



**Western Cape  
Government**  
Economic Development  
and Tourism

# PRIORITISATION OF WESTERN CAPE OCEANS ECONOMY OPPORTUNITIES, PROJECTS AND PROGRAMMES

Final report  
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# EXECUTIVE SUMMARY

This project's main objective was to identify the highest impact oceans economy opportunities, projects and programmes for the Western Cape. The approach included consultations through both the Oceans Economy Working Group and workshops in each of the coastal districts, secondary research, assessment of opportunities against jointly developed criteria, analysis and prioritisation of potential initiatives, further research on selected opportunities, and finally implementation planning.

The jointly agreed criteria were as follows:

- Large job/livelihood/small business impact
- Large economic impact overall
- Can actively include and benefits local community, including small-scale fishing communities who are also directly involved in the coast and sea
- Environmental sustainability
- Private sector and/or global interest and potential funding
- Timings and readiness
- Link to uniqueness and competitive advantage of the province or location
- Build on – and look after – the base of economic activity that have already

Based on these criteria, 10 top opportunities were identified. The following cross-cutting programmes and specific projects were identified as priorities in order to realise these opportunities. Different proposed lead organisations have been identified in the report, and in some cases during the consultations role players have confirmed their willingness to take a lead on initiatives.

<b>Cross-cutting programmes</b>	<b>Projects</b>
<ol style="list-style-type: none"> <li>1. Increased coordination and information sharing, including expansion of the Working Group</li> <li>2. Small harbours and publicly owned coastal properties - unlocking obstacles to private sector investment in partnership with communities with openness to big ideas</li> <li>3. Reducing oceans economy red tape, including municipal approvals for new oceans economy investments, aquaculture, ship / boat repair and maintenance in ports, tourism and ocean sports, film and media, port operations</li> <li>4. Development of guidelines, frameworks, pilot business models or test cases on emerging areas where Western Cape could play a leadership role e.g. coastal offshore renewable energy, payment for marine ecosystem services such as carbon capture, 4IR and the blue economy, abalone ranching</li> </ol>	<ol style="list-style-type: none"> <li>1. Coordinated development and promotion of coastal and marine tourism products and routes, including ocean sports</li> <li>2. Partnerships to enable cruise industry related employment and expand funding for related training and career pathing</li> <li>3. Address sea access and commissioning/ production facilities to enable expanded manufacturing of large leisure boats, catamarans</li> <li>4. Facilitate jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, research</li> <li>5. Ocean board sports manufacturing support for with sustainable manufacturing, innovation and export</li> <li>6. Further investigation of Great African Sea Forest (kelp forest) UNESCO World Heritage Site application and associated economic opportunities</li> <li>7. Coordination/ promotion of maritime education as an economic opportunity, including "export"</li> </ol>

# 1 Introduction and purpose

This report serves as the final report for the prioritisation of high impact oceans economy projects and programmes to create jobs and economic growth. It incorporates feedback from the Steering Committee and Oceans Economic Working Group. Please also refer the separate Annexures document which includes further detail on the literature review, workshops, and the opportunity analysis process.

## 2 Approach and methodology

At the beginning of this project, participants in the August 2019 Oceans Economy Working Group meeting were asked to provide input on how this project could be made as useful and practical as possible. There were some clear patterns that came from this input which are summarised below:

*The project should be both strategic and practical. It should build on previous work, without duplicating it. It should not be long, just "another report" and should focus on a small number of actionable items, particularly where there is clear business case and private sector interest. Quick wins (or projects close to their "tipping point") should also be identified, with the specific support identified to make them happen. Opportunities should be properly prioritised and categorised, using clear criteria relating to impact. Care should be taken to integrate local communities, and also take into account stakeholder implementation capacity.*

The project approach applied these principles as far as possible within the project scope.

The methodology for the project included:

- Review of relevant reports and plans
- Interviews with industry players and local/district municipalities
- Four district-level stakeholder workshops
- Evaluation of opportunities against jointly agreed criteria
- Further research on selected opportunities
- Development of recommendations, priority projects and programmes and implementation planning

### **A note on terminology: Oceans economy, maritime economy, blue economy, marine and coastal economy**

- At present, the Operation Phakisa language refers to the oceans economy, which includes numerous priority sectors and enablers: Marine transport and manufacturing, Offshore Oil and Gas, Aquaculture, Marine Protection and Ocean Governance, Small Harbours and Coastline Development, Coastal and Marine Tourism, Skills Development and Capacity Building, Research Technology and Innovation
- The maritime economy is sometimes used interchangeably with oceans economy, but can also be used to refer to a narrower scope focusing on marine shipping, engineering and boatbuilding

- Globally, the term blue economy is used to describe inherently includes principles of sustainability and inclusion (similar to the green economy concept); sectors include those listed above under Operation Phakisa, as well as other sectors such as offshore renewable energy, marine biotechnology and bioprospecting, sustainable fisheries, desalination, marine ecosystem services, waste disposal management. The spatial scope includes not only marine and coastal systems, but also rivers, lakes, dams and wetlands
- Some sectors such as tourism refer to "coastal and marine" in their definitions, which include activities associated with coastal lifestyle, property etc.

### 3 Summary of relevant national, provincial and district priorities

The National Oceans and Coastal Information Management System (OCIMS) for South Africa, developed as part of Operation Phakisa Oceans Economy, provides a very useful portal for relevant policies, frameworks, protocols and strategies, as well as for legislation and regulation<sup>1</sup>. The African Integrated Maritime (AIM) strategy has also prioritised economic opportunities related to the oceans economy<sup>2</sup>.

In essence, the **priorities** expressed by government are to use the oceans economy to help **eliminate poverty and reduce inequality, create jobs and enterprise opportunities, whilst ensuring sustainable coastal and marine management, appropriate coastal access, integrated spatial planning**, and an **increased role of districts** in economic development.

The overall **economic impact targets** in terms of Operation Phakisa are to contribute up to R177 billion to Gross Domestic Product (GDP) by 2033 (compared to R54 billion in 2010) and create approximately 1 million jobs (compared to 316,000 in 2010), i.e. **around 700,000 new jobs, as well as transformation/greater inclusion and opportunities for SMMEs**. There are specific sectoral targets in order to achieve. The table below shows targets up to 2026.

	MARINE TRANSPORT AND MANUFACTURING	OFFSHORE OIL AND GAS EXPLORATION	AQUACULTURE	SMALL HARBOURS	COASTAL AND MARINE TOURISM
<b>Jobs</b>	Jobs from 6 000 to 40 000 - 50 000 created		Jobs from 2 227 to 15 000 created (incl. value chain)	Potential jobs of 12 100.	116 000 jobs by 2026
<b>Economic growth</b>	GDP contribution from R7bn1 to R14-23 bn	Promotes exploration in order to drill 30 exploration wells in 10 years	GDP contribution from R0.7 bn1 to R3 bn	GDP contribution of R6 bn.	GDP contribution of R21,4 billion by 2026
<b>Transformation indicator</b>	•Market share of SA companies to 30%		•Inclusive growth	•Inclusive growth	

Source: Operation Phakisa August 2019 update.

Assuming a rough share across the three coastal provinces, the **Western Cape could be expected to contribute in the region of 150,000 to 200,000** towards this new job opportunity target by 2033. In addition, the Western Cape government has an overall job creation target of 350,000 in terms of the draft Provincial Strategic Plan for the next five years, to which the oceans economy could be expected to contribute.

<sup>1</sup> See <https://www.ocims.gov.za/documents/pol-fram-prot-strat/> and <https://www.ocims.gov.za/documents/leg-reg/>.

<sup>2</sup> [https://au.int/sites/default/files/newsevents/workingdocuments/33832-wd-african\\_union\\_3-1.pdf](https://au.int/sites/default/files/newsevents/workingdocuments/33832-wd-african_union_3-1.pdf)

However, according to the Operation Phakisa August 2019 update “**Government has unlocked investments amounting to approximately R 29.4 billion in the Oceans Economy, over 7 327 jobs have been created in the various sectors**” since 2014. **At this trajectory, it is unlikely that the 2033 targets will be achieved**; should the Western Cape want to secure significant economic impacts in the ocean economy it will be **necessary for multiple stakeholders to accelerate implementation of a series of high impact initiatives**.

## 4 Overview of oceans economy sector value chains

### 4.1 Overview of the oceans economy

The oceans economy is a **lens through which to view a collection of sectors and activities that involve the coastline and oceans**. Although they may share some common challenges related to the complex regulation and institutional arrangements impacting on coastal and marine activities, they also each have their own particular dynamics and challenges.

Within these sectors there is **a mix of established and emerging sectors**, as illustrated in the table below from OECD.

Established ocean-based industries	Emerging ocean-based industries
Industrial capture fisheries	Industrial marine aquaculture
Industrial seafood processing	Deep- and ultra-deep water oil and gas
Shipping	Offshore wind energy
Port activities	Ocean renewable energy
Shipbuilding	Marine and seabed mining
Offshore oil and gas (shallow water)	Maritime safety and surveillance
Marine manufacturing and construction	Marine biotechnology
Maritime and coastal tourism	High-tech marine products and services
Marine business services	Others
Marine R&D and education	
Dredging	

Source: OECD (2016) The Ocean Economy in 2030

Stakeholders have also noted the **interactions between these sectors and activities, both positively and negatively**, with some mutually reinforcing linkages (e.g. one sector creating demand for another one) as well as competition for space and resources, which collectively impact on sustainability. Stakeholders have also highlighted the importance of taking into account the illegal economy as a factor in the oceans economy (notably poaching).

## 4.2 Summary of scale and nature of oceans economy sectors in the Western Cape

During the document review, the following information on the scale and nature of existing sectors within the oceans economy in the Western Cape was identified:

### 1. Marine manufacturing and engineering:

- The Operation Phakisa update reports an investment in this sector in South Africa to date of around R9bn (mostly public sector investment), and around 4,500 jobs created
- The Western Cape State of the Coast Report, 2018 estimated a total contribution of ports to the GDP of the Western Cape of 0.62% in 2016/17
- The Stratecon Western Cape Maritime Industry 2018: Economic Contribution report estimates a direct GDP contribution of this sector in the Western Cape of R6bn, R13bn to provincial GGP and R15bn to national GDP; the report estimates 7,090 people who worked directly in the industry and a further 5,300 indirect in the Western Cape; and a 1.9% contribution to Western Cape manufacturing in 2018.
  - The above statistics include repair and fabrication, not marine transport, and also do not include fabrication of pleasure craft and smaller fishing craft; according to Stratecon "On average, pleasure craft production was worth an additional 29% of the entire industry and over 150% of other forms of maritime fabrication."
- SABBEX estimates that there has been a significant growth in leisure boating production, with currently an estimated R2.2bn turnover of Cape Town companies, with Robertson & Caine alone employing 1,800 people across 4 sites; leisure boatbuilding in the Western Cape is increasingly building larger boats
- Saldanha Bay IDZ reports notes that marine manufacturing contributes 0.35% of SA GDP, 0.313% of Western Cape GDP, and that 84% of total export revenue (R1.79 billion) in 2015 was due to yachts and other leisure and recreational boats; 90% of this value was created in Cape Town. "The net worth of top 18 leading marine manufacturing companies is approximately worth US\$ 130 billion, and growing"
- Saldanha Bay IDZ reports notes that globally there are 50,000 merchant ships involved trading, across 150 nations, with around 1 million seafarers.

### 2. Aquaculture value chain:

- Operation Phakisa updates report impacts on investment in this sector in South Africa to date of around R1.2bn, and around 2,000 jobs created
- According to the Western Cape State of the Coast Report, 2018, estimated that over 67% of South African marine aquaculture producers are situated in the Western Cape
- DAFF 2016 aquaculture yearbook (based on 2015 numbers) estimates:
  - 23 marine farms in Western Cape - 12 abalone, two finfish, four mussel, five oyster
  - 3,793.22 tons of marine aquaculture production, around 68% of national marine aquaculture production
- Stakeholders also note a competitive advantage in the Western Cape for abalone production:

- For example, existing activity noted in Overberg District municipality reports includes abalone production and processing as follows, in some cases integrated with other fish and seafood processing:
  - Abalone production between Hermanus and Buffelsjags hatchery, grow-out farms, and processing including a cannery, packaging and marketing of canned, dried and live abalone – Abagold, HIK, Whale Rock Farm; Viking Fishing Aquaculture (Tuna Marine); including extensive holding tanks, packing and grading facilities for wild-caught lobster and abalone for market, Viking Abalone-Buffelsjags Abalone Farm; currently operational, with 3 years to full production
  - Walker Bay Cannery: processing of rock lobster and abalone for export;
  - Hermanus Marifeed: production of specialised aquafeeds for abalone and trout farms
  - Atlantic Abalone-Marine Growers (Premier Fishing): producing 25-30 tons of abalone per annum
  - Aquinon-Romansbaai Farm (Gansbaai Harbour): 30 ha site acquired from Sea Plant Products in 2005. Comprises breeding stock, hatchery, nursery, grow-out and packaging sections. This farm produces 200 tons of abalone/ annum.
  - Abalone I&J: Danger Point Abalone Farm located on Klipfontein Farm at Danger Point (Gansbaai), with a capacity of more than 300 tons per annum. Secondary production includes factory canned, dried and frozen abalone products
  - Ithios: processing of hake, abalone and rock lobster

### 3. Fishing and fish processing value chain:

- The fisheries sector is estimated to contribute 5% of the Western Cape's provincial GDP
- "The South African fishing industry, the most capital-intensive of all primary sectors, has insured assets (harbour and land based assets) estimated at around R100 billion. The sector provides direct employment for about 28,000 people, both land-based and sea-going. Indirect employment in industries linked to the sector is estimated at between 81,000 and 100,000.... By some government estimates, an increase in fishery output of R1million would be associated with an extra 10.7 jobs in the fishery sector and wider economy."<sup>3</sup> The Western Cape is estimated to account for 90% of the national catch value, around 70% of the industry's employment and income, and 85% of exports.
- The Western Cape State of the Coast Report notes that there are 43 communities are involved in Interim Relief measures in the Western Cape, 100% of which are previously disadvantaged
- Fish processing is in many cases vertically integrated, and is a significant employer. However, the industry has been in decline and faced various closures; some facilities are now often relying on imported fish inputs to keep their factories open<sup>4</sup>. Some aspects such as hake are strong export sectors.
- Global estimates: The World Bank's 2016 Sunken Billions Revisited report shows that fisheries properly managed, with a significant reduction in overcapacity and overfishing, could provide additional economic benefits to the global economy in

<sup>3</sup> <https://sadc-epa-outreach.com/images/files/sadc-eu-epa-fisheries-july-2017.pdf>

<sup>4</sup> <https://pmg.org.za/taled-committee-report/3092/>

excess of US\$80 billion each year (World Bank 2016b). That is almost 30 times the annual net benefits currently accruing to the fisheries sector in spite of prevalent overfishing.<sup>5</sup>

#### 4. Offshore oil and gas

- Operation Phakisa updates report impacts on investment in oil and gas in South Africa of around R18bn (of which around R10bn public sector investment), and around 230 jobs created
- Saldanha Bay IDZ study mentions and estimated GDP contribution of 0.073% in Western Cape, vs. 0.31% of South African GDP.

