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## **South Africa's Oceans Economy Master Plan to 2035 Draft 3 v1 – Commentary (March 2022)**

### **PURPOSE**

The Department of Forestry, Fisheries, and the Environment (DFFE) commissioned the drafting of a South African Oceans Economy Masterplan (The Masterplan) to unlock the development of the sector and its ocean-based industries. The stated intention of the Masterplan is to stabilize, revive, and grow key sub-sectors of South Africa's Oceans Economy through to 2035. There are many sub-sectors within South Africa's broader oceans economy – ranging from maritime transport, fishing, and farming (aquaculture), defense and sea rescue, policing and customs, marine and coastal management, and marine tourism to research and education, pharmacology, science and technology and energy generation – this Masterplan specifically focuses on five sub-sectors. Compared to other sectors in the national economy, the oceans economy sector is complex and diverse, as is also represented by a cluster of industries – each one with their own unique dynamics and opportunities.

### **OBJECTIVE**

The primary objective of this Masterplan process is to develop an agreed-upon set of actions, with timeframes, that all stakeholders in key sub-sectors of South Africa's oceans economy commit to

implementing for the benefit of the marine sector. The key objectives of this Masterplan are to encourage sector growth, investment, job creation and competitiveness within South Africa's ocean's economy.

## COMMENTARY

- **GREENHOUSE GAS MITIGATION OBLIGATIONS:** With only one passing mention of the Paris Agreement, the Masterplan fails to provide any concrete analysis of how South Africa will meet its international greenhouse gas mitigation obligations while undertaking the proposed expansion of numerous carbon-intensive industries, including manufacturing, marine shipping, and offshore oil and gas exploration. The proposed oil and gas exploration in particular directly contradicts the scientific consensus that no new oil or gas developments should be undertaken anywhere in the world.

A recent report from the International Energy Agency, "Net Zero by 2050: A Roadmap for the Global Energy Sector" states that limiting global warming to 1.5°C is only possible if there are "no new oil and gas fields approved for development". The proposed offshore oil and gas exploration and consequent exploitation is contrary to global scientific consensus and will prevent South Africa from fulfilling its legal obligations under the 2015 Paris Agreement. Similarly, the Masterplan references the use of "green shipbuilding technologies", which appear to, at best, reduce the emissions of the ships themselves but do not reduce the emissions resulting from the manufacturing process.

Furthermore, some scientists have projected that maritime shipping, which currently already accounts for somewhere between 2-3% of global emissions, could account for 17% of total annual emissions by 2050. The Masterplan blindly refers to the expected growth of the maritime shipping industry without meaningfully accounting for its massive carbon footprint, the likely increases in international regulation of the industry in an effort to curtail its emissions, or the effects of climate change impacts on the profitability of the industry. The Masterplan cannot merely list climate change as a challenge, but rather, must provide factual analysis proving that the proposed ocean economy developments are compatible with South Africa's international commitments and indicating in which sectors carbon emissions will be significantly cut in order to accommodate the massive emissions that will result from Masterplan's proposed expansion of multiple carbon-intensive industries.

- **CLIMATE IMPACTS:** The Masterplan's analysis fails to properly consider climate impacts, in terms of both contributions to climate impacts and the impacts that climate change may have on the activities it seeks to promote, and the compounding effects thereof, including those impacts on coastal communities who rely on the ocean for their livelihoods. It fails to take into account that the proposed expansion of activities is likely to exacerbate climate change impacts or compound stresses on the rights to water, food, and livelihood.

In respect of aquaculture, there must be an analysis of the impact of climate change on the viability of both the freshwater and marine aquaculture industries in South Africa. Further, there must be analysis of the amount of water required for freshwater aquaculture, and whether freshwater aquaculture has the potential to exacerbate freshwater shortages, which are expected to become more severe and more frequent due to climate change. For marine aquaculture, there must be consultation with small-scale and subsistence fishers to determine how expansion of marine aquaculture will impact their food security and livelihoods, and how these impacts may compound climate change's adverse impacts on their livelihoods.

- **MARINE BIODIVERSITY:** There is a troubling absence of consideration of biodiversity and no mention of Marine Protected Areas, Critical Biodiversity Areas, or Ecologically and Biologically Significant Areas in the Masterplan. This indicates that the Department is not adequately considering the impact that the proposed industry expansions will have on marine biodiversity. South Africa is one of the most biodiverse countries in the world, and South Africa's waters are home to numerous vulnerable and endangered species, including many critically endangered and iconic species, such as the coelacanth.

