



agriculture, forestry & fisheries

Department:
Agriculture, Forestry and Fisheries
REPUBLIC OF SOUTH AFRICA

The Transformation Status of Marine Commercial Fisheries and Marine Aquaculture in South Africa

Introduction

Fishing rights have always been a contentious issue. In Offshore fisheries such as the demersal trawl, small pelagic purse-seine and South Coast rock lobster fisheries initially developed as large, capital-intensive industries (from the late 19th century, 1940s and 1970s respectively) without controls, but when fish stocks showed signs of collapse in the 1960s and 70s, effort controls and then quota controls were introduced to regulate their participation. In the inshore fisheries such as rock lobster, abalone and linefish, traditional fishing communities were the main users, with increasing use by recreational fishers over time. When these fisheries began to be regulated, and rights and quotas introduced, the traditional communities were not taken into consideration and no formal rights or quotas were allocated to them. As the resources declined, and compliance effort had to be stepped up, these traditional small-scale fishers who depended on fishing for their livelihoods were targeted and many were forced into poverty or poaching.

After 1994 and the advent of democracy, the new government expressed the intent to overhaul the rights allocation system and transform the fishing industry. Green and White Papers and new legislation (the Marine Living Resources Act in 1998) were introduced to set the broad guidelines on how fisheries were to be managed and transformed, but again there was no specific reference to traditional or small-scale fisheries and it was only the formal sectors that were addressed in the medium and long-term rights allocations that were carried out in 2003 and 2005. These rights allocation processes were independently, transparently and rigorously managed (especially in 2005), with numerous checks and balances.

The LTRAMP (Long Term Rights Allocation Management Process) of 2005 put business principles first, and the criteria used were not conducive to traditional or small-scale fisheries retaining or gaining rights. It did not consider the option of community or collective allocations. Although a Subsistence Fisheries Task Group made recommendations regarding the small-scale sectors in 1998, they were still left as an unresolved issue. Although small-scale fishers could apply for individual rights (and many did) no allocations were specifically set aside for small-scale fishers in any of the main inshore sectors and all the rights were allocated to individual right holders and companies within a Total Allowable Catch (TAC) or Total Allowable Effort (TAE) allocation.

Under pressure from traditional communities and small-scale fishers who launched a court action, the Department has since been developing a Small-scale Fisheries Policy in order to address this issue –

ultimately it is expected that all fisheries will be managed in an integrated way under a single TAC or TAE, although there may be different management models for different fisheries.

Transformation in the commercial fishing sectors

The medium and long-term rights allocations achieved significant transformation in the fishing industry measured in terms of black ownership of the TAC, to a varying extent in the different sectors (See Table 1 below). Transformation criteria have, however not generally been agreed upon. No targets for transformation been set by government in any of the sectors, neither is there a transformation charter for any sector or for the fishing sector as a whole.

Some of the consequences of decisions taken during the LTRAMP process have definitely been negative. For example, the vessel ownership criteria led to exploitation of the small rightholders and to many of them becoming "paper quota" holders, because they could not afford to build their own vessels and they were encouraged to develop sharing agreements with existing vessel owners who put their own interests first. On the other hand, the downside of allowing rightholders to freely build new vessels is that it is not good management practice to allow too much additional capacity, because economic factors then often lead to over-exploitation. This has already been the case in the traditional linefishery, where there are far too many boats and linefish stocks are in dire straits as a result.

In order to embark upon an informed discussion and debate around transformation, it is essential that the correct facts and information are available, e.g. the economics and status of transformation in each sector and statistics about revenue, jobs and level of industrialisation, dependence of communities, etc. It is necessary to look at recreational sector as well, since it is well known that recreational fisheries generate valuable economic spin-offs and create jobs in a number of associated industries such as boat-building, boat and vehicle sales, demand for bait products, tourism, angling equipment, etc. The department has not done in-depth research in these areas and there is a great need to collate existing information.

Transformation criteria: The current comparison is made in terms of rights holdings, but transformation is not only about rights holdings, but also about economic activity in other parts of the value chain, such as processing, marketing, exporting and wholesale and retail sales, support, decentralization of services, job creation, capacity building, development of small business skills, and value adding initiatives (inc. review of import rebates, products R&D) in the sector.