#### 5. Coastal and marine tourism:

- Operation Phakisa updates report impacts on investment in coastal and marine tourism in South Africa of around R160m, and around 200 jobs created.
- The City of Cape Town Coastal Management Plan states "in 2009, it was estimated then that, conservatively, Cape Town's natural assets contribute between R2 billion and R6 billion per annum to the economy. In this study, the economic value alone of recreation on Cape Town's beaches was estimated at over R70 million per year while the coastline as a whole contributed over R375 million per year. ...Since 2002, the Victoria and Alfred Waterfront has contributed almost R200 billion to the economy and a similar amount is expected over the next decade."
- The Ocean board sports study in Cape Town (focused surfing and kitesurfing):
  - Surfing: Estimated R16m in surfboard manufacture, R200m in surfboard retail, 50,000 lesson hours p.a.
  - Kite surfing: R480m industry, 15,000 foreign visitors p.a. R40,000 to R140,000 spend per tourist, 80,000 lesson hours p.a. (70% to foreigners)
- Overstrand / Cape Whale Coast tourism marketing strategy estimates:
  - 85,000 visitors to Kleinbaai shark cage diving in 2016, up from 63,635 in 2012
- Whale watching (on and offshore), as well as events such as the Hermanus Whale Festival, also contribute significantly to the tourism activity of the Overberg

#### 6. Marine biotechnology, biodiversity, bioprospecting/biodiscovery:

- Harvesting and processing of some resources does take place e.g. kelp:
  - Overberg rural development strategy notes: "Kelp harvesting management is based on Maximum Sustainable Yield (MSY) set in annual permit conditions for seaweed rights areas. Four such "rights areas" (i.e. 4, 5, 6 and 7) are located along the Overberg District's coastline, with current harvesting focussing on the abalone farming node between Danger Point and Hermanus. The Buffelsjags Community east of Pearly Beach have a concession to harvest kelp along 20km of coastline adjacent to the Buffelsjags Abalone Farm, which will require approximately 7 tons of kelp per day once operational in the next three years. The concession holders will also harvest "beach cast" kelp to be dried and shredded before being sold as an export product."

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<sup>5</sup> <http://documents.worldbank.org/curated/en/523151496389684076/The-potential-of-the-blue-economy-increasing-long-term-benefits-of-the-sustainable-use-of-marine-resources-for-small-island-developing-states-and-coastal-least-developed-countries>

- Existing processing into plant growth stimulant, abalone feed, vitamin supplements and (e.g. Kelp Products Ltd, Taurus Atlantic Seaweeds Ltd, Flora Force Natural Products)
- Limited marine bioprospecting activity in the Western Cape to date, a relatively new field in SA, but some research e.g. Rhodes University in partnership with international research bodies/corporates:
  - e.g. 1990s Rhodes University (Chemistry Department) signed an Access and Benefit Sharing (ABS) agreement with SmithKline Beecham (now GlaxoSmithKline) for the use of SA marine invertebrates in drug development; collaborated with the National Cancer Institute (NCI) and Coral Reef Research Foundation, and also SCRIPPS Institution of Oceanography with NIH and the Oncology Drug Discovery department of Bristol-Myers Squibb Pharmaceutical Research Institute, to research the use of South African marine invertebrates for the development of anti-cancer drugs; however, this did not result in any patentable invention, with low biological activity levels in samples; nevertheless this marine sample information is being used in NRF-funded projects in the search of malaria resistant compounds
  - The Marine Natural Products (MNP) research platform aims to expand the search for new bioactive compounds in the coastal shelf of the Agulhas bioregion
  - Globally, marine bioprospecting applications that are already commercialised include anti-cancer drugs, ARVs, industrial enzymes, skin treatments, infant formula additive; pain management drug; potential applications include pharmaceutical, cosmetics, nutraceuticals, agrochemical and biotechnology sectors for anti-viral, anti-bacterial, anti-biotic, anti-cancer, anti-tumour and anti-inflammatory properties; pain inhibitors and anaesthetics,
  - There are some concerns about sustainable harvesting practices given that typically require large volumes of an organism to produce a small volume of active ingredient.

## 7. Small harbours:

- Operation Phakisa updates report impacts on investment in small harbours in South Africa of around R300m, and around 200 jobs created

### 4.3 Binding constraints and “stuck” issues

Various binding constraints, growth limiters and “stuck” issues in the Western Cape context were identified through the secondary research or raised by stakeholders as part of this project. These are summarised in the table below. In many cases there are already initiatives or projects underway to try to address these constraints; however, some are not delivering the desired results as yet (for some examples of these see write-ups in Annexure B from working group discussions on “What is already happening” in selected sectors?”.

Sector/sub-sector	Binding constraints, growth limiters and “stuck” issues identified
Marine transport and manufacturing – marine transport and logistics	<ul style="list-style-type: none"> <li>• Port operations, facilities and infrastructure (including nature of TNPA mandate, performance management, decision-making and planning processes; procurement processes for gantries, SARS customs and excise operations; international compliance requirements; operations not primarily driven by private sector needs or internationally competitive practices)</li> <li>• High wind conditions in W Cape (in particular Cape Town port) impacting on operating hours (need to design facilities and operations to mitigate)</li> <li>• Congestion around the ports/traffic during peak periods causing delays (and contestation with other road users)</li> <li>• Overall logistics competitiveness confined by red tape / documentation requirements, charges and processing and processing times</li> <li>• Cold storage facilities and cold truck operators in outlying areas e.g. Matzikama, Mossel Bay</li> <li>• South African ship register has been considered uncompetitive vs. international comparators (tax and legal regime) - recent changes are trying to make this more competitive. SA import / export relies on over 12,000 vessels, only 5 of these registered in SA as at June 2019.</li> </ul>
Marine transport and manufacturing – boatbuilding	<ul style="list-style-type: none"> <li>• Access to suitable slipways and launch/commissioning facilities</li> <li>• Scale of production facilities required impacting on production costs (rising cost as boat sizes increase, need for sites to be in close proximity to sea access points competes with other land use priorities)</li> <li>• Challenges due to industry structure, which is mostly composed of small to medium companies, e.g. access to capital for expansion, international certification and compliance, constant innovation, ongoing skills and technology upgrading, international marketing</li> </ul>
Marine transport and manufacturing – repair and refurbishment	<ul style="list-style-type: none"> <li>• Port operations, facilities and infrastructure, including nature of TNPA mandate, investment and planning processes, and incentives and KPIs, e.g. around bunkering facilities</li> <li>• Poor maintenance and lagging modernisation / upgrading and expansion of shipyards, dry docks, floating docks, lifts etc.</li> </ul>
Aquaculture value chain	<ul style="list-style-type: none"> <li>• Industry concerns about high regulatory burden, and dissatisfaction with the proposed Aquaculture bill (whilst noting some positive and supportive aspects for industry development), with key issues raised<sup>6</sup> including:             <ul style="list-style-type: none"> <li>○ Does not recognize aquaculture as an agricultural, rather based on the principles of controls in line with the Marine Living Resources Act, creates duplications with existing agricultural legislation with which</li> </ul> </li> </ul>

<sup>6</sup> AquaSA comments and presentations on the Aquaculture Bill

Sector/sub-sector	Binding constraints, growth limiters and “stuck” issues identified
	<ul style="list-style-type: none"> <li>○ aquaculture already has to comply.</li> <li>○ Greater focus on regulation than on enabling development and transformation</li> <li>○ Creates disincentives and uncertainties for investment, and the high regulatory and reporting burden (multiple non-harmonised permits, regulations and reporting requirements) is likely to mean that only larger established companies can successfully compete in the sector, as the barriers to entry and sustainable operations for emerging small and medium businesses will be too high</li> <li>○ The creation of a new sector/Department is too costly to justify for a relatively small industry (ca R1 billion turnover) which is the fraction of the size of agriculture (0.0038%), and duplicates unnecessary red tape, inefficiencies and would create overlapping mandates.</li> <li>○ This approach creates specific issues e.g. requiring exemptions for farmed abalone exports below the allowed wild catch size</li> <li>● Rough sea conditions along most of the coastline impact number of suitable sites, access to sheltered and onshore suitable sites (DPW ownership on many of these)</li> <li>● Capital investment, input costs and scale requirements for viability</li> <li>● High energy requirement, in particular for pumping - cost / lack of power availability in some cases</li> <li>● Biohazard risks (do not want to co-locate too many facilities)</li> <li>● Relatively low domestic fish consumption</li> <li>● Export market access (certification, market linkages)</li> <li>● Security issues, in particular during transport e.g. heists on abalone</li> <li>● Information flows and community (in particular for inclusion of local businesses/co-ops)</li> <li>● As a relatively new sector, limited local knowledge and skills available</li> <li>● Poaching</li> </ul>
Fishing and fish processing value chain	<ul style="list-style-type: none"> <li>● Declining fishing stocks of some species</li> <li>● Contested rights allocation system and processes</li> <li>● Fish processing – need to sweat assets, generally lack of new investment</li> <li>● Sea access issues – e.g. maintenance and operation of slipways in fishing harbours</li> <li>● Capital investment required to upgrade fishing fleet</li> <li>● Tense community dynamics in some cases (small-fishing and large fishing, residents vs. fish processing operations)</li> <li>● Dealing with illegal activity – poaching, crime– affects stock and creates security issues</li> <li>● Note: Due to these binding constraints and lack of growth prospects, industrial fishing was not included in the Operation Phakisa priority sectors</li> </ul>
Coastal and marine tourism value chain	<ul style="list-style-type: none"> <li>● Gaps in coordination and joint marketing across tourism role players (municipalities, LTOs, individual industry players)</li> <li>● Some limitations and access issues relating to permitting e.g. boat-based activities</li> <li>● Seasonality dynamics for both domestic and international tourism (both in terms of congestion during peaks and irregular income/employment in the sector)</li> </ul>

Sector/sub-sector	Binding constraints, growth limiters and “stuck” issues identified
	<ul style="list-style-type: none"> <li>National coastal and marine tourism plan identified the need for marketing, events and routes; regulations and permitting; research and spatial planning; beach precinct development, tourism infrastructure and tourism safety; maritime tourism; and skills development<sup>7</sup></li> </ul>
Marine bioprospecting and bio-economy	<ul style="list-style-type: none"> <li>High R&amp;D costs and long process to commercialise active ingredients (marine discovery more expensive than land-based bio-prospecting)</li> <li>Challenges of sustainable harvesting at scales required to extract active ingredients</li> </ul>
Offshore oil and gas and related services	<ul style="list-style-type: none"> <li>Domestic oil and gas industry development depending on cycles and uncertainty of discovery, drilling, exploration, fluctuating global oil and gas prices etc.</li> <li>Competition from multiple other locations to serve the West Coast of Africa rig repair / servicing activity</li> </ul>
Other emerging areas e.g. offshore renewables and wave/tidal energy; payment for marine ecosystem services, ocean plastics clean-up and recycling, marine film media and publishing	<ul style="list-style-type: none"> <li>Lack of established national frameworks e.g. for offshore renewables, payment for marine ecosystem services</li> <li>Rapidly evolving technologies e.g. wave energy, floating offshore wind</li> <li>Some challenges developing commercially viable business models and scaling up e.g. oceans plastic clean-up</li> </ul>

## 5 Opportunity assessment

The sections below set out the co-developed criteria that were used to prioritise opportunities and the outputs of the assessment based on stakeholder input and the project team's analysis.

