

Operation Phakisa Unlocking the Oceans Economy through Aquaculture

October 2016



REPUBLIC OF SOUTH AFRICA





INTRODUCTION

Operation Phakisa is an initiative of the South African government which aims to implement priority economic and social programmes better, faster and more effectively. The Operation Phakisa: Oceans Economy was launched by His Excellency President J.G. Zuma, in October 2014.

Initially four growth areas were prioritised to contribute to unlocking the economic potential of South Africa's oceans. This was based on their potential contribution to economic growth and job-creation. The following growth areas and corresponding departments were prioritised:

- Marine Transport and Manufacturing led by the Department of Transport;
- Offshore Oil and Gas Exploration led by the Department of Mineral Resources;
- Aquaculture led by the Department of Agriculture, Forestry and Fisheries;
- Marine Protection Services and Ocean Governance led by the Department of Environmental Affairs

Post the Oceans Economy Lab, two more work streams were taken on-board:

- Small Harbours Development led by the Department of Public Works (three feet planning tune-up Lab to take place in 2016/17); and
- Coastal and Marine Tourism (three feet planning tune-up Lab to be completed in May 2016).

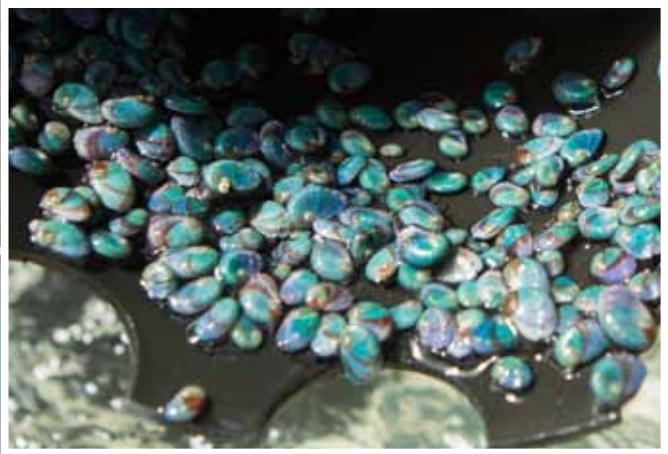
These six focus areas are supported by cross-cutting strategies in the areas of:

- Skills Development and Capacity Building led by the Department of Higher Education; and
- Research, Technology and Innovation led by the Department of Science and Technology.

The Department of Agriculture, Forestry and Fisheries is the lead department for the Oceans Economy Aquaculture focus area and its deliverables. The Lab concluded that South Africa's aquaculture sector has a high growth potential due to an increasing demand of fish products due to the increasing global population; increasing income by the middle class in developing countries and more awareness on the dietary benefits offered by fish products. Moreover the capture fisheries yield has been plateauing over the past decade while aquaculture continues to grow over 7% per annum and it is expected to continue growing at an even a higher rate in the future.

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.

During the Lab, twenty four (24) initial catalyst projects were registered on the Aquaculture Lab. Since the Lab more projects have been accepted as part of the Aquaculture Operation Phakisa and to date, thirty two (32) projects are registered. Thirteen projects discussed in detail below are operational and on track in terms of implementation plans. It is now 2 years since the launch of Operation Phakisa.



ABAGOLD HERMANUS (ABALONE)

Abagold (Pty) Ltd is situated in Hermanus in the Western Cape and produces abalone at the most Southern tip of Africa. The company exports live, canned and dried abalone to Asian countries. The project is a leader within its sub-sector, serves as an ideal business model for growing the aquaculture sector and is progressing well without much assistance from Operation Phakisa. The production of local fish feed was identified as one of the key challenges facing the sector by Operation Phakisa. Abagold has not only expanded significantly but constructed and launched a new feed plant in September 2015. The project was awarded the Friend of the Sea certification and is the first abalone company worldwide to be awarded the certification. Certified products sold locally and internationally will bear the branded eco-label.