Performance Review

The Department is finalizing a Performance Review of the fishing industry. The initial analysis is now almost complete. This is not a Rights Review, but will make certain information available that could be used in a rights review process.

Reports will be available for each sector and a better idea of the extent of transformation, investment and effective use of rights (as opposed to paper quota holdings) since 2005 will be available.

Results of the ownership analysis

Preliminary results for black ownership of the main sectors from the performance review (in terms of the percentage of rightholders with more than 50% ownership) are summarized in the tables below, where comparable analyses are shown for 2001, 2005 and 2009. Note that before 1998, real black ownership in any sector of the fishing industry was negligible.

The results show that black ownership in the various sectors has generally shown an increasing trend since 2001 with a few notable exceptions, such as small pelagics, hake longline and seaweed. The most valuable fishery, hake deep-sea trawl, has more than doubled its level of black ownership, from 25% to 56%. The most valuable inshore fishery, West Coast rock lobster, increased from 60 to 70%.

In 2001, the average black ownership across the main commercial sectors in Table 1 (calculated as an average of black ownership per sector where black ownership is defined as the percentage allocation of black rightholders holding more than 50%) was **49%**. After the LTRAMP process in 2005, the average ownership per sector had increased to **58%**. The current level is **59%**, calculated by the same method. If the exact percentage of ownership by black rightholders as a percentage of the total allocation is used, the average is **57%**. This merely serves to illustrate that, although various methods can be used to calculate ownership, they do not produce markedly different results and it is likely that the methods used provide a fairly good measure of the ownership criterion. There are still other methods that could be used, including the value of the rights holdings, but these figures are not currently available. In general, it appears that the most important commercial sectors are well transformed if the ownership criterion is used as a measure. In the small-scale fishery sectors such as West Coast Rock Lobster Inshore, where there is much contention over allocations, the percentage is about 93% and in the traditional linefish sector, it is about 43%.

FISHING SECTOR	% BLACK OWNERSHIP	% BLACK OWNERSHIP	NO OF RIGHTS ASSESSED Long-term (2009)	NO OF RH with > 50% Black Ownership Long-term (2009)	TOTAL TAC / TAE AVAILABLE FOR ALLOCATION (2009)	TAC / TAE ALLOCATION (2009) for >50% Black ownership	TAC / TAE ALLOCATION (2009) for exact % Black ownership	TAC / TAE CATCH PER ASSESSMENT (2009) for exact % Black ownership	% BLACK OWNERSHIP (2009)	% BLACK OWNERSHIP (2009)
	MEDIUM TERM (2001)	LONG TERM (2005)							RH with >50% ownership allocation / total allocation	exact RH % ownership allocation / total allocation
Hake Deep Sea Trawl	25	27	50	32	98,685	58,608	55,600	55,582	59	56
South Coast Rock Lobster	72	71	13	8	339	267	216	96	79	64
Horse Mackerel	41	43	16	8	30,950	11,631	12,611	11,292	38	41
Hake Inshore Trawl	42	48	17	11	296,755	292,422	241,963	231,374	99	82
Small Pelagics	75	61	109	82	615,175	314,582	370,078	160,943	51	60
Patagonian Toothfish	40	58	5	2	450	210	269	69	47	60
KZN Prawn Trawl	17	63	4	2	5 vessels 79 crew	2 vessels 41 crew	2.95 vessels 53.32 crew	128	40	59
Demersal Shark	50	73	6	5	7 vessels 118 crew	6 vessels 102 crew	4.81 vessels 82.02 crew	72,283	86	69
Hake Longline	90	91	135	117	481,019	442,476	385,350	370,251	92.0	80
Seaweed	43	55	6	2	-	-	-	241	6	14

Tuna Pole (2008 amounts)	43	55	169	78	173 vessels 2874 crew	87 vessels 1377 crew	73.36 vessels 1141.83 crew	761,704	50	42
Squid	33	48	119	54	149 vessels 2445.5 crew	67 vessels 1012.5 crew	72.53 vessels 1116.14 crew	2,842,170	45	49
West Coast Rock Lobster (Offshore)	60	62	221	170	648,934	471,650	454,643	128,328	73	70

Table 1:

Percentage black ownership in 2001, 2005 and 2009 respectively (yellow columns), calculated as as the **percentage of rightholders with more than 50 percent ownership allocation** / total allocation. The orange column shows a similar calculation, but using the **exact percentage ownership allocation**/ total allocation.