### 5.1 Criteria for prioritisation

The jointly developed criteria for prioritising opportunities are as follows:

- **Large job/livelihood/small business impact**
  - Stakeholder input was there are very few individual opportunities that can employ thousands or tens of thousands of people, or create thousands of livelihood or SME opportunities, and therefore the **scalability** of multiple smaller initiatives should also be considered
- **Large economic impact overall**

<sup>7</sup> <https://www.vukuzenzele.gov.za/growing-sustainable-coastal-and-marine-tourism-destination>

- Stakeholder input was that this should not just consider GDP, but also exports, multipliers, and the wellbeing economy (which has a good fit with Western Cape factors)
- Can **actively include and benefits local community**
  - The Oceans Economy Working Group raised this as a critical issue; **stakeholder** input raised the particular need to specifically include **small-scale fishing communities** who are also directly involved in the coast and sea, who currently perceive themselves to be excluded from oceans economy projects and plans
- **Environmental sustainability**
  - Stakeholders have raised this issue as critical, to ensure sustainable use and resource utilisation, as well as ensuring that opportunities created can benefit people in the long-term, not just for a short period until a resource has been depleted
- **Private sector and/or global interest** and potential funding
  - Stakeholder inputs expanded this criterion from just private sector interest to other forms of global interest and funding, e.g. activities linking to Sustainable Development Goals could attract international interest
- **Timings and readiness**
  - This criterion was added to take into account the urgent need for job creation and economic benefits; at least some of the opportunities and projects identified should be realistic in the short-term, including taking into account that government permitting or regulatory processes will not cause excessive delays
- Link to **uniqueness and competitive advantage** of the province or location
- **Build on** – and look after – the **base of economic activity that have already**
  - Stakeholders raised that the emphasis in strategies and plans is often on the “exciting” new activities, and the established activities can be neglected, even though it may be more realistic to expand these activities than to start from scratch

## 5.2 Opportunity assessment

### 5.2.1 Assessment matrix

The project team developed a **matrix of the opportunities** that have been identified through the research and stakeholder input<sup>8</sup> with an **assessment of which locations this opportunity was relevant to, and an assessment against each of these criteria**. Each criterion was scored out of ten, and then **weighted** to generate a total score out of 10. The weighting places an **emphasis on jobs, overall economic impact, private sector/global interest and short term/project readiness**. *Please see the Annexures pack for the full matrix assessment with individual scores*. Based on the weighting, the **top 10 of these opportunities** score at least 6 points. These are summarised in the table below, sorted by the combined score from highest to lowest, with comments on the considerations that impacted on the scoring.).

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<sup>8</sup> Note: Some ideas raised during the workshops are not included below as they were proposed initiatives rather than opportunities, and have therefore been addressed in that section

Opportunity	Weighted score	Comments
Coastal and marine tourism product and route development	8.1	Tourism overall in SA has estimated direct contribution of R136bn and 726,500 jobs <sup>9</sup> , ~ 300,000 jobs in W. Cape, and has been more successful than other sectors at creating jobs. Western Cape has competitive advantages in coastal and marine tourism, numerous coastal municipalities have a base to build from/specialisations, and there is active private sector interest in growing this opportunity. To meet the criteria, product and routes would need to be designed specifically for responsible tourism, sustainability and inclusivity.
Expanded manufacturing of large leisure boats, catamarans	7.4	There are opportunities in Cape Town and Knysna in particular. Existing employment is high e.g. 1,800 people at Robertson & Caine alone and industry has been showing some growth (Cape Town and Knysna). The industry exported 90% of the products manufactured and attracted a positive trade balance of around \$73 million, or over R1 billion, annually. Cape Town is 2nd largest global producer after France. "Since 2014, this industry had secured investments worth R30 billion and created over 7,000 direct jobs in the oceans economy" <sup>10</sup> . Challenges of increasing size of facilities required, access to slipways and commissioning facilities.
Private sector investment into small harbours in partnership with local communities – securing of tenure, unencumbered, openness to big ideas	7.3	There is pent up demand for investment due to inadequate maintenance and ineffective current operational model, security concerns etc. Highest commercial potential harbours likely to be Hermanus, Hout Bay, Saldanha Bay, but would need to address both community dynamics/competing interests in utilising the harbour as and DPW land/letting out framework/harbour operational model.
Ship / boat repair and maintenance, including potential refurbishments related to new technologies	6.9	Established industry in Cape Town port and other harbours e.g. Saldanha Bay. Maritime repair and fabrication a significant employer already in W. Cape with ~ 7,000 direct jobs in 2018, another 5,000 indirect and induced; R3,2bn turnover in 2018. Growth / sustainability constrained by facilities (bunkering, slipways, lifts etc).

<sup>9</sup> WTC estimate: <https://pmg.org.za/page/PCTourBRRR>

<sup>10</sup> France <https://www.iol.co.za/news/south-africa/western-cape/cape-towns-boat-building-industry-can-provide-jobs-and-boost-economy-25691125>

Opportunity	Weighted score	Comments
Expanded aquaculture production and processing: abalone, mussels, oysters, finfish, kelp, other seaweed	6.8	Potential opportunities in Hermanus, Gansbaai, Saldanha Bay, Doringbaai etc. Could potentially double current employment if can address red tape/permitting, security etc. Abalone production has some differentiation globally. Around 0.8 - 1 jobs/tonne of production including farming and processing for abalone.
International cruise ship work	6.8	Opportunity could draw people from across the Western Cape, to work internationally. Cruise tourism is a growing industry globally, with around 1 million jobs globally paying \$41 bn in salaries (~R620 bn equivalent). Potential to scale up private sector training as well as existing public initiatives such as Maritime Youth Development Programme (MYDP) SAIMI which has been training youth in Eastern Cape to work in international cruise industry (MDC) e.g. 97 youth in 2017, 300 up to Jun 2019 <sup>11</sup> .
Jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, research	6.8	Could provide opportunities across the coastal municipalities given the expanded Marine Protected Areas. Significant job creation potential if can secure funding (e.g. from international organisations/NGOs) and work with scalable models, relatively low barrier to entry with numerous career path options. E.g. DPW 2017/18 annual report mentions pilot "partnered with the Buffalo City Metropolitan Municipality to pilot a coastal safety and protection project in the metro as part of the Operation Phakisa –Marine Protection Services' job-creation aspect. Initial funding support of R2.4 million was set aside for the payment of wages, Unemployment Insurance Fund (UIF) and to purchase protective clothing for 46 EPWP workers in various coastal protection projects in the metro.
Ocean sports and associated activities	6.2	Opportunities in Cape Town, as well as West Coast, Overstrand and Garden Route. Recent Cape Town research shows significant economic contribution - estimated R1.38 billion to the Western Cape economy per annum, ~3, 500 people employed and ~1,000 volunteers. Relatively low barriers to entry and high growth potential; not inherently environmentally sustainable but interventions could be designed to focus on that aspect e.g. board manufactured from sustainable materials, responsible events and tourism, community involvement

<sup>11</sup> <https://blog.samsa.org.za/tag/maritime-youth-development-programme/>

Opportunity	Weighted score	Comments
Great African Sea Forest (kelp forest) UNESCO World Heritage Site	6.2	Potential direct and indirect impact (catalytic/putting W. Cape on the map in terms of blue economy), potential job/business impact around tourism, monitoring, environmental management, research etc; should be a model that can involve fishing communities.
Maritime education as an economic opportunity, including "export"	6.1	Likely to be an opportunity for Cape Town, potentially also Hermanus and Saldanha Bay. W. Cape has significant maritime education capability that can be built on (school level, in-house training, FET and university level). Demonstrated private sector interest in expanding education e.g. Oceana Training Academy. There is also potential to attract international students.

## 5.2.2 Potential economic impact assessment

The Stratecon multi-criteria analysis exercise for Saldanha Bay<sup>12</sup> shows the relationship between turnover and jobs for oceans economy and other sectors. In order to give some idea of the quantum of growth in turnover required to generate large-scale employment growth in the oceans economy, the table below takes these relationships and calculates turnover required to generate 10,000 jobs per sector. Tourism is likely to have the greatest potential for job creation based on the ratio between turnover and jobs, the large existing scale of the sector and its growth potential as a tradeable service.

	Stratecon turnover required to create 2 100 jobs Rm	Jobs per R1m turnover	Rbn turnover that would be required to create 10,000 jobs
<b>Oceans economy sectors</b>			
Aquaculture	R 1 987	1.06	R 9.5
Petroleum products	R 2 114	0.99	R 10.1
Maritime components	R 2 379	0.88	R 11.3
Maritime fabrication (pleasure craft)	R 2 331	0.90	R 11.1
Tourism	R 1 660	1.27	R 7.9
<b>Comparator sectors</b>			
Electricity	R 5 111	0.41	R 24.3
Retirement industry	R 1 941	1.08	R 9.2
Olive farming	R 1 483	1.42	R 7.1

<sup>12</sup> Stratecon presentation (May 2019) [SBM: Analysing Potential Growth Industries](#)

These turnover levels are very high when considering the current scale of some sectors in the Western Cape e.g. estimated R2.2bn turnover of Cape Town leisure boating companies, turnover would have to increase fivefold to achieve 10,000 jobs (according to the above ratios). In comparison, the V&A Waterfront had a direct GGP contribution of R9.3bn contribution in 2018, with around 23,000 people working there (with on average more than 4% annual growth in employment), and around 400 businesses operating there<sup>13</sup>.

The project team estimates that these opportunities have the combined potential to contribute to 30,000 to 40,000 jobs in the next 5 years if successfully supported (based on scaling up of existing activity), which could make a significant contribution to Operation Phakisa targets.

### 5.3 Prioritisation of opportunities for each coastal district

Based on the stakeholder input and opportunity assessment, the highest potential impact opportunities for each district are summarised as follows:

Cape Town	<ul style="list-style-type: none"> <li>• Coastal and marine tourism product and route development, including cruise and superyacht related opportunities, ocean sports, high end customised experiences</li> <li>• Expanded manufacturing of large leisure boats, catamarans (Paarden Eiland)</li> <li>• Private sector investment into small harbours in partnership with local communities – particularly Hout Bay</li> <li>• Ship / boat repair and maintenance, including potential refurbishments related to new technologies (subject to resolving Cape Town port issues)</li> <li>• Jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, and research</li> <li>• Ocean sports related manufacturing (sustainable boards)</li> <li>• Maritime education as an economic opportunity, including attracting international students, e.g. Hout Bay, Simons Town</li> </ul>
Garden Route	<ul style="list-style-type: none"> <li>• Coastal and marine tourism product and route development, including nature-based tourism, boat-based activities, lifestyle tourism, aquaculture tourism (centred around Knysna and Mossel Bay)</li> <li>• Expanded manufacturing of large leisure boats, catamarans - Knysna</li> <li>• Ship / boat repair and maintenance, including potential refurbishments related to new technologies – Mossel Bay</li> <li>• Jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, research</li> </ul>
Overberg	<ul style="list-style-type: none"> <li>• Coastal and marine tourism product and route development, including nature-based tourism, boat-based activities, lifestyle tourism, adventure tourism, aquaculture tourism (centred around Hermanus, Gansbaai and Kleinbaai)</li> <li>• Private sector investment into small harbours in partnership with local</li> </ul>

<sup>13</sup> [https://www.waterfront.co.za/wp-content/uploads/2019/08/1804460\\_VA-\\_-EIS-Booklet-2018\\_Digital\\_Final-1.pdf](https://www.waterfront.co.za/wp-content/uploads/2019/08/1804460_VA-_-EIS-Booklet-2018_Digital_Final-1.pdf)

	<p>communities – securing of tenure, unencumbered, openness to big ideas – Hermanus and Gansbaai in particular</p> <ul style="list-style-type: none"> <li>• Expanded aquaculture production and processing: abalone, seaweed</li> <li>• Jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, research</li> <li>• Maritime education as an economic opportunity, including “export” (Hermanus)</li> </ul>
West Coast	<ul style="list-style-type: none"> <li>• Expanded aquaculture production and processing: mussels, oysters, finfish (Saldanha Bay aquaculture zone), abalone (Doringbaai)</li> <li>• Coastal and marine tourism product and route development, including ocean and lagoon sports (although noting seasonality challenges)</li> <li>• Private sector investment into small harbours in partnership with local communities – securing of tenure, unencumbered, openness to big ideas –Saldanha Bay fishing harbour in particular</li> <li>• Ship / boat repair and maintenance, including potential refurbishments related to new technologies – Saldanha Bay and Vredenburg</li> </ul>

The scale of these opportunities is different in each location; Cape Town with its overall dominant economic position and higher levels of economic activity is likely to continue to have greater share of any growth; however, opportunities in other districts may be meaningful relative to the scale of the economies in each region.

## 6 Further research on selected priority areas

Some key opportunities were agreed as priorities for further research based on gaps in available information. This research helped to inform the nature of the project and programme recommendations to realise the opportunity.

### 6.1 Cruise industry related employment

Note: The section below is based on the project team's interviews with stakeholders and secondary research based on publicly available documents; further information will be available once the South African Cruise Tourism Maximisation Strategy and cruise tourism aspects of the Western Cape Tourism Master Plan are available.

#### 6.1.1 Overview of the Western Cape cruise market in the global context

The **global ocean cruise market** grew by 7% in 2018 to reach 28.5 million passengers<sup>14</sup>. In 2017, the sector was **composed of around 1 million full time equivalent employees with wages and salaries amounting to US\$45.6 billion**<sup>15</sup>. The world's largest cruise industry trade association, Cruise Lines International Association (CLIA), projected that 30 million passengers are expected to cruise in 2019<sup>16</sup>. The CLIA also projected that 272 CLIA-member cruise ships will be in operation, and 18-member ocean ships were scheduled to debut in 2019. In terms of passengers by origin, North America continues to make-up the largest share of passengers (14.2 million) in 2018, growing by 9% relative to the previous year<sup>17</sup>. The Caribbean continues to rank as the top destination for deployment<sup>18</sup>.

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<sup>14</sup> <https://cruising.org/news-and-research/press-room/2019/april/clia-reveals-growth>

<sup>15</sup> <https://cruising.org/news-and-research/-/media/CLIA/Research/CLIA%202019%20State%20of%20the%20Industry.pdf>

<sup>16</sup> <https://cruising.org/news-and-research/-/media/CLIA/Research/CLIA%202019%20State%20of%20the%20Industry.pdf>

<sup>17</sup> <https://cruising.org/news-and-research/press-room/2019/april/clia-reveals-growth>

<sup>18</sup> <https://cruising.org/news-and-research/press-room/2019/april/clia-reveals-growth>



Source: Replication from the Cruise Lines International Association

Of the 29 million cruise passengers travelling in 2018, **only around 0.6% chose Africa** as their destination<sup>19</sup>. In 2018, passengers travelling to Africa/Middle East cruised for an average length of 8 days<sup>20</sup>. The top three markets in terms of origin of passengers arriving in Cape Town included the United Kingdom, Germany and the US<sup>21</sup>.