The promise that environmental impact assessments will be prepared down the line is not sufficient. The Masterplan must prioritise biodiversity conservation and clearly state how the expansion of numerous polluting industries in South African waters will adhere to South Africa's international legal obligations on biodiversity protection, as well as South Africa's own laws, such as the National Environmental Management: Integrated Coastal Management Act (NEM: ICMA) which is not considered at all in the Masterplan. The DFFE should play a critical role around the surveys on critical habitats, biodiversity, and ecosystems. Such surveys feed into the work being undertaken by the Department of Mineral Resources and Energy (DMRE).

- **ENVIRONMENTAL IMPACT ASSESSMENTS:** The Masterplan does not state how they will use EIAs to minimize potential biodiversity impacts and environmental degradation from the proposed ocean economy developments. This is particularly concerning in light of the number of offshore oil and gas exploration activities that were approved without EIAs, and which have now been interdicted by the courts. EIAs are crucial for protecting biodiversity, as they can reduce biodiversity loss and environmental pollution. Furthermore, the Masterplan does not state how a country-wide Strategic Environmental Assessment (SEA) to identify suitable areas where environmentally sustainable aquaculture development can be prioritized and incentivised. NJ understands that a SEA is currently being conducted at a national scale, however it would have been a welcome exercise to provide a roadmap, timeframe when this will be ready, and how it will be implemented.
- **ENVIRONMENTAL INTEGRITY:** NJ understands that the Marine Spatial Planning Act (2018) is of importance to marine and biodiversity protection, and the Department should make sure that it protects the environment. The Department should also recognise specific potential user conflict in marine areas, ensure sustainable economic development under the pillars of environmental protection and the international objectives from international environmental laws South Africa has ratified. The Masterplan should have included an economic research and feasibility study of the small harbors and the aquaculture farms to be developed. It fails to justify why there is a need for this infrastructure development in these coastal areas.
- **POLLUTION:** The Masterplan does not have a clear plan on how to deal with marine plastic pollution. Marine plastics and debris, and microplastics, are becoming critical; 80% of the pollution that lands up in the sea is from land-based sources. As stated above, there is a need for coordination of laws and departments from land to sea, for marine protection. NJ recommends that the DFFE play a crucial role in implementing a source-to-sea programme. This will be focused on pollution from the source that lands up in the sea. There is also a need for greater cooperation between the Department of Water and Sanitation, Department of Health and the DFFE to reduce wastewater and industrial discharge into our marine areas. NJ recommends that the Department of Water and Sanitation continue to critically monitor the water quality within the sewage pipelines, small streams or rivers and the discharges into the sea. NJ also recommends that the Department consider an inter-departmental meeting with the Department of Human Settlements and the Department of Water and Sanitation to discuss the sewage discharge into rivers, which inevitably finds its way onto the beaches. The Masterplan should have set out a plan on how to educate the future generation

about plastic pollution. NJ recommends implementing awareness programmes in South African schools and communities around general waste, fishing debris and pollution, because all these things land up in the ocean and have a huge impact on the marine environment.

- **OIL SPILLS:** South African waters, along with its ports and harbours, are highly exposed to oil spills and bunkering pollution from offshore refueling. The Masterplan does not formulate a standardised national approach to managing oil spills in South African waters. NJ recommends that there is a need to maintain a national system for preparedness and response to major marine pollution incidents and allows stakeholders to assess the country's level of preparedness and response.
- **SMALL-SCALE FISHING:** The Marine Living Resources Act (No. 18 of 1998) (MLRA) recognises the rights of small-scale fishing. However, the definition provided in the amendment excluded (i) artisanal or subsistence-based fishers who catch and sell to sustain their livelihoods and (ii) those who are directly involved in pre- and post-harvesting. The latter has implications for women in areas where they are not directly involved in harvesting, but may be involved in bait preparation, cleaning, processing, and marketing of the catch. Thus, although small-scale fishers were legally recognised as being part of South Africa's seafood value chain, subsistence-based fishers have thus far been unable to qualify for small-scale fishing permits to catch any species categorized for harvest under the MLRA regulations.

The Masterplan does not provide any solutions as to how it will assist these fishers and rural communities. Furthermore, the Masterplan does not have a plan on how small fishing communities can access leasing arrangements for aquaculture farms. NJ recommends the DFFE develop appropriate policies aimed at redressing the past, redefining access rights, and empowering rural communities to participate equitably and sustainably in South Africa's fishing industry. These policies should be better positioned to review the Act's definitions, including re-defining small-scale fishers to include subsistence-based fishers, and establish a new fishing governance framework that will increase the number of rights holders in the industry and focus on attracting additional investment in a segment that has been traditionally characterized by low production, inadequate investment, and socio-economic marginalization.