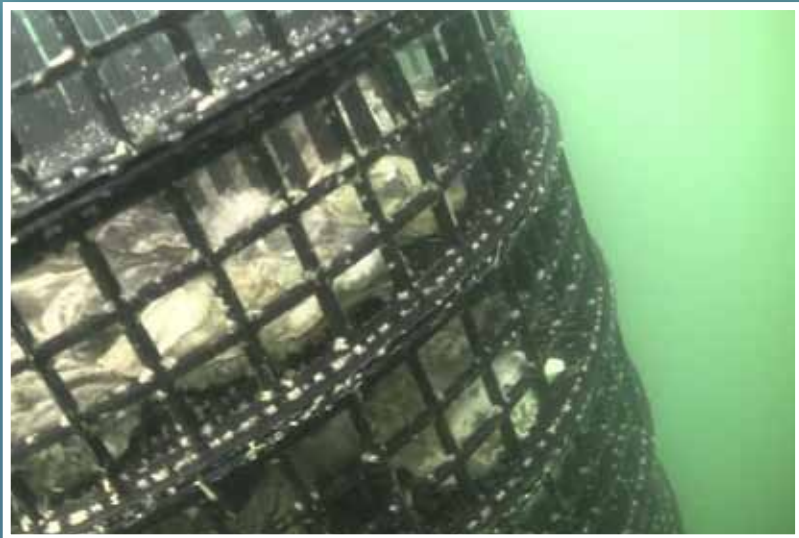
HIK ABALONE BUFFELSJAG (ABALONE)

The HIK abalone farm has invested into upgrading their hatchery and built a new packing and processing facility. The project has also begun constructing the first phase of the new 100 ton abalone farm in the rural Buffeljags area. After establishing that no clinic exists in the community nearby the farm, HIK are now building a clinic on site to serve employees and the local community. The Department of Agriculture, Forestry and Fisheries is providing guidance and assistance with the Environmental Impact Assessment (EIA) for the second stage of development.



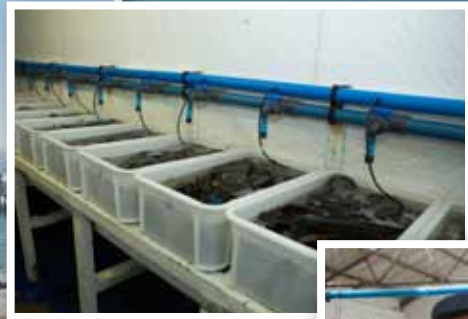
BLUE OCEAN MUSSELS SALDANHA BAY AND VELDDRIFT (MUSSELS)

Blue Ocean Mussels (Pty) Ltd is a premium mussel farming operation, located in Saldanha Bay. The unpolluted and pristine seawater is perfect for mussel farming because the windy west coast conditions create upwelling currents which support the fresh, clean, cold and nutrient rich water which is perfect for growing good quality mussels. This farm has received a long-term water lease from Transnet National Ports Authority (TNPA) and was approved for funding by the Aquaculture Development & Enhancement Programme (ADEP) administered through the Department of Trade and Industry (the dti). The funding was used for a boat and expansion of their operations.



SALDANHA BAY OYSTERS (OYSTERS)

Saldanha Bay Oyster Company (Pty) Ltd is a land based site situated in Saldanha Bay in the Western Cape. The company is a leader in the South African oyster market and delivers a delicately sweet flavoured oyster which makes it one of the top choices for both South Africa and international palates. The oysters weigh between 65g and 120g. Since joining Operation Phakisa, the project was supported with a long-term land lease from the Department of Public Works for its holding and purging operations. This lease allows the annual production to increase to 10 million oysters per year. Through TNPA, the project received a long-term water space lease which will go a long way to sustain current employment, secure investment and continue the expansion of primary production.



DORINGBAAI ABALONE FARM (ABALONE)

Doringbaai Abalone (Pty) Ltd farm is an abalone grow-out facility and hatchery in Doringbaai on the West Coast of South Africa. This project involved the development and establishment of infrastructure for Western Cape fishing communities and sustainable aquaculture projects within these areas. The community owns a 35% share in the company to ensure sustainability and upliftment. In 2015, the farm was expanded due to the high demand of abalone in the market. The objective was to increase the carrying capacity of the farm from 30 tons to 50 tons of abalone. Since Operation Phakisa, Doringbaai Abalone successfully secured a long-term lease with the Department of Public Works and the EIA for the first phase of expansion was approved in record time.