Given the positive global cruise ship market performance and its associated economic impact, South Africa has identified the opportunity to play a greater role in global cruise tourism; the geographical positioning of the country, coupled with its world-class port infrastructure, plays a significant role in its participation plans<sup>22</sup>. Cape Town is considered one of the favourite destinations on world cruises; however, the remoteness from main source markets adds cost and time for potential cruise participants. In addition the distances between suitable ports and destinations in the region presents some challenges around building attractive itineraries<sup>23</sup>. As part of the efforts to develop cruise tourism in South Africa, the country embarked on infrastructure port development in order to adequately facilitate cruise tourism. In 2015, the Transnet National Ports Authority named the V&A Waterfront as

<sup>19</sup> <https://cruising.org/-/media/research-updates/research/clia-global-passenger-report-2018.pdf>

<sup>20</sup> <https://cruising.org/-/media/research-updates/research/clia-global-passenger-report-2018.pdf>

<sup>21</sup> Cruise Ship Performance & Potential 2019. Wesgro.

<sup>22</sup> <https://www.investcapetown.com/cruise-tourism-brings-wave-of-economic-opportunities-to-our-shores/>

<sup>23</sup> For example, see this interview with the CEO of Cruises International, the largest international cruise line representative in Southern Africa. <https://youtu.be/rvOITqH-XnU>

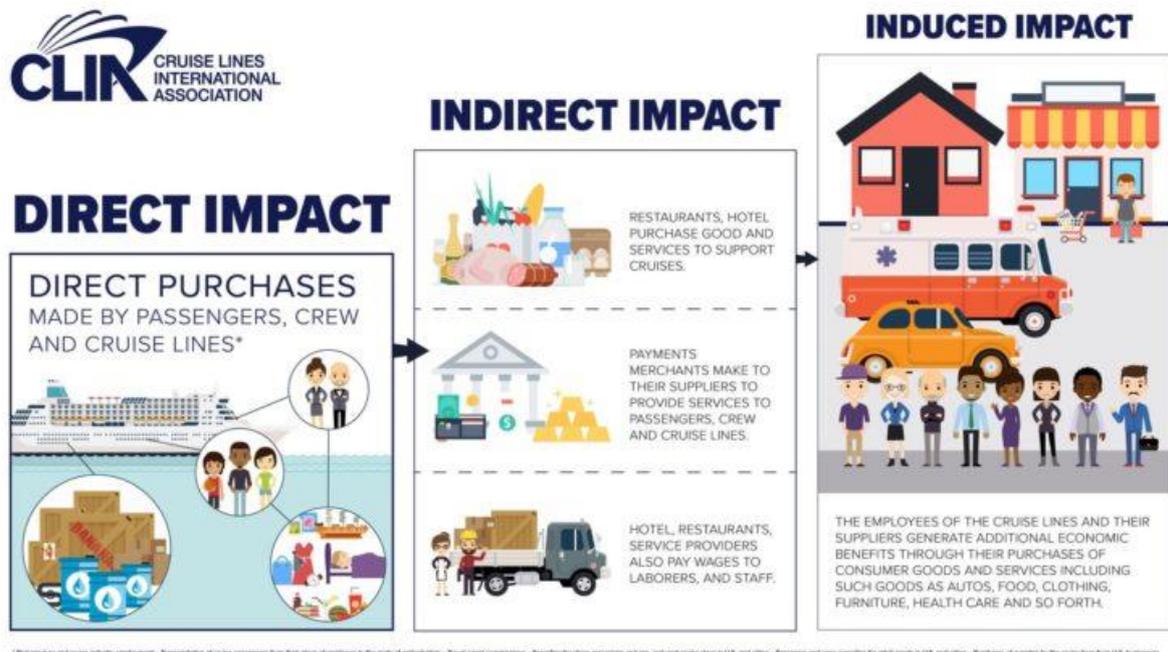
the preferred bidder to manage the city's terminal in a two-year development project; phase one of the Cape Town Cruise Terminal was completed in 2016 and final completion occurred in 2018<sup>24 25</sup>.

Cruise ship operators are also optimising on the potential of South Africa as a destination by investing in joint ventures<sup>26</sup> aimed at developing port infrastructure; this has been witnessed by MSC Cruises and Africa Armada Consortium, in the R200 million cruise ship terminal development, KwaZulu Cruise Terminal, in Durban. The investment is anticipated to result in cruise calls increasing from 60 to more than 150, and passenger numbers rising from 200,000 to more than 700,000 by 2040.

The **Cape Town cruise industry is anticipating 85 cruise ships, 174,543 total passengers, and a total crew of 41,369 to arrive in the 2020-2021 cruise season, which represents significant growth from previous seasons<sup>27</sup>.**

Spending, as result of global cruise tourism, impacts the global economy in terms of output, employment and income. As reflected in the figure below, economic impact may be direct, indirect or induced. Both **indirect** and **induced** contributions originate from the spending of the **directly** impacted businesses and their employees; this indicates the ripple effect of **direct** expenditure on the economy. The structure of individual economies determines the effects of indirect and induced contributions to the economy.

#### Types of economic impact of the cruise tourism industry<sup>28</sup>



Source: Replication from the Cruise Lines International Association

**Direct expenditure** plays a primary role in terms of the sectors contribution to the global economy: it is generated by the cruise industry, its passengers and its crew members. The

<sup>24</sup> Cruise Ship Performance & Potential 2019. Wesgro.

<sup>25</sup> 2016/17 South Africa Tourism Yearbook

<sup>26</sup> <https://www.bizcommunity.com/Article/196/373/170492.html>

<sup>27</sup> Cruise Ship Performance & Potential 2019. Wesgro.

<sup>28</sup> The Contribution of the International Cruise Industry to the Global Economy in 2017.

expenditure generates direct employment and employee income in the provision of goods and services purchased by the cruise lines, passengers and crew. Passenger purchases include shore excursions and tours, souvenirs and other retail goods. Apart from the direct positive impact on domestic tourism, other related sectors (retail of wine, jewellery, and arts and craft<sup>29</sup>) in close proximity to cruise ship ports also benefit. Cruise liners on the other hand tend to purchase goods (goods that are required for their operations, food and beverages, hotel supplies, bunker fuel, and utilities in the port) and services (travel agent commissions, advertising and promotions, professional and business services).

As mentioned above, **indirect expenditures** are the result of subsequent demand for goods and services generated by the **directly** impacted business. This includes the purchase of food raw materials for food processing; purchase of utility services (electricity and water); the provision of transportation services for the delivery of finished products to the cruise liners or wholesalers; and insurance for property and employees. **Induced expenditure** is generated by spending from cruise line employees and their suppliers; incomes are used to purchase a broad range of consumer goods (autos, food, clothing, and furniture) and services (e.g. healthcare).

According to Cape Town Mayoral Committee Member for Economic Opportunities and Assets Management, Alderman James Vos<sup>30</sup>, *“For every 12 tourists visiting our (Cape Town) shores, one job is created”*. Vos also stated that, *“cruise ships carrying around 2000 passengers result in spending to the value of R2 million per day”* and *“the average daily tourist spend is between R501-R1000 (excluding accommodation)”*. According to Invest Cape Town<sup>31</sup>, *“the average spend by an international tourist per trip is R8,400 (while in Cape Town), and R10,600 (spent before the traveller arrives in Cape Town)”*. Cape Town Tourism has estimated the value of the cruise tourism industry at ~R220 billion, between 2017 and 2027<sup>32</sup>.

In an effort to maximise on the economic benefits associated with investment in the South African cruise tourism market, multi-stakeholders have come together to establish a Cruise Tourism Maximisation Strategy<sup>33</sup> which will be coordinated by the Department of Tourism<sup>34</sup> <sup>35</sup>. The Strategy aims to encourage more cruise ship to homeport in South Africa or conduct turnarounds in Cape Town, and to stay longer in ports<sup>36</sup>.

The next section provides an overview of cruise industry direct employment opportunities including the career paths within the sector and the skills/experience required to access these careers.

### 6.1.2 Direct cruise liner employment

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<sup>29</sup> <https://www.businesslive.co.za/bd/national/2019-01-03-minister-wants-to-boost-cruise-tourism-sector/>

<sup>30</sup> <https://www.investcapetown.com/cruise-tourism-brings-wave-of-economic-opportunities-to-our-shores/>

<sup>31</sup> Initiative of City of Cape Town.

<sup>32</sup> <https://www.investcapetown.com/cruise-tourism-brings-wave-of-economic-opportunities-to-our-shores/>

<sup>33</sup> At the time of writing, the strategy was not publically available.

<sup>34</sup> <https://www.businesslive.co.za/bd/national/2019-01-03-minister-wants-to-boost-cruise-tourism-sector/>

<sup>35</sup> <https://cruisearabiaonline.com/2019/01/06/sa-announces-plans-to-triple-cape-town-cruise-tourism-numbers/>

<sup>36</sup> <https://cruisearabiaonline.com/2019/01/06/sa-announces-plans-to-triple-cape-town-cruise-tourism-numbers/>

Employment within the cruise tourism market tends to occur on land and on board. The section that follows provides an overview of cruise liner direct employment and wider potential employment opportunities, as well as the skills, qualifications, and experience required to access these careers. Information obtained for this section is based on desk research and discussions with stakeholders.

South Africans that are seeking employment **as cruise ship passenger service personnel** can either apply directly to cruise ship liners or via hiring agents. Qualifications differ significantly based on discipline. Highly skilled disciplines such as those related to the health sciences (doctors, nurses and paramedics) require internationally recognised qualifications and ancillary training; for the purpose of this study, highly skilled disciplines are excluded. In order to work in cruise ship passenger services, applicants need to be over 21 years old, have at least one year of work experience in their chosen discipline, have relevant qualifications (depending on the discipline), and ancillary training. Some general requirements<sup>37</sup> for cruise ship passenger service personnel employment include the following; no publicly visible tattoos or piercings, no criminal record, passing of medical examination and a valid passport.

South African hiring agents for cruise ship passenger service personnel include and are not limited to Blue Ensign (hospitality, retail and photography) and Steiner Leisure (spa services). Blue Ensign indicated that candidates that they recruit do not necessarily require a qualification however they **do typically require minimum years of work experience within their chosen field**. For example, to apply for the position of cruise ship bartender, the candidate will need a minimum of 2-3 years of recent work experience as a barman in a reputable establishment.

According to regulations by the International Maritime Organisation (IMO)<sup>38</sup>, which have been set out in the **International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW)**<sup>39</sup>, personnel working on passenger ships engaged in international voyage require specific certificates<sup>40</sup>. These certificates include Training in Crowd Management; Safety Training; Training in Passenger Safety, Cargo Safety and Hull Integrity; Training in Crisis Management and Human Behaviour. Since South Africa is a signatory to the STCW, candidates who are seeking employment as cruise ship personnel need to obtain these certificates.

STCW courses are facilitated by domestic maritime training institutions such as, the South African Maritime Training Academy (SAMTRA). SAMTRA recently expanded their training programme offerings<sup>41</sup> to include cruise ship training for cruise ship passenger service

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<sup>37</sup> <https://www.cruises.co.za/jobs-sea>

<sup>38</sup> IMO also requires that seafarers do a number of safety related training and courses before they can work on a ship, which includes the following; First Aid at Sea Certificate (FAAS), Marine Fire Fighting Certificate, Basic Security Awareness Certificate, Personal Safety and Social Responsibility Certificate (PSSR), Personal Survival Techniques (PST), Medical Clearance Certificate – obtained from a SAMSA approved medical practitioner, Letter of Employment from Shipping Company, Apply to the South African Maritime Safety Authority (SAMSA) for a Seaman's Book.

<sup>39</sup> The Convention prescribes minimum standards relating to training, certification and watchkeeping for seafarers which countries are obliged to meet or exceed.

<sup>40</sup> [https://www.mptusa.com/pdf/STCW\\_guide\\_english.pdf](https://www.mptusa.com/pdf/STCW_guide_english.pdf)

<sup>41</sup> According to SAMTRA's website, the Standards of Training, Certification and Watchkeeping (STCW) 2010 standard for seafarers include the following; Personal Safety and Social Responsibility (PSSR) (A-VI/1-4); Personal Survival Techniques (PST) (A-VI/1-1); Elementary First Aid at Sea (A-VI/1-3); Fire Prevention and Fire Fighting (A-VI/1-2); Security Awareness (A-VI/6-1); Ship Security Officer(A-V/5); Crisis

personnel. Traditionally, SAMTRA focused on the facilitation of qualifications and practical training programs for marine employment (such as, seafarers). SAMTRA indicated that the STCW-aligned courses required for employment on cruise ship differs based on the candidate's area of specialisation. Example, a candidate who is looking for employment as a hairdresser may require Crowd Management and Passenger Safety Training, whereas a seafarer<sup>42</sup> may require an assortment of training, including and not limited to Personal Safety and Social Responsibility, Personal Survival Techniques and Crisis Management and Human Behaviour. According to SAMTRA a specific packaged deal for 6 courses costs R9,800 (including VAT) in December 2019.