- **CONSULTATION:** The Masterplan provides no indication that the communities that will be most impacted by the proposed expansion of the "ocean economy" have been consulted or meaningfully

engaged in shaping the Masterplan or any policies that are likely to result from it. Many indigenous and local coastal communities throughout South Africa rely on small-scale and subsistence fishing, as well as tourism, yet their voices and inputs are notably absent from the Masterplan. The Masterplan does not consider the fact that many of these communities are among South Africa's poorest and fails to acknowledge the adverse impacts that marine shipping, manufacturing, aquaculture, and oil and gas exploration and production activities have on the ocean environment on which these communities rely for subsistence and livelihoods.

Further, many coastal indigenous and local communities have spiritual beliefs, cultural practices, and living heritage—protected by the Constitution—which these “ocean economy” proposals will undoubtedly impact. Yet there is no indication that the Department has made an effort to consult, let alone obtain consent, from the communities whose lives, livelihoods, culture, and heritage will be most impacted by the policies that flow from this Masterplan.

- **PUBLIC PARTICIPATION:** The public participation process for the Ocean Economy Masterplan was flawed in the sense that it did not include the entire coastal community of South Africa. Online participation should not count as consultation because there are small scale fishing communities who do not have smart devices and have no access to internet and data to participate in online meetings. Advertising for commentary on the draft plan itself was not properly advertised and 10 days was insufficient time allocated to comment on the lengthy document.

The role of civil society has been relegated to public comment/consultation. The Masterplan must provide for a civil society coalition to be part of the stakeholders within the National Working group. The stakeholders that need to be included are small scale fishers, subsistence fishers, commercial fishers, tourism and recreation industry which includes SMME's, religious and cultural organizations and civil society groups. For the next public participation process of the Masterplan, there needs to be in person meetings with all interested affected parties in all coastal areas and at least 30 days to comment on the plan.

- **JOB CREATION:** The Masterplan justifies many of the environmental and other adverse impacts that will result from the proposals contained therein as necessary byproducts of crucial job creation and economic development. However, the Masterplan fails to describe the methodology or underlying data for the job creation projections, such as the claims made regarding job growth in the marine shipping sector based on a report that is not readily available to the public. Similarly,

the plan cites industry sources for estimations of jobs created in the downstream oil and gas industries, but the plan provides no factual support for its claim that expansion of the upstream oil and gas sectors will create jobs. Not only are the factual bases of these job creation claims unclear, but the Masterplan also fails to adjust the job creation projections in light of the identified challenges. For example, the job creation claims for the marine shipping industry are not adjusted in light of the likely permanent impacts of the COVID-19 pandemic, or any potential future pandemic, on consumer demands, global supply chains, and the profitability of the maritime transport sector.

Many costs and adverse impacts that will result from the proposed “ocean economy” developments, so the Department must adequately establish the need and desirability of the developments that it is proposing, so that the public and policymakers can properly assess the costs and benefits. The promises of job creation are crucial to an assessment of need and desirability; therefore, the Masterplan must provide an adequate explanation of the factual basis for its job creation projections, adjust the projections to account for the identified challenges, and indicate who the likely beneficiaries of these jobs would be.

- **CRITICAL SKILLS:** The marine sector is divided into 14 different sectors. These fields in South Africa are classified as critical skill areas due to the lack of expertise and numbers of graduates. The Masterplan should have set out a plan on how specialized training in maritime construction and engineering is going to be supplied through various universities and academic institutions, technical vocational education and training colleges, and private providers spread across the country. These skills development programmes are expensive, the DFFE needs to lay out further plans on how it intends to attract women and youth and how their studies will be funded. Furthermore, the aquaculture industry is highly technical and relatively new in South Africa. The Masterplan does not explain how the DFFE intends to attract international experts and the number of required skilled personnel. It is unclear where these resources and critical skills will come from, simply because there is no clear plan in the Masterplan to solve these issues.
- **TOURISM:** It is not stated clearly how marine tourism will be protected from marine pollution and other impacts arising from the expansion of offshore oil and gas activities, marine shipping, and aquaculture. Specifically, the Masterplan does not address how the relevant authorities will address marine pollution from shipping, manufacturing, fishing waste, oil and gas activities and other pollution sources. Such activities further threaten the status of Blue Flag beaches, especially

in KwaZulu-Natal which is already under threat because of sewage discharge, as well other attractions such as the annual Sardine Run and recreational diving - both key drivers of tourism. The Masterplan should explain clearly how the Department will ensure the sustainability of the marine tourism sector in the face of increasing risks posed by the activities advanced in the Masterplan.