HAMBURG AQUA- CULTURE PROJECT (DUSKY KOB AND OYSTERS)

The Hamburg kob pilot project is driven by the Department of Agriculture, Forestry and Fisheries and is owned by the Siyazama Cooperative who employs 21 people from the Hamburg community in the Eastern Cape. The department has identified a number of aquaculture projects that aim to empower coastal communities through the transfer of technology, skills development and job creation. The department decided to take lead with industry on kob farming in order to share the risks associated with developing this fairly new type of farming in South Africa. A dusky kob pilot project has been established on the 2 hectare site and will have the capacity to produce 20 tons of kob per annum in the pilot phase. The Hamburg Aquaculture project has received continued funding support and has been prioritised by Operation Phakisa and the Expanded Public Works Programme (EPWP).



WILD COAST ABALONE AND RANCHING

This project uses the abalone ranching model which restores impacted natural abalone stock levels by augmenting with hatchery reared spat. The abalone stock is protected from poaching using high-tech private security solutions. The vision is for the business units to eventually make a profit from sustainably fishing the restored abalone resources working alongside coastal communities. The project incorporates three ranching projects in Port Elizabeth and East London as well as two stock enhancement projects in conjunction with coastal communities in Hamburg and the Transkei. Through Operation Phakisa, the project has received a lease from TNPA for security and ranching operations.

SOUTHERN ATLANTIC SEA FARMS (MUSSELS)

The Southern Atlantic Sea Farms located in Saldanha Bay, aims to utilise the existing 15 hectares of water lease area to produce 1000 tons of mussels per annum. This will be increased to 2000 tons in the second phase of the project alongside the increase of the water area to 30 hectares. The company is using technology and equipment which is new to the South African mussel industry but well proven and tested over a number of years in New Zealand and used all over the world. The farm area is away from industrial pollution and can offer a pollution free product. Operation Phakisa has assisted the farm through securing a long-term lease and an additional 15 hectares of space. The Department of Agriculture, Forestry and Fisheries is providing support to existing and potential aquaculture operations in the Saldanha Bay area by initiating an EIA for the entire Aquaculture Development Zone.



MOLAPONG TROUT SEA CAGE (TROUT AND SALMON)

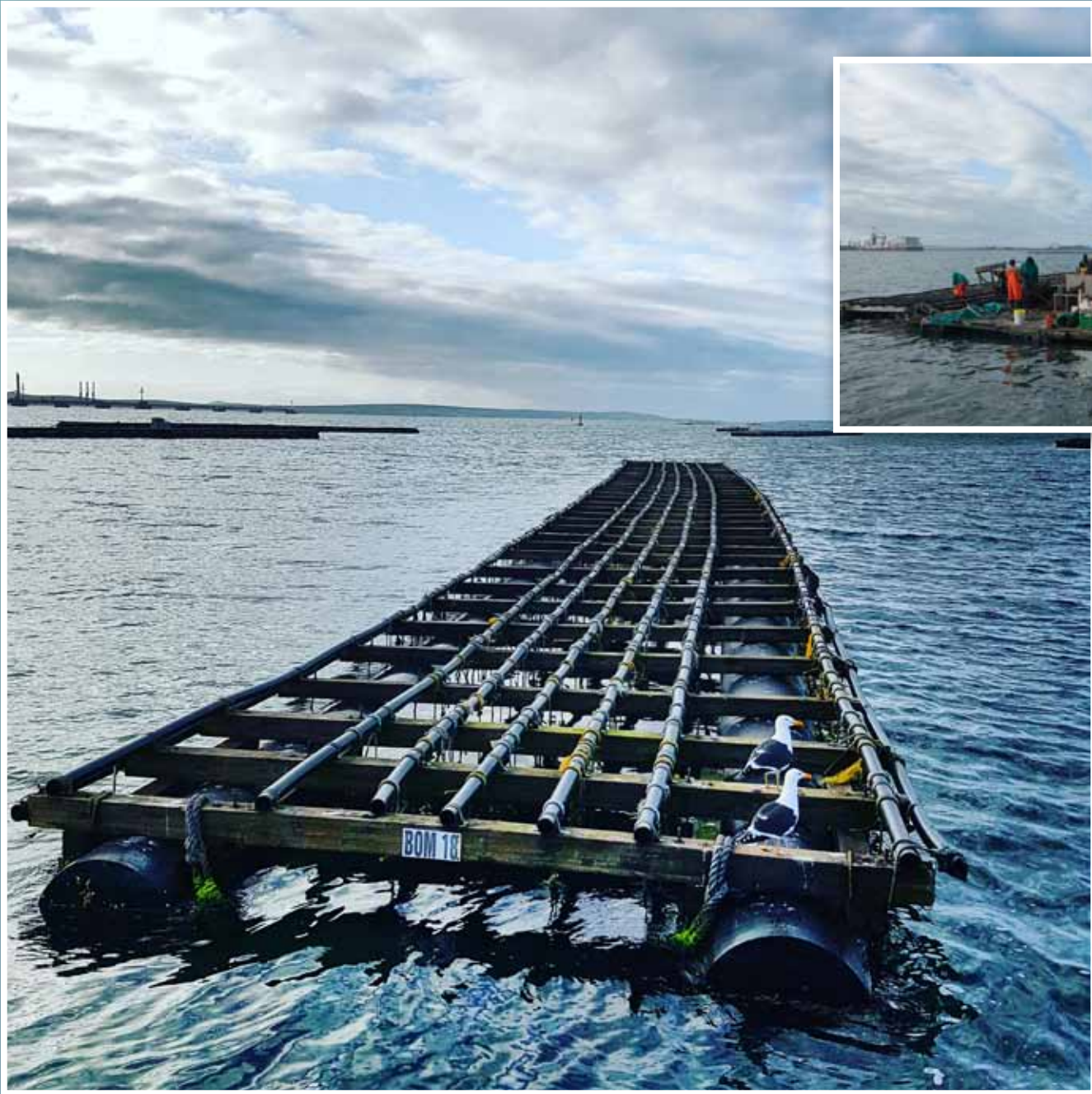
This is one of only two marine finfish cage pilot farms in South Africa. Through Operation Phakisa, the project was assisted with a water space lease from TNPA and a Marine Right through the Department of Agriculture, Forestry and Fisheries. This project aims to produce 500 tons of ocean trout during phase one and up to 2000 tons of trout and salmon at phase three (2019) over a total area of 45 hectares. Molapong Aquaculture is currently the biggest producer of fresh trout in South Africa and the ocean trout and salmon products are aimed at extending their product offerings to their existing local customers, as well as having stock available to fill export orders.