Examples of relevant SAMTRA courses prices are provided in the extract below:



*The facility is BVQI (ISO 9001) accredited. Where courses comply with the STCW code, SAMSA accreditation applies.*

**2019 COURSE FEES**  
(All course fees include 15% VAT)

COURSE	DAYS	PRICE PER STUDENT / ZAR
<b>DECK</b>		
ASD Tug Familiarisation Course	5	14207
ASD Tug Handling Intermediate Course	5	15295
Bridge Resource Management (previously Bridge Team Management)	4	12075
Bridge Watchkeeping	5	14207
Bridge Watchkeeping for ratings	3	10411
BRM for Pilots	3	10411
Crisis & Emergency Management	4	12075
ECDIS (IMO model course)	5	9400
GMDSS GOC Course	10	12650
GMDSS GOC Refresher	5	6325
ENS at Operations Level	10	12601
ENS at Management Level	10	23305
ENS at Management Level	5	5675
ENS at Operations Level	5	5675
LRC Course	5	6816
SRC Course	1	2000
Mooring Master Crisis and Emergency Management Course	3	10411
Port Studies	1	ON REQUEST (per bridge per day)
RADAR ARPA at Management Level	5	14207
Ship Handling	5	14207
Ship Simulation and Bridge Teamwork (IMO Model course)	5	14207
Steering Simulations and Lookout Duties	4	12075
Voith Tug Familiarisation Course	5	14207

Management and Human Behaviour (A-V/2); Crowd Management and Passenger Safety (A-V/2-1&2); and Wellness at Sea.

<sup>42</sup> Seafarers are ordinary seamen who are semi-skilled and able seafarers who are highly skilled.

#### NON-SIMULATION PRODUCT OFFERING

Designated Security Duties	2	3370
PSSR Course	2	2370
PST course	2	2730
Security Awareness	1	1794
Ship Security Officer	3	4876
Ship Safety Officer's Course	2	3795
STCW Able Seafarer Deck Course	10	10160

#### EXISTING SKILLS DEVELOPMENT PROGRAMMES RELEVANT TO CRUISE TOURISM

The Transport SETA reported to the Oceans Economy Working Group that they have identified cruise industry related skills development as an area of work. SAIMI is also involved in cruise tourism related skills development, and is exploring issues such as 4IR, impact on cruise employment. As at December 2019, **MSC South Africa** is planning imminently to launch their training facility, **Shosholozza Ocean Academy**<sup>43</sup>. Training will be offered for the various skills required to work on cruise ships including hospitality, technicians, welders, boilermakers, maintenance, repair personnel (container and cargo sector). Successful completion of the course will lead to employment on MSC ships<sup>44</sup>.

The **Superyacht Training Academy** – a **collaboration** between the Waterfront, the Superyacht Culinary Academy and the Ocean Star Sailing Academy – was opened for trade in November 2019 in Cape Town. The Academy facilitates skills development required by superyacht crews. The three areas for skill development are: chefs, deckhands and stewardesses. Basic marine training and safety licences will also be included in the services.

The Department of Tourism launched the **National Youth Chefs Training Programme** (NYCTP) and **Hospitality Youth Training Programme** (HYTP) in 2011 to address skills shortages in the tourism sector<sup>45</sup>. The NYCTP, implemented by the SA Chefs Association, is a 10-month training course that comprises of 30% theory and 70% work integrated learning (industry placement); 534 learners will graduate as Chefs and receive certificates accredited by City & Guilds in the following: Certificate in Food Preparation and Cooking (8065-01); Diploma in Food Preparation and Cooking (8065-02); Patisserie (Pastry) in Food Preparation and Cooking (8065-03). According to the Department of Tourism Annual Report 2018-2019<sup>46</sup>:

- 488 learners graduated from NYCTP centres in October 2018
- 298 learners are currently in Sommelier/Wine Services programme with 1st level of Culture, Art, Tourism, Hospitality, and Sport Education and Training Authority (CATHSSETA) training (bar attendant, customer care and sommelier 1-3) completed. Course completion anticipated in 2020.
- 1637 learners (across all 9 provinces) graduated from the Hospitality Youth Training Programme in Food & Beverages as well as Accommodation Services in March and April 2019
- 489 learners graduated from the Food Safety Assurers programme in October 2018.

<sup>43</sup> <https://africaports.co.za/2019/08/11/africa-ports-ships-maritime-news-12-august-2019/>

<sup>44</sup> <https://www.bizcommunity.com/Article/196/586/195811.html>

<sup>45</sup> [https://www.tourism.gov.za/CurrentProjects/Pages/National\\_Youth\\_Chefs\\_Training\\_Programme.aspx](https://www.tourism.gov.za/CurrentProjects/Pages/National_Youth_Chefs_Training_Programme.aspx)

<sup>46</sup>

<https://www.tourism.gov.za/AboutNDT/Publications/Department%20of%20Tourism%20Annual%20Report%202018-2019.pdf>

- 151 learners (from KwaZulu-Natal, Eastern Cape, and Western Cape) graduated from the Blue Flag Tourism Training Programme in November 2018 and April 2019
- 113 learners enrolled in the Tourism Green Coast Programme and have been placed with host employers
- 47 learners graduated from the Tourism Resources Efficiency Programme in February 2019. The programme will take 60 learners in the 2019-20 financial year
- The Hospitality Youth Training Programme (Fast Food) is aiming to recruit 2,357 unemployed youth from all provinces; training has commenced in Gauteng (575), Mpumalanga (300), KwaZulu-Natal (575), and Eastern Cape (200)

### IMPLICATIONS OF THE RESEARCH

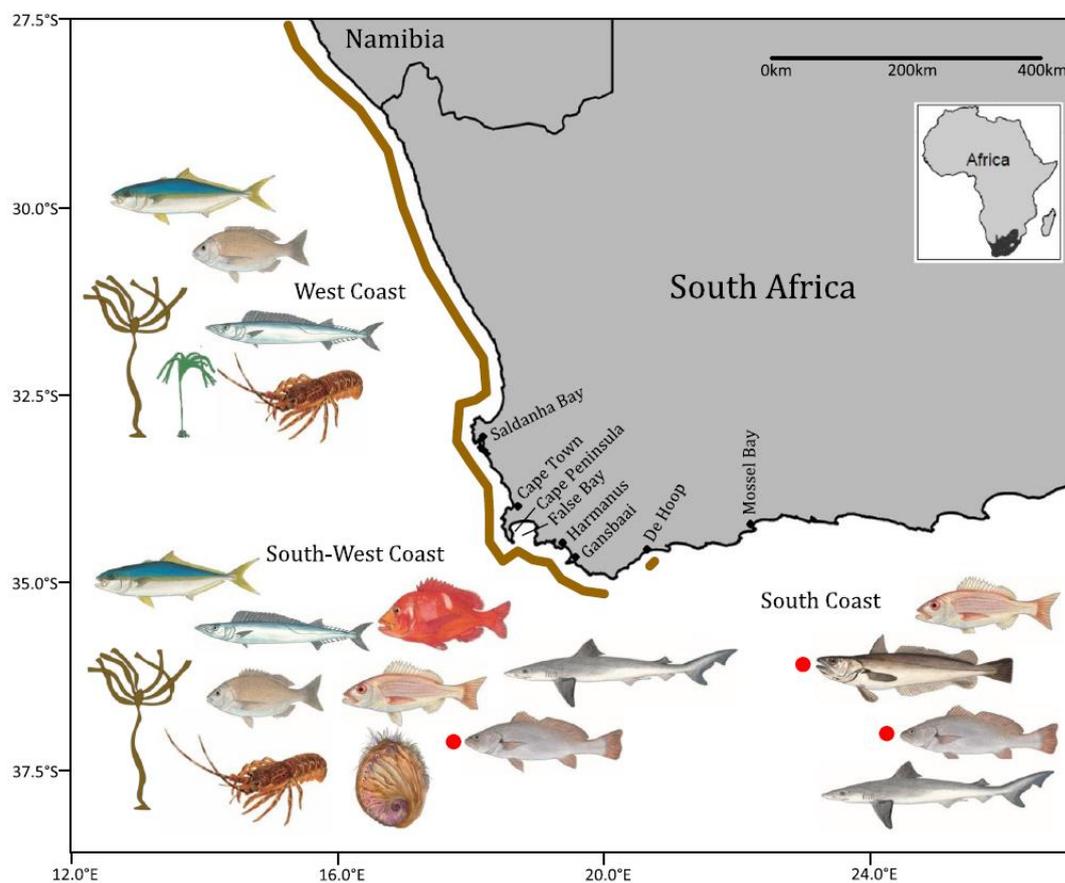
- There is insufficient easily available information in employment opportunities and associated career paths and requirements within the cruise tourism industry for Western Cape job seekers. Reports by international trade associations (CLIA) also include very little information on Africa. There is currently no platform where one can access information regarding employability within the cruise tourism market; the associated skills, qualifications; pre-sea training courses that are needed to gain access to these career paths; associated costs and support available.
- There are numerous barriers to entry for work seekers in the cruise industry, in terms of experience requirements, specialist entry qualifications and joining costs (such as medical tests, visas). Support could help to unlock access to these opportunities.
- Further research is therefore required on the merits of encouraging a career path from other technical and hospitality careers into the cruise industry.
- It may be useful to benchmark the approach of other remote cruise destinations to optimising socio-economic benefits in a sustainable way e.g. French Polynesia.
- In addition, enterprise development opportunities around the cruise supply chain in partnership with cruise industry players and global suppliers may also merit further investigation.

## 6.2 Optimising economic benefits of the proposed Great African Sea Forest Maritime World Heritage Site inscription

This section reflects on how to optimise the economic benefits for the Western Cape of the proposed declaration/inscription of the Great African Sea Forest as both a natural and cultural World Heritage Site.

### 6.2.1 What is the Great African Kelp Sea Forest and why is it important?

The visual and table shows the location and contribution of the South African kelp forest. UCT research has **estimated that the kelp forest contributes around US\$ 434 million a year to the South African economy**, both in direct economic value to South African GDP as well as to indirect ecosystem services (supporting commercial fisheries, carbon storage and flux, mariculture, and shoreline protection) <sup>47</sup>.



Distribution of South African kelp forests (brown line) and the main commercial species caught off west, south-west and south coasts (from Blamey et al., 2015). Red circles identify species not associated with reef ecosystems.

<sup>47</sup> Blamey, L.K., Bolton, J.J., The economic value of South African kelp forests and temperate reefs: Past, present and future, *J. Mar. Syst.* (2017), <http://dx.doi.org/10.1016/j.jmarsys.2017.06.0>

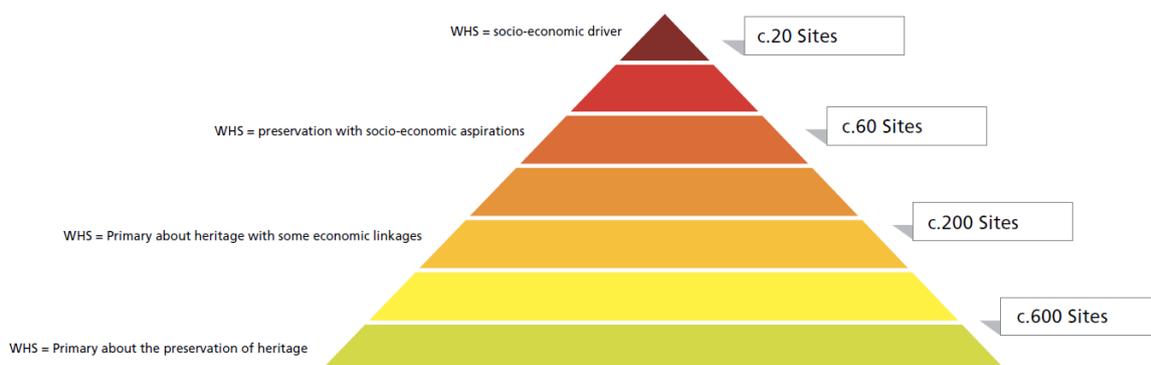
Direct and indirect ecosystem services provided by kelp forest and temperate reef ecosystems.

Direct ecosystem services	Indirect ecosystem services
Commercial fishing	Coastal protection
Subsistence fishing	Carbon fixation
Recreational fishing	Nutrient cycling
Ecotourism	Biodiversity
	Scientific research & education
	Recreation

## 6.2.2 What are World Heritage Sites and what is the process for inscription?

The **primary purpose** of UNESCO World Heritage Sites is the **protection and conservation of sites of outstanding universal value to the whole of humanity**<sup>48</sup>. In the case of natural sites, this includes outstanding biodiversity, ecosystems, geology or superb natural phenomena. In the case of cultural sites, relevant criteria for a marine and coastal site include “to bear a unique or at least exceptional testimony to a cultural tradition or to a civilization which is living or which has disappeared ... to be an outstanding example of a traditional human settlement, land-use, or sea-use which is representative of a culture (or cultures), or human interaction with the environment especially when it has become vulnerable under the impact of irreversible change” **Heritage site status is therefore not primarily an economically-driven initiative**; however, **in some cases** the approach **has integrated economic development and yielded economic benefits**.

A 2009 feasibility assessment for a UK Lake District World Heritage Site conducted a detailed analysis of economic motivations and impacts of World Heritage sites, **and found that less than 10% had significant socio-economic aspirations**<sup>49</sup> (it is not evident whether this pattern has changed in more recent years).



In the **South African context**, the **World Heritage Convention Act No. 49 of 1999** aims to **balance conservation and socio-economic development**, as stated in the objectives to “**promote, manage, oversee, market and facilitate tourism** and related development... in such a way that the **cultural and ecological integrity is maintained... encourage investment and innovation**; ...encourage **job creation** in connection with World Heritage Sites; ...promote the development of culturally, environmentally and, **if applicable, economically**

<sup>48</sup> <https://whc.unesco.org/en/criteria/>

<sup>49</sup> Rebanks Consulting Ltd and Trends Business Research Ltd on behalf of the Lake District World Heritage Project (2009) WORLD HERITAGE STATUS Is there opportunity for economic gain?

**sustainable projects** in connection with World Heritage Sites; ...promote **empowerment** and advancement of historically disadvantaged persons in projects related to World Heritage Sites."