FISHERY SECTOR	NO OF RIGHTS ALLOCATED Medium-term	% BLACK OWNERSHIP	TAC / TAE AVAILABLE FOR ALLOCATION (2005)	NO OF RIGHTS ALLOCATED- Long-term (2005)	% BLACK OWNERSHIP	NO OF RIGHTS ASSESSED (2009) (individuals)	NR OF BLACK RH (2009) (individuals)	Black RH as a % of RH who are individuals
	2001	Medium-term (2001)		Long-term (2005)				
Hake Handline	86	26	4929 tons	88	36	43	17	40
West Coast Rock Lobster (Nearshore)	785	66	3174 (2854 for Commercial fishing and 320 for recreational fishing)	822	93	737	682	93
KZN Beach Seine	26	50	28	24	37	N/A	N/A	N/A
Netfish	67	Unknown	162	121	51	95	45	47
Oysters	34	26	107	107	60	N/A	N/A	N/A
White Mussels	7	Unknown	7	7	100	N/A	N/A	N/A
Traditional Linefish	422	28	443	450	44	382	163	43
TOTAL	2343			2542				

Table 2: Comparative percentages in 2001, 2005 and 2009 (yellow columns) in terms of black ownership, in a number of small-scale fisheries

Transformation of the Marine Aquaculture Sector

The Marine Aquaculture sector is a relatively new sector and has a transformation challenge. The industry has developed in South Africa because of the realisation that natural fish stocks cannot meet the food security needs of the country and as a result of investment in a lucrative export industry. The industry is skills and technology-based and capital driven, therefore funding is a major issue for all participants and is a challenge for new entrants. The South African Marine Aquaculture industry began about 35 years old ago as a small self-regulated industry. The first Marine Aquaculture Rights were granted in 2002. In spite of the legislation addressing transformation being in place, transformation of the industry has not so far been achieved.

The Marine Aquaculture sector has granted Marine Aquaculture Rights to engage since 2002. The issue of BBBEE was first addressed through the inclusion of the seven pillars in the assessment criteria for new applicants' in 2008/2009. There are currently 43 farms in the sector. The sector employs 1120 individuals of which 213 are non-Historically Disadvantaged Individual (non - HDIs) and 907 are Historically Disadvantaged Individuals (HDIs) (figure 1).