AFRICAN OLIVE TRADING (MUSSELS)

The mussel farm is situated in the inner bay of Saldanha, in the Western Cape and is 100% black owned company. The vision of the African Olive Trading farm is to expand the farm from 5 hectares of water space to 25 hectares. In terms of tonnage, the farm will expand from its current 50 tons to a maximum of 1 000 - 1 200 tons per annum. Currently all produce is sold to Blue Ocean Mussels in Veldrif. The farm has six farm workers and through Operation Phakisa received a land lease and water space lease from the Department of Public Works and TNPA respectively.



IMBAZA MUSSELS (MUSSELS)

Imbaza Mussels is based in Saldanha Bay. This majority BBBEE Operation Phakisa project received a 15 year water space lease from TNPA for their existing 30ha and a long term land lease for their land based operations from the Department of Public Works. Currently the project employs 17 workers and they were approved for funding from ADEP through the dti. The vision is to build a packing facility for fresh mussels as well as to build 5 mussel rafts that will increase the production to 1200 tons per annum.



WEST COAST OYSTER GROWERS (OYSTERS & MUSSELS)

West Coast Oyster Growers is an existing small mussel and oyster producer situated in Saldanha Bay which intends to expand its mussel and oyster operations to become a significant role player in the shellfish industry in South Africa. The project secured a 15 year long-term water space lease from TNPA through Operation Phakisa. The mussels are sold locally as fresh or frozen half shell whereas the oysters are sold as fresh both on the local and international markets.



BLUE SAPPHIRE PEARLS (OYSTERS)

The Blue Sapphire Pearls project is located in Saldanha Bay. Since Operation Phakisa, the Small Medium Enterprise was awarded a water space from TNPA as well as a land lease from the Department of Public Works which will facilitate the expansion and diversification of the project. The vision is to expand the current 5 hectare water space of oyster cultivation for optimum growth; to commercialise the current pearl culture operation; to integrate a farm tour operation and initiate a mussel cultivation operation. The oysters produced are of high quality and the business is poised to expand to take advantage of new opportunities and international markets.





CONCLUSION

The progress made thus far through the Aquaculture Operation Phakisa is encouraging to the aquaculture industry, government and all related stakeholders. As challenges continue to rise, it is met with a commitment to collaborate and continue the momentum to further unlock growth of the sector. The aspirations set out for the Aquaculture Operation Phakisa are continually emphasised which is to contribute to food security and job creation; an increased contribution to the growth domestic product and improve the livelihoods of rural communities.