Around **50** of the existing World Heritage Sites around the world are **marine or coastal sites**, including reefs, islands, bays, gulfs, atolls, archipelagos, national parks, sea, coasts, fjords, lagoons, and wildlife sanctuaries e.g. whale sanctuaries. They include many well-known sites such as the Great Barrier Reef in Australia, Galapagos Islands, Ha Long Bay in Vietnam, and Ibiza (Biodiversity and Culture) in Spain, as well other less internationally well-known sites that nevertheless have global significance. **The iSimangaliso Wetland Park was the first site to be registered as a South African world heritage site in 2000, and is the only marine World Heritage site** within the 10 sites in South Africa (see brief case study later in this section). Other South African sites are Fossil Hominid Sites of South Africa, Robben Island, Cradle of Humankind, Maloti/uKhahlamba Drakensberg Park (cross-boundary), Mapungubwe Cultural Landscape, Cape Floral Region Protected Areas, Vredefort Dome, Richtersveld Cultural and Botanical Landscape, and most recently #Khomani Cultural Landscape and Barberton Makhonjwa Mountain.

The African World Heritage fund notes that "as of July 2019, **Africa is underrepresented** on the prestigious UNESCO World Heritage List with only 137 Sites listed from 1121 in the world, thus constituting only 12% representation. However, Africa is also over-represented on the World Heritage List in Danger, with 22 Sites from 54 Sites listed in danger in the world, thus constituting 41% of the List."<sup>50</sup>

The nomination **process**<sup>51</sup> **is coordinated at a country level with each "state party" preparing a "Tentative List"** which is supposed to be lodged with UNESCO and updated regularly (the most recent South African update reflected on the UNESCO site is 2015<sup>52</sup>). The state party then submits individual nomination files in line with guidelines<sup>53</sup>. These nominations are then evaluated on a technical basis by relevant advisory bodies – the International Council on Monuments and Sites (ICOMOS); the International Union for Conservation of Nature (IUCN); the International Centre for the Study of the Preservation and Restoration of Cultural Property (ICCROM). For example, the IUCN has around a year-long process to evaluate each nomination, which includes field research, desktop research and voluntary input by experts with knowledge of the sites/their value<sup>54</sup>. Then a recommendation is made to the annual World Heritage Committee meeting (which can accept or reject the recommendation). Therefore the potential sites to be considered in the June-July 2020 meeting in Fuzhou, China are already being evaluated.

This **process has received some criticism**<sup>55</sup>, both for political interference which has resulted in a proliferation of sites that do not necessarily meet the technical criteria, and for the cost relative to the funding available from UNESCO (see next section).

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<sup>50</sup> <https://awhf.net/>

<sup>51</sup> <https://whc.unesco.org/en/nominations/>

<sup>52</sup>

[https://whc.unesco.org/en/tentativelists/?action=listtentative&pattern=&state=za&theme=&criteria\\_termination=&date\\_start=&date\\_end=&order=](https://whc.unesco.org/en/tentativelists/?action=listtentative&pattern=&state=za&theme=&criteria_termination=&date_start=&date_end=&order=) ;

<http://www.theheritageportal.co.za/article/sa-removes-sites-unesco-world-heritage-tentative-list>

<sup>53</sup> <https://whc.unesco.org/en/resourcemanuals/>

<sup>54</sup> <https://www.iucn.org/theme/world-heritage/our-work/advisor-world-heritage/nominations>

<sup>55</sup> <https://www.theglobalist.com/unesco-world-heritage-committee-reform/>

In **South Africa, the details of the process for identification and nomination are determined by the World Heritage Convention Act No. 49 of 1999<sup>56</sup>** and associated regulation, including consultation with interested parties.

### 6.2.3 What are the benefits and costs of World Heritage Site status?

#### **Benefits**

The declaration as a World Heritage site provides core benefits for **increased awareness, which also assists with wider fundraising for conservation. Being part of the network of sites** also assists in **sharing best practice e.g. amongst marine managers.**



Source: Rebanks Consulting Ltd and Trends Business Research Ltd on behalf of the Lake District World Heritage Project (2009) [WORLD HERITAGE STATUS: Is there opportunity for economic gain?](#)

**Stakeholders can also use the status to develop opportunities for socio-economic benefits such as increased tourism and investment or brand development.**

The exercise of investigating fit with World Heritage Site criteria can help local stakeholders to determine what is unique and important about their location, as well as learn how to effectively communicate this differentiation, which can provide an important foundation for tourism and investment promotion.<sup>57</sup>

Protection of the site can also boost and recognise the value of ecosystem services, such as coastal and storm protection, climate change mitigation, breeding ground for fish/other species, quality of life.

<sup>56</sup>

[https://www.environment.gov.za/sites/default/files/legislations/world\\_heritage\\_conventionact49\\_0.pdf](https://www.environment.gov.za/sites/default/files/legislations/world_heritage_conventionact49_0.pdf)

<sup>57</sup> Rebanks Consulting Ltd and Trends Business Research Ltd on behalf of the Lake District World Heritage Project (2009) [WORLD HERITAGE STATUS: Is there opportunity for economic gain?](#)

The benefits vary significantly from site to site, as shown in the comparison in the spider diagrams below.



**Figure 1:** Same designation diverse impacts: The Scottish Natural Heritage commissioned research from 2007 reveals the diversity between UNESCO sites holding the same designation in terms of impacts achieved – clearly other variables are critical. (Source Social, Economic and Environmental Benefits of World Heritage Sites, Biosphere Reserves and Geoparks, Scottish Natural Heritage, 2007)

## Costs

There are **also significant costs and regulatory burdens associated** with the **nomination process as well as the ongoing management, reporting, and compliance**. The UK Lake Districts investigation estimated a cost of around £400,000 in the UK for achieving inscription as at 2009. Although greatly varying across sites and countries, the cost was estimated to have increased over the decades due to increased competition between sites at both national and international levels, requiring greater evidence gathering and investment in motivating on the capability to conserve the sites. That study also notes estimated ongoing management costs of up to £150,000 p.a.<sup>58</sup> In another example Grand Pré in Nova Scotia spent around \$1.3 million in cash and in kind contributions in their nomination preparations.

From research to date it appears that **direct funding from UNESCO to support sites is limited**. The World Heritage Fund only has a budget of around US\$4 million annually to provide support, which needs to be prioritised across more than 1,100 sites<sup>59</sup>. *“In 1996, UNESCO had on average \$6,900 per World Heritage site to support the conservation and protection. However, in 2018 the sum has been reduced to just \$2,008.”*<sup>60</sup> International assistance submissions for funding for 2020 are closed; the deadline for funding submissions for 2021 is 31 October 2020.<sup>61</sup> Applications have to be made by the State Party (which cannot be in arrears on payment of contributions to the World Heritage Fund), and cannot be made by non-profits or other partners.

Because of these costs, international research has argued that a significant scale of activity and benefits is required to offset the costs, which may mean inscription is not viable for smaller or more remote sites.

<sup>58</sup> Rebanks Consulting Ltd and Trends Business Research Ltd on behalf of the Lake District World Heritage Project (2009) [WORLD HERITAGE STATUS: Is there opportunity for economic gain?](#)

<sup>59</sup> <https://whc.unesco.org/en/funding/>

<sup>60</sup> <https://www.theglobalist.com/unesco-world-heritage-committee-reform/>

<sup>61</sup> <https://whc.unesco.org/en/intassistance>

*... only a larger site can justify the cost of inscription and management, and, critically, only a larger site with appropriate resources can invest in using WHS as an effective catalyst for regenerative economic change. The reality is that the more WHS costs the more it becomes a tool only affordable or justifiable in socio-economic terms by significant visitor sites. If payback for the investment in WHS comes from tourism either directly or indirectly, it helps if you are, or can be, a significant tourism attraction to recoup that investment by either attracting more visitors or higher spending visitors. The key issue is not the relative impact, but the absolute return for the WHS investment.<sup>62</sup>*

South Africa's World Heritage Convention Act No. 49 of 1999<sup>63</sup> requires the allocation of management responsibilities to an existing or new Authority; development of integrated management plans, and in some cases joint management agreements, and ensuring compliance with UNESCO Operational Guidelines. The **integrated management plan for the site needs to harmonise planning across all spheres of government and compliance with other legislation and requirements such as NEMA, Marine Protected Areas, and the National Heritage Resources Act**. The Act also has other restrictions e.g. around sale or encumbrance of related assets.

**Potential sources of funding** listed in the World Heritage Convention Act include the following (noting that this does not specify the legal status of the Authority which may impose some restrictions e.g. a Schedule 3C entity would not be able to take on loans and may be restricted from retaining interest):

- contract for goods and services;
- loan;
- donor funding from inside or outside the Republic;
- interest;
- joint venture income;
- fees, including, without limitation, fees related to:
  - turnover;
  - rights granted by an Authority; or
  - services provided by an Authority;
- sale income;
- income from the development or leasing of its assets;
- subsidies from any organ of state; or
- appropriation by Parliament or a provincial legislature.

The **African World Heritage Fund** has some grants available to support the World Heritage site processes (with expectations of matching contributions by state role players, and an application process aligned to the UNESCO application criteria), notably:

- **Nomination grants** to support States Parties' efforts for successful inscription of sites onto the World Heritage List. Funds permitted, the nomination grants are accessible anytime during the year;

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<sup>62</sup> Rebanks Consulting Ltd and Trends Business Research Ltd on behalf of the Lake District World Heritage Project (2009) WORLD HERITAGE STATUS Is there opportunity for economic gain?

<sup>63</sup>

[https://www.environment.gov.za/sites/default/files/legislations/world\\_heritage\\_conventionact49\\_0.pdf](https://www.environment.gov.za/sites/default/files/legislations/world_heritage_conventionact49_0.pdf)

- **Conservation grants** to address conservation and management issues at World Heritage sites preferably as described in the World Heritage State of Conservation reports;
- **Education grants** to assist students at Master or PhD level completing their research and thesis in World Heritage field;
- **Emergency grants** to rescue sites in disaster situation and requiring emergent assistance. Funds permitted, the emergency grants are accessible anytime during the year.

The fund is administered by the DBSA. However, the **available budget for these AWHF grants is also small at present** (~R300,000 in total for nomination preparation grants in 2018, ~R500,000 in total for conservation grants).<sup>64</sup>

#### 6.2.4 How have socio-economic benefits been optimised?

The UK Lake District study<sup>65</sup> completed case studies on World Heritage sites with more of an economic focus and concluded the following:

*... sites that have achieved significant impacts have had a clear logic chain from the identification of the issues and problems they wished to address, a clear understanding of how WHS status could be used to catalyse change, following through to investing in the resources, activities and processes to deliver the impacts desired.*

*It is rarely the designation itself which achieves the impacts, and more normally the actions and investments of the local stakeholders.*

The study highlighted the importance of **effective local community involvement and governance**, and **strong local leadership from local business and community** as critical success factors in increasing impact.

The study also showed that **effective use of inscription as a place making catalyst** as a key differentiator in the higher socio-economy impact sites.

<sup>64</sup> See <https://awhf.net/wp-content/uploads/2019/04/2018.pdf>

<sup>65</sup> Rebanks Consulting Ltd and Trends Business Research Ltd on behalf of the Lake District World Heritage Project (2009) WORLD HERITAGE STATUS Is there opportunity for economic gain?

## CASE STUDY: ISIMANGALISO WETLANDS MARINE WORLD HERITAGE SITE<sup>66</sup> :

The iSimangaliso Wetland Park was the first South African World Heritage Site to be listed by UNESCO, inscribed in 1999, and is currently **celebrating 20 years as a Marine World Heritage Site**. This listing was on the basis of its natural beauty, biodiversity, and the need to protect threatened species and ecological processes. The Authority was established in terms of Regulation 1193 of 24 November 2000 of World Heritage Convention Act 49 of 1999, and is a Schedule 3A Public Entity (National Public Entity), reporting the Department of Environment, Forestry and Fisheries.

Until 2018 the Park spanned over 300,000 hectares and covered 5 ecosystems - including marine, shorelines, coastal dune, lakes and swamps - as well as 4 RAMSAR sites; with the expansion of the Marine Protected Area, the **combined terrestrial and marine area is now over 1,3m ha (13 289 sq km)**<sup>67</sup>.

The mandate and approach has been refined over time to deal with concern in the earlier years<sup>68</sup> (such as a need to increase public understanding of what the Park could deliver; improved planning with stakeholder involvement and consideration of commercial viability, environmental impact management) and a challenging surrounding local economic and community context – over 700,000 live around the borders of the Park.

The Chairperson notes “A people’s Park, inscribed by the global UNESCO body as an icon of superb ecological wealth, it was also a paradox positioned as it is in a region of extreme poverty and a paucity of economic opportunities.” The Isimangaliso Wetland Park Annual Report states that “ultimately, the Authority seeks to **transform the biodiversity economy of the area, providing inclusive and sustainable economic opportunities for local communities while effectively protecting the World Heritage Site values**”. More specifically “iSimangaliso’s mission is to protect, conserve and present the Wetland Park and its World Heritage values for current and future generations in line with the standards laid down by UNESCO and the World Heritage Convention Act 1999, (Act No 1 of 1999) (‘WHCA’), and to **deliver benefits to communities living in and adjacent to the Park by facilitating optimal tourism and related development**.”

There is a **management agreement between the Authority and Ezemvelo KZN Wildlife for day-to-day wildlife and biodiversity management that takes into account compliance with the World Heritage Management Act** and in line with the Integrated Management Plan.