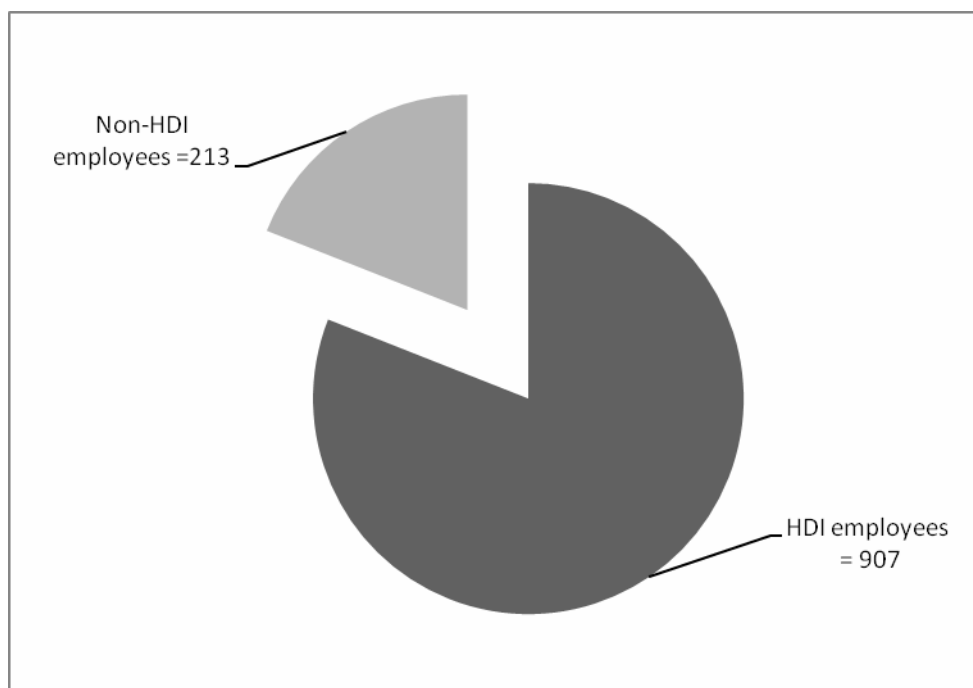


Figure 1. Numbers of HDIs and non-HDIs employed in the Marine Aquaculture sector

The current trends in the Marine Aquaculture sector are similar to trends in other research, technology and high capital-driven South African industries (Forestry, Tourism and Agriculture) that were compared in the study. HDI predominate the unskilled and skilled labour sector while non-HDIs dominate the management sector. The skilled labour group of the Marine Aquaculture sector differs from the sectors investigated because HDIs dominate the skilled sector, this sector was dominated by non-HDIs in the Forestry, Tourism and Agriculture sector.

The South African Marine Aquaculture industry has transformation disparities in the ownership, management and unskilled employment levels. Another concern is the high percentage (60%) of unskilled workers; this is reflective of a lack of skills transfer and training programmes in the sector. There are few academic institutions and training facilities such as SETA (Sector Education and Training Authority) offering training in aquaculture because it is a relatively new and the emerging sector (figure 2).

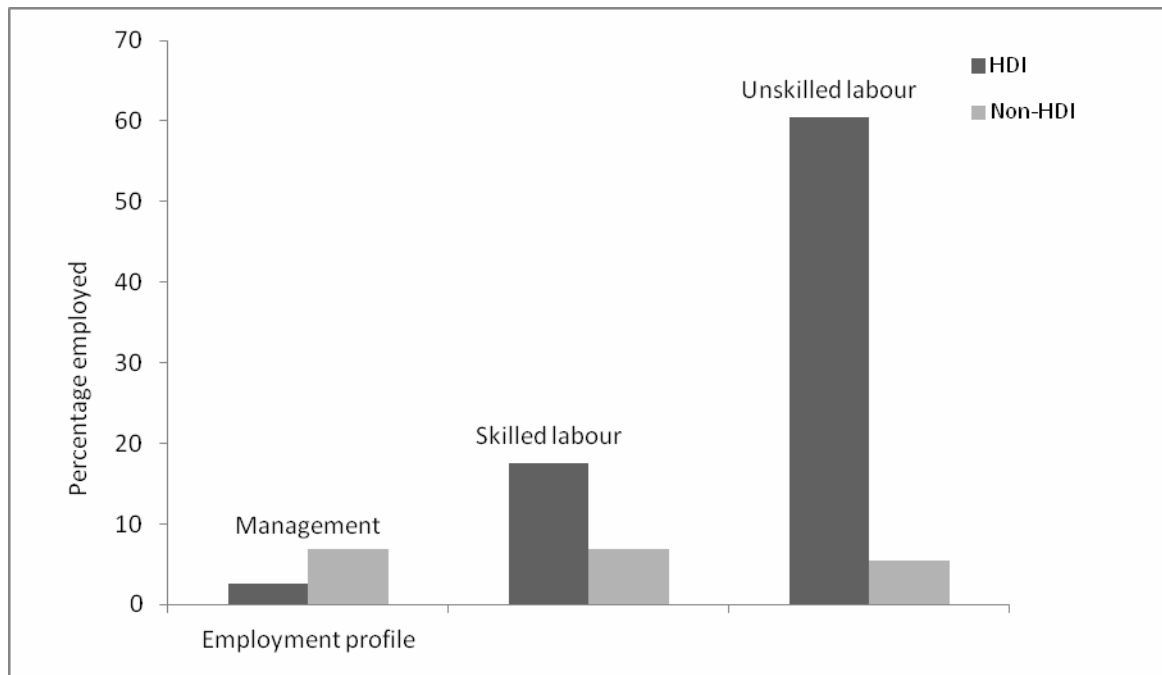


Figure 2. Percentages employed per employment levels in the South African Marine Aquaculture industry.

