail and recommendations have been made in terms of streamlining and further improving efficiency.

Achievements:

* Four Environmental Impact Assessments (EIA) approved
* Four coastal discharge permits were issued.
* Three biodiversity risk assessment (Barramundi, Coho and King Salmon)
* Six marine aquaculture permits/Rights issued or amended
* Permits to undertake the pilot trout project in Vanderkloof Dam in the Northern Cape has been issued
* All relevant approvals/plans have been received for the Qolora Aquaculture Development Zone, including the Water Use Authorisation recently.
* DAFF is currently undertaking Environmental Impact Assessments to create an enabling environment and facilitate investment for:
* Saldanha Bay Aquaculture Development Zone (ADZ)
* Algoa Bay ADZ
* Amatikulu
* Issue for escalation:

**No new aquaculture leases have been adjudicated or signed for over a year by Department of Public Works (DPW) which has severely hampered progress on at least six Operation Phakisa Aquaculture projects.**

1. **GLOBALLY RECOGNISED MONITORING AND CERTIFICATION SYSTEM**

* The first **Aquatic Animal Health and Welfare Implementation Plan** in South Africa was developed and implemented.
* To ensure local and international food safety requirements for live and chilled raw mussels & oysters, the standard was published in accordance with the **SANS Institute code 2879.**
* Establishment of a **Globally Recognised Monitoring and Certification System**: The DAFF & National Regulator for Compulsory Specifications (NRCS) entered into an Agreement to undertake independent water quality sampling.
* The European Union (EU) Residues and Public Health Audit audited the aquaculture sector in February 2017. Various interventions were identified during the visit which may ultimately lead to South Africa being able to apply to be registered to export abalone and finfish to the EU.

1. **AQUACULTURE DEVELOPMENT FUND**

* **Aquaculture Development Fund (ADF)** Working Group established and made up of key Development Funding Institutions (DFI’s), is considering funding applications, and a memorandum of understanding between funding departments and institutions to be finalised.
* The first financial feasibility studies have been conducted on key aquaculture species (shellfish and marine finfish) to inform private and government investment as well as incentives and policy interventions. Further feasibility studies are currently underway for abalone, catfish, tilapia, trout, catfish, marron, marine and freshwater ornamentals.
* Investment promotion missions were undertaken where awareness was raised of the South African aquaculture market offering.

1. **CAPACITY BUILDING AND SKILLS DEVELOPMENT FOR SUPPORT SERVICES**

* In order to address the scarce aquatic veterinarian skills and services available in South Africa, an agreement has been signed with Sterling University to train veterinarians and the initial group of five were enrolled on the 11th of September 2017.
* A skills and needs analysis assessment of the sector in currently underway to inform further interventions and skills requirements
* The Gariep Dam Aquaculture Training Centre which has officially been handed over to South Africa in June 2017 and the Centre offers aquaculture training to government officials, farmers and students.

1. **COORDINATED INDUSTRY-WIDE MARKETING EFFORTS**

* Product development includes: Catfish boerewors by Karoo Catch, available at Spar Supermarket.
* Various industry associations were engaged to undertake joint market access & research; market & product development and consumer and public awareness initiatives.
* The Aquaculture Operation Phakisa Year Two Review publication and Aquaculture Photobook have been published to raise awareness on the progress in the second year of implementation and showcase the operations of 13 farms.
* Interest was received from Iran to supply 500 tons per month of tilapia. Taiwan has also expressed interest to source oysters from SA.
* Free-State Economic Development Agency has indicated interest in procuring products from aquaculture farms.