Revenue for the year decreased in 2018/2019 from R234.4m to R163.2m, mostly due to a decrease in project grants. This **reliance on grants is a concern**, and so a commercialisation strategy is in place to increase earned income (currently only ~R22m), which includes increase access for day and overnight visitors. Operating grants(around R67m in 2019 financial year) include unconditional grants, SANPARKS Environmental Monitors; NIHSS Humanities Hub; Working for Water; Oceans and Coast; Corridor Lubombo; Lotto Art, Craft & Environment Programme; Working for Wetlands; Working for the Coast; Tourism Guides; Capital/infrastructure grants (around R 130m) relating to tourism infrastructure, infrastructure, equipment and facilities. Not all of which conditions were met/amounts were spent in the financial spent.

<sup>66</sup> Isimangaliso Wetland Park Annual Report 2018/2019

<sup>67</sup> <https://isimangaliso.com/newsflash/isimangaliso-marine-protection-expands-significantly/>

<sup>68</sup> <https://whc.unesco.org/en/soc/2698>

Various projects in place to improve infrastructure and tourism facilities (meet visitor expectations, rationalise to reduce maintenance, comply with Green Building Standards), increase outreach and community benefits. **431 full time jobs have been created, and 107 people have participated in SMMEs and skills development programmes.** In the year ahead the budget includes R5.7m for socio-economic development, including training for artisans, lifeguards and infrastructure skills. **Relevant units of the Authority that have a socio-economic brief include:**

- Tourism and Business Development
- Biodiversity Conservation (job creation through land care, rehabilitation, infrastructure development)
- Socio-economic Development (training and capacity building)
- Commercial: Including licenses and concessions require a minimum level of local community ownership; procurement; marketing and promotion as a “must-see” destination

In addition to DEFF and Ezemvelo KZN Wildlife, existing **partnerships and working relationships** include:

- Public: South African Police Service (SAPS), provincial and local government, the judiciary
- Private: 3 PPPs for accommodation, other contracted out roles such as marketing, promotion and access control

In terms of **coastal and marine tourism**, the area is famous as a breeding ground for endangered leatherhead and loggerhead **sea turtle species**, as well as Sodwana Bay being considered in the **top ten scuba diving reefs in the world**, with over 1,000 species of fish and 100 types of warm water coral.

Education is also a key focus – **over 5,000 learners visit each year**, and a Higher Education Access support programme has **supported 112 students in tertiary education.**

The **status as a World Heritage Site Authority also makes the entity more attractive as an employer.**

#### **Recommended action points based on the research:**

- Engage with Isimangaliso Wetlands Park Authority and DEFF to understand lessons learned
- Interaction with potential strategic partners around socio-economic aspects of the Great African Kelp Sea Forest site, to develop a consolidated understanding of the objectives of inscribing the site, understand associated responsibilities, and strengthen the existing Sea Change partners
- Further research on the potential socio-economic cost benefit of the Great African Kelp Sea Forest site (tourism, investment, destination branding, research, film and media, ecosystem services) vs. costs of nomination, conservation and protection, management and governance, compliance and reporting.
- Subject to the cost-benefit analysis, W. Cape DEDAT, Wesgro, and Sea Change discussions with national counterparts – Environmental Forestry and Fisheries, Tourism, Arts and Culture, SAHRA (and potentially also African World Heritage Fund) around plans for amending South Africa's “tentative list”, approach to funding nomination and management of new sites, potential Authority to manage the site should it be inscribed.
- Explore alternatives to World Heritage Site inscription if needed.

## 6.3 Sustainable and innovative board sports manufacturing

### 6.3.1 Global market overview

The global surfing industry has experienced positive growth rates over the past two decades as a result of the growing demand for recreational sports, millennial preferences for adventure sports and stakeholder investments centred on water sports equipment<sup>69</sup>. Sustainability remains a challenge to the surfing industry and may impede future growth of the global surfboard market<sup>70</sup>. The US has largest concentration of surfers in the world. The global surfboard market is anticipated to grow at a CAGR of more than 12% by 2022<sup>71</sup>. The global market is anticipated to reach US\$10.3 billion by 2024<sup>72</sup>.

The global kiteboarding market (including kites, accessories and kiteboards) is anticipated to grow at a CAGR of approximately 8<sup>73</sup>-10% by 2022, and reach US\$363 million during 2018-2022<sup>74</sup>. Fifty five percent of growth is anticipated to come from EMEA region. In 2017, there were approximately one million global participants<sup>75</sup>.

### 6.3.2 Trade patterns for ocean sport boards

There are two HS 6 Codes relevant to ocean sport boards – **namely HS950621 sailboards** (which is understood to include windsurfing boards), **and HS950629 water-skis, surfboards and other water-sport equipment (other than sailboards)**.

The combined **global imports** across these two codes in 2018 were **around US\$1.7bn (~R23.6bn)**, with **sailboards** accounting for **only 5% of these imports**. The two graphs below provide a summary of global import patterns in 2018. The bubble size is proportional to the imported value of the countries. Yellow bubbles indicate that a country's imports are greater than their exports (net importers), and blue bubbles indicate that a country's exports are greater than their imports (net exporters).

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<sup>69</sup> <https://www.factmr.com/report/422/surfboard-market>

<sup>70</sup> <https://www.factmr.com/report/422/surfboard-market>

<sup>71</sup> <https://www.technavio.com/report/global-surfboard-market-analysis-share-2018>

<sup>72</sup> <https://www.strategyr.com/market-report-surfing-forecasts-global-industry-analysts-inc.asp>

<sup>73</sup> <https://www.prnewswire.com/news-releases/global-kiteboarding-equipment-market-outlook-to-2022-expected-to-register-a-cagr-of-8-300720870.html>

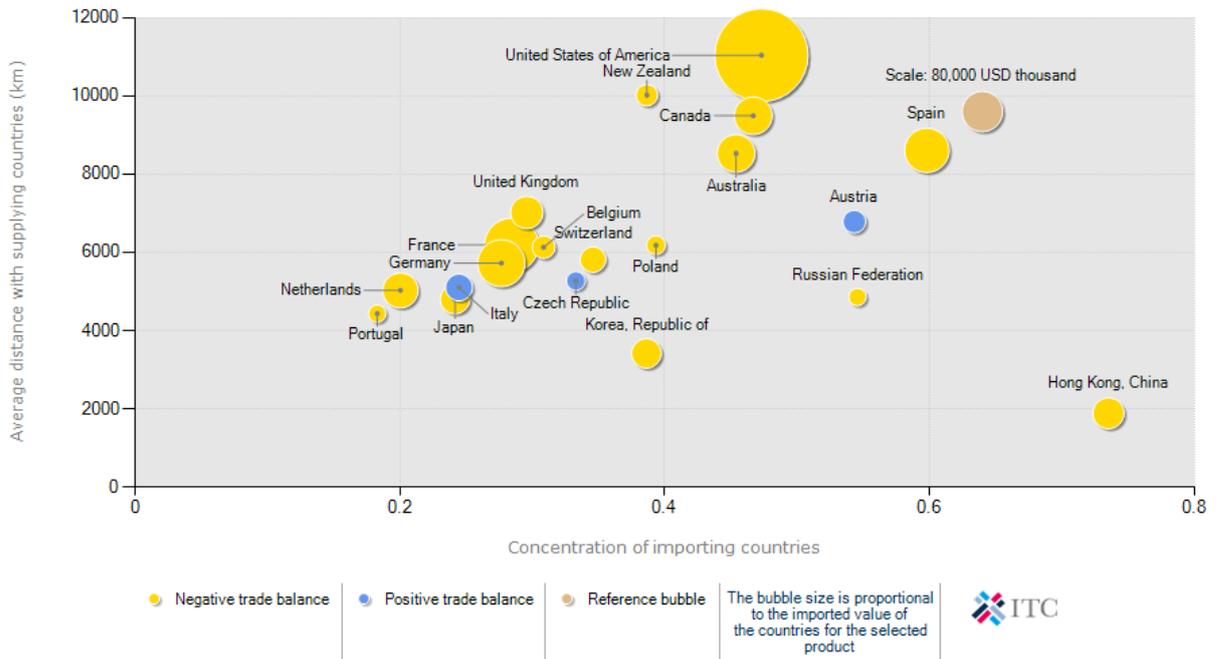
<sup>74</sup> <https://www.technavio.com/report/global-kiteboarding-equipment-market-analysis-share-2018>

<sup>75</sup> <https://www.technavio.com/report/global-kiteboarding-equipment-market-analysis-share-2018>

## Global imports: water-skis, surfboards & other water-sport equipment (other than sailboards)

Concentration of importing countries and average distance with their supplying countries for the selected product in 2018

Product: 950629 Water-skis, surfboards and other water-sport equipment (other than sailboards)



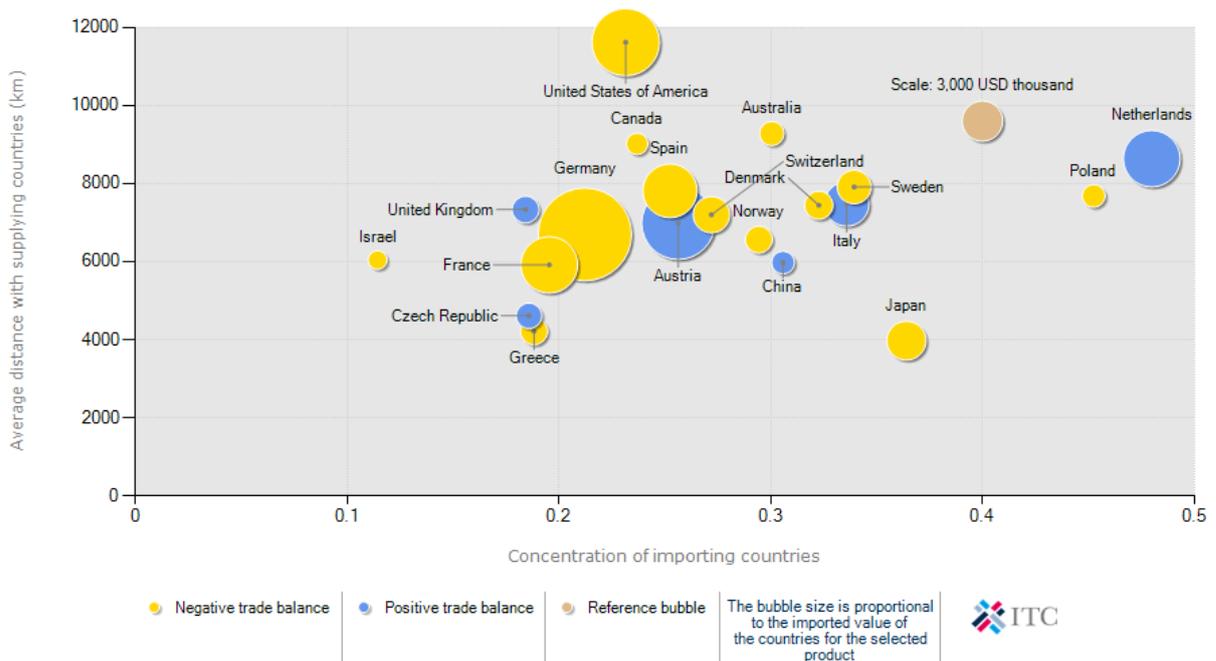
Source: Replication from ITC Trade Map

North America (US and Canada) are the largest import markets, followed by Western Europe and Australasia (Australia and New Zealand) are leading net importers. Encouragingly for South Africa, the high average distance of supplying countries to these major markets indicates that supply is not dominated by regional trade.

## Global import patterns for sailboards (ITC TradeMap)

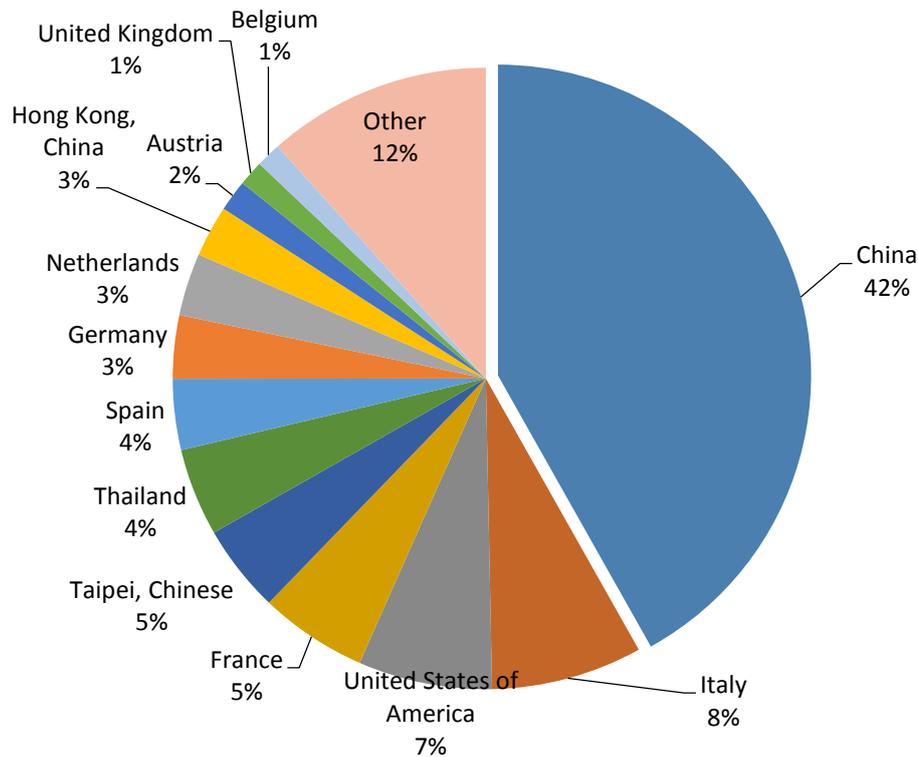
Concentration of importing countries and average distance with their supplying countries for the selected product in 2018