The key objectives of BBBEE is to increase the number of HDIs that participate in decision-making (management) and ownership levels in the South African Aquaculture Sector. There is less than 15 percent representivity of HDIs in these levels (Figure 3). The ownership profile of the industry also shows that there are less than 15 percent of Marine Aquaculture companies are black owned. It is apparent that clear transformation strategies have to be developed and these should include existing farmers; and also create an enabling environment for the participation of HDIs through direct ownership of enterprises and in increases in the management and professional levels of Marine Aquaculture operations.

Other challenges that need to be addressed are the failures of black-owned enterprises in the sector, most of which are not operational or operate in a non-sustainable manner. A study needs to be done to understand the conditions that led to these failures and the actions that might be taken in addressing these challenges would be determined by the outcome of the study. Sectors such as Agriculture, Forestry and Tourism used identified transformational challenges and problem areas as an initial step in transforming their sectors.

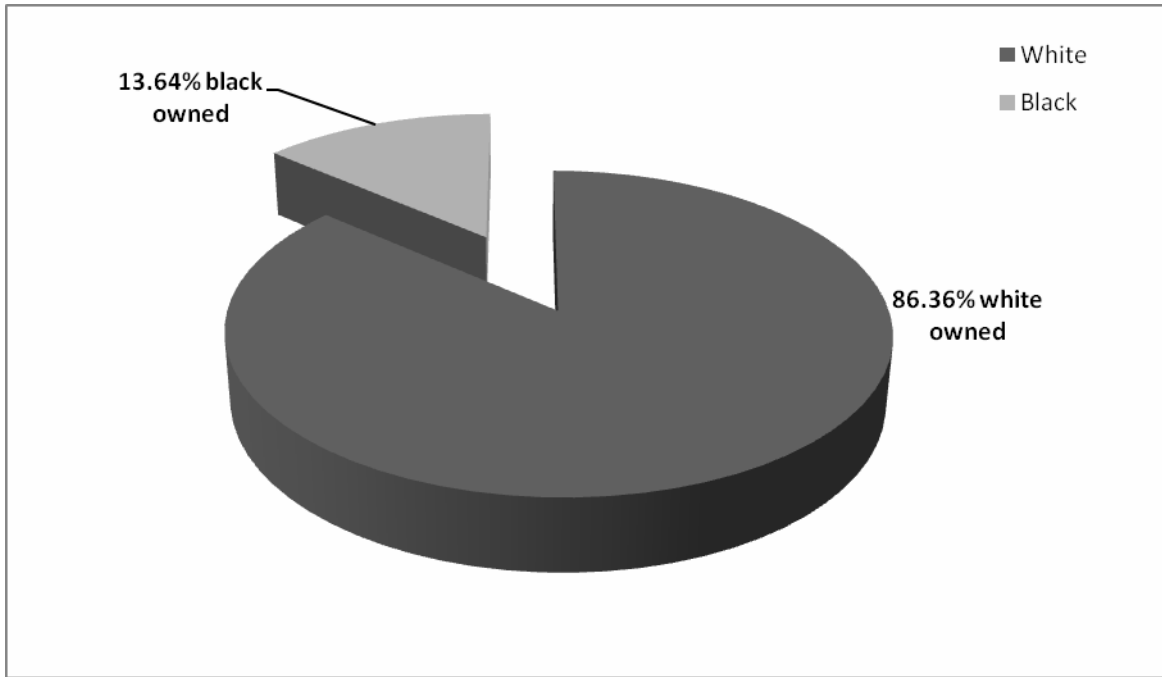


Figure 3. Ownership in the South African Marine Aquaculture sector.