- **COOPERATION:** The Masterplan does not have a clear plan on how governmental departments are going to cooperate with each other. The marine industry is one of the most diverse industries in the world, with many different authorities regulating different aspects of activities in the ocean. The DFFE plays a coordinating role; although it is leading the oceans economy, the work streams are very much dealt with by the other departments. There are other important departments that need to be recognised such as the Department of Water and Sanitation, Department of Transport and Department of Agriculture, Land Reform and Rural Development. Moreover, cooperative governance in South Africa is one of the complex issues reducing the development of the country. The DFFE is just one of the many departments and it has a huge responsibility. Its responsibility is to ensure the sustainable use of resources in the ocean. Furthermore, authorising drilling for fossil fuels in the ocean makes one wonder if the DFFE is playing its rightful role in protecting the marine environment and marine resources, particularly in respect of biodiversity conservation, pollution prevention and meeting South Africa's international greenhouse gas mitigation obligations.
- **ENFORCEMENT AND COMPLIANCE:** The Masterplan does not state clearly how the Exclusive Economic Zone (EEZ) will be protected against illegal fishing and fishing practices. Important to note, customary and small-scale fishing rights are often not respected, and local and indigenous community members are consequently criminalised for exercising their fishing rights. The Masterplan should have stated clearly how many marine patrol boats South Africa have and how many have been positioned for this industry. Furthermore, the Masterplan should have stated clearly what enforcement resources will be made available for enforcement and compliance implementation.

There is currently insufficient information on how many patrol-boats South Africa has and whether they are able to catch high speed boats. There are two levels: one is the protection of the sovereignty of the state, which is the EEZ, and the protection of South Africa's marine living resources. NJ recommends that the Department initiate a coordinated and enhanced enforcement programme, because DFFE alone will not be able to ensure coordination of enforcement. It is important to bring



all the security agencies together, such as the South African Navy, the South African National Defence Force, and the South African Police Service, in the collective protection of marine living resources and South African marine territories.

- **CORRUPTION:** The Masterplan noted the Zondo Report on State Capture and Corruption; however, the Masterplan fails to make a concrete plan on how the DFFE will reduce corruption related to the activities it seeks to promote. For example, Transnet has been hugely affected by corruption and maintenance issues to a point that most of its important freight is no longer working and off the rails.
- **COVID-19:** The marine manufacturing industry has been hugely affected by the COVID-19 pandemic. There have been shortages of components and parts used for boat building. There have been major disruptions, and there is now a short supply of components due to these global supply chain disruptions, resulting in delayed build time. Travel restrictions have also made it difficult for international clients who wanted to come to South Africa to purchase boats. Moreover, there were few vessels that have arrived at South African ports, and the demand for ship maintenance, repairs and other marine services has been subdued. The Masterplan does not have a clear plan on how this sector will recover from this COVID -19 pandemic.
- **INVESTORS:** The Masterplan does not state clearly how these major developments will be financed. NJ recommends that there be greater participation of all concerned communities capable of merging private investments into state developed infrastructure programmes. In addition, the Masterplan sets out plans to develop small harbours around South African coastlines. However, the Masterplan does not clearly state how these harbours will be funded, particularly where maintenance at existing harbours is lacking already.
- **POLICY CONSIDERATIONS:** The current legislative framework governing aquaculture activities in South Africa is fragmented and regulated by various departments for both marine and freshwater sectors. NJ recommends that there be greater cooperation and coordination between the governmental departments. The Masterplan should not water down or enable avoidance of applicable pieces of legislation, policies and agreements such as the National Environmental Management Act of 1998. The basis of decision-making throughout the Masterplan should be that of a scientific and social point of view and not one of economics.

## CONCLUSION

In conclusion, Natural Justice recommends the creation of an enabling legislation, policy, and regulatory environment, which will aim to further advance growth, transformation, and sustainability in the sub-sector. This effort will be supported further by increasing the effectiveness and efficiency of value-chains; increasing investment to aid ailing infrastructure, including the power grid, road, and transport infrastructure; increasing research and development capacity; and ensuring responsive funding instruments. Furthermore, Natural Justice recommends that the DFFE focus on increasing the size of the industry in a manner which balances economic and environmental sustainability, whilst at the same time also mitigating the impact of climate change. Importantly, Natural Justice does not support those parts of the Masterplan which seeks to enable further exploitation of fossil fuel resources, which contravenes South Africa's own international climate commitments, and jeopardises the livelihoods of current and future generations.