Product: 950621 Sailboards



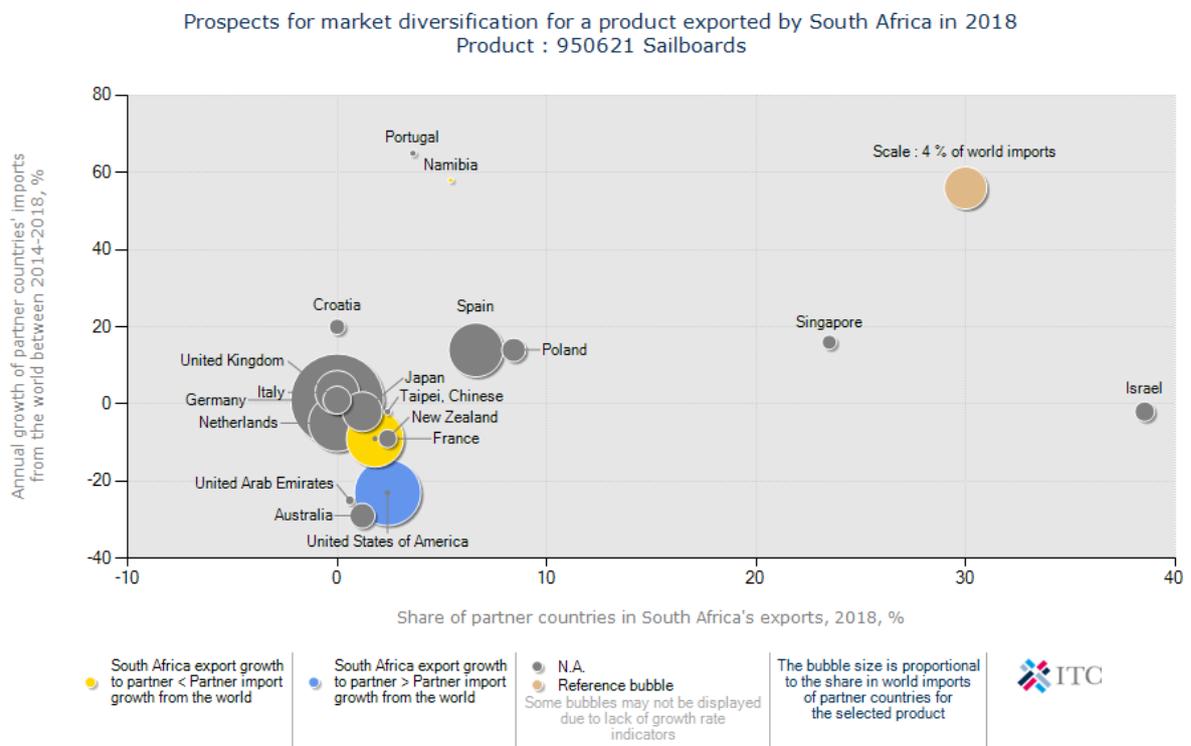
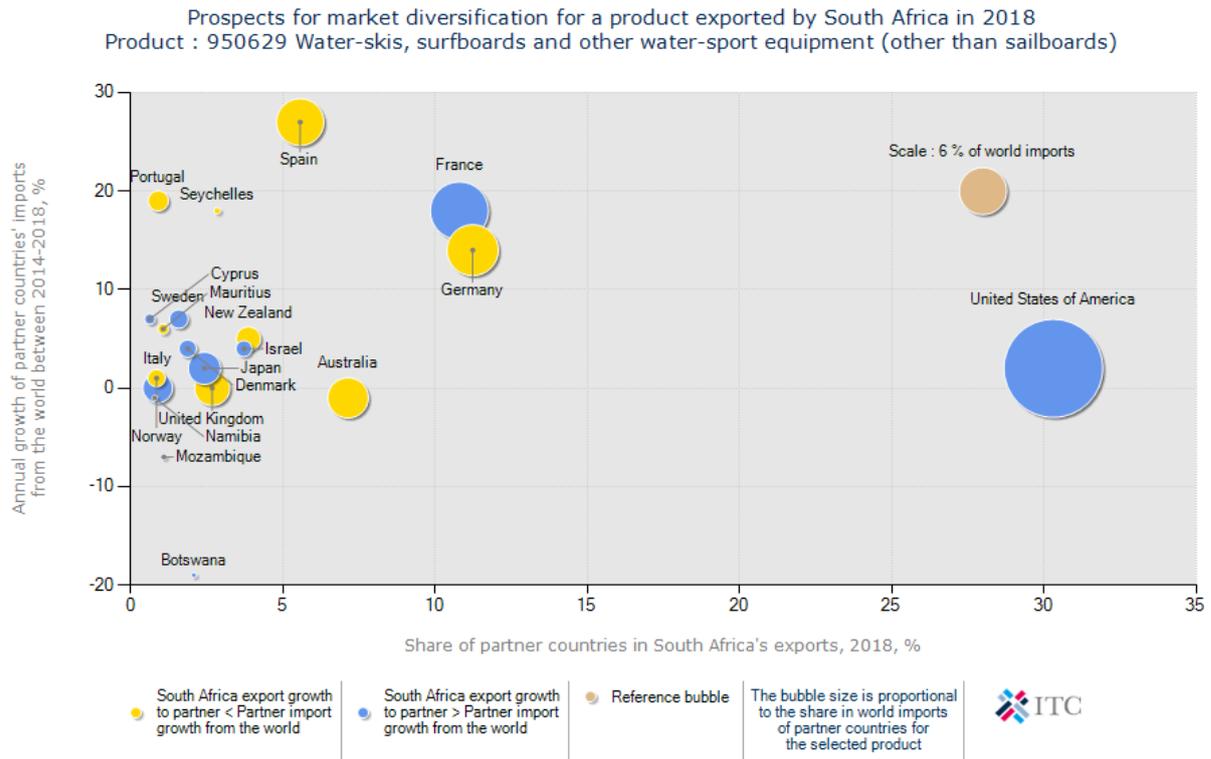
Western Europe dominated role in the world import of sailboards in 2018; the vast majority of Western European importing countries are net importers of sailboards excluding Austria, the Netherlands, Italy and the UK.

**Dominant exporters** of the “water-skis, surfboards & other water-sport equipment” category are **China, Italy, and the US.**



**ITC data shows that South African exports only account for 0.4% of global exports.** The graphs below reflect the prospects for market diversification.

## South Africa ocean board exports, prospects for diversification:



Source: Adapted from ITC Trade Map

### 6.3.3 Global board sustainability and innovation trends

*Materials and Technology: Sustainability perspective*<sup>7677</sup>

In the shift towards environmental sustainability, innovation in ocean sport boards is centred on the shift towards the use of **new materials, new designs and improvements in manufacturing processes**. This includes the use of **renewable and recycled raw materials** and the **reduction in toxicity during the manufacturing process**. Global sustainable surfboard technology leaders tend to be US-based and include Firewire Surfboards, Entropy Resins, Marko Foam, and Earth Technologies<sup>78</sup>.

Certain surfboard manufacturers are diversifying the raw materials that they use to manufacture surfboards. These groups are breaking away from the use of traditional surfboard raw materials, such as non-biodegradable polyurethane foam, fibreglass and polyester resin, all of which have a negative impact on the environment. Resin, as a raw material, is being **substituted with plant-based resin** (such as Entropy Bio-Resin), the latter having a lower carbon footprint. Surfboard manufactures are also **substituting resin with vacuum bagging** to increase the strength and reduce the weight of boards. This process however, also includes the use of plastic bags which leads to plastic waste. US-based Earth Technologies have **substituted carbon fibre with basalt fibre** which is made from volcanic rocks, resulting in a more durable board without foregoing flex and performance attributes<sup>79</sup>. Rather than using fibreglass, Firewire's Woolight board uses **merino wool**.

The traditional polyurethane **foam core** of surfboards is being **substituted with algae-based polyurethane blanks and expanded polystyrene (EPS)**. Marko Foam uses **recycled styrofoam packaging** to produce surfboards. BLOOM Foam, in collaboration with Slater Designs are developing **eco-friendly board traction pads**; BLOOM is a high-performance **flexible foam made from algae biomass** that is harvested from freshwater habitats at risk of toxic algal bloom<sup>80</sup>

Surfing accessories, such as Slater Designs Leash's is produced from **plastic bottles**, partially recycled Urethane and Yulex. Wetsuits are also being produced from **upcycled yoga mats**<sup>81</sup>

Raw material substitutes also include **different types of wood and wood sources**, such as **reclaimed wood, timber from sustainably managed forests**, and solid lightweight wood (such as balsa and paulownia<sup>82</sup>). Solid lightweight wood boards may include wooden outer shells which are either hollow or foam-filled; despite the use of foam, the construction methods of the boards lead to significant overall reductions in the amount of foam, resin or fibreglass that is typically used.

Technological innovation is occurring in surfboard construction designs with **hybrid and uniquely-shaped boards** becoming more attractive.<sup>83 84</sup>

<sup>76</sup> <http://www.sustainablesurf.org/ecoboard/ecoboard-resource-guide/>

<sup>77</sup> <http://www.sustainablesurf.org/ecoboard/ecoboard-resource-guide/>

<sup>78</sup> <https://sustainablesurf.org/annual-reports/>

<sup>79</sup> <https://earthtechsurf.com/pages/tech>

<sup>80</sup> <https://firewiresurfboards.com/sustainability>

<sup>81</sup> <https://sustainablesurf.org/annual-reports/>

<sup>82</sup> <https://firewiresurfboards.com/technology>

<sup>83</sup> <http://www.boardsportsource.com/trend-report/surfboards-2018-preview/>

### 6.3.4 Key drivers of ocean board sports demand

- **Online media** is playing an important role in the global dissemination of surfing and kitesurfing information; the promotion of surfing tourism; and surfing and kiteboarding as recreational and professional sports<sup>85</sup>. Celebrity participation in adventure activities, followed by the posting of such content on social media platforms areas also influencing global audiences<sup>86</sup>.
- **Leading surfboard manufacturing countries** such as the US are playing a significant role in **driving programmes related to the sustainability of the surfing market**. California-based NGO, Sustainable Surf, engage in an assortment of global programs aimed at encouraging sustainable surfing. One of the programs is *The ECOBOARD Project*, which focuses on the production of sustainable surfboards using verified materials. In 2018, there were 64,000 verified ECOBOARDS made by 200+ board builders in 20 countries, resulting in more than 200,000 boards being made since 2012<sup>87</sup>. Firewire Surfboards is the only manufacturer that exclusively sells certified Ecoboards.
- **Leading surfers** are collaborating with, or being **ambassadors for, sustainable surfing** products and projects; this plays a role in influencing consumer demand for sustainable boards.
- The **global shift towards health and wellness-oriented activities** are driving the demand for outdoor and adventure sport activities<sup>88 89</sup>.
- Global growth rates of international tourism and associated investment in **promoting adventure sports play a role in driving consumer demand for ocean sport boards**<sup>90 91</sup>. Crowded warm water surfing locations is resulting in cold water surfing locations becoming more attractive, this may lead to new surfing destinations globally<sup>92</sup>.
- The increase in water sport **events** (such as tournaments and championships) positively impacts the demand for sport boards and related accessories<sup>93</sup>. One of the key drivers of the global kiteboarding and windsurfing market is the 2018 inclusion of kiteboarding and windsurfing in the Olympics and Youth Olympic Games<sup>94 95</sup>.
- Growth of the **kiteboarding** market is also driven by penetration of manufacturers in **new geographies, higher per capita incomes** in major markets (US and Europe), intensifying distribution channels including online retailing, new product launches, government initiatives to promote protective kiteboarding equipment and adventure sports<sup>96 97</sup>.

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<sup>84</sup> <https://www.strategy.com/market-report-surfing-forecasts-global-industry-analysts-inc.asp>

<sup>85</sup> <https://www.prnewswire.com/news-releases/global-kiteboarding-equipment-market-outlook-to-2022-expected-to-register-a-cagr-of-8-300720870.htm>

<sup>86</sup> <https://www.factmr.com/report/420/kiteboarding-equipment-market>

<sup>87</sup> <https://sustainablesurf.org/annual-reports/>

<sup>88</sup> <https://www.strategy.com/market-report-surfing-forecasts-global-industry-analysts-inc.asp>

<sup>89</sup> <https://www.factmr.com/report/420/kiteboarding-equipment-market>

<sup>90</sup> <https://www.prnewswire.com/news-releases/global-kiteboarding-equipment-market-outlook-to-2022-expected-to-register-a-cagr-of-8-300720870.html>

<sup>91</sup> <https://www.factmr.com/report/420/kiteboarding-equipment-market>

<sup>92</sup> <https://www.strategy.com/market-report-surfing-forecasts-global-industry-analysts-inc.asp>

<sup>93</sup> <https://www.technavio.com/report/global-surfboard-market-analysis-share-2018>

<sup>94</sup> <https://www.technavio.com/report/global-kiteboarding-equipment-market-analysis-share-2018>

<sup>95</sup> <https://www.kiteworldmag.com/news/kiteboarding-finally-gets-olympics-nod/>

<sup>96</sup> <https://www.prnewswire.com/news-releases/global-kiteboarding-equipment-market-outlook-to-2022-expected-to-register-a-cagr-of-8-300720870.html>

- Growth of the surfing market is driven by a range of factors including rising interest in surfing as a **lifestyle sport**, easy access to sports via **surf parks and artificial wave pools**, technology innovations in high-performance surf-wear and gear, **increase in the participation of women**, increased willingness by recreational surfers to spend on performance surf wear and equipment, rising demand for custom-made boards and matching swimwear<sup>98</sup>.
- According to a 2011 study<sup>99</sup> conducted in the US, there are an estimated 3.3 million surfers in the US, 90 percent of which are male. The average surfer is 34 years old, with an annual income of US\$75,000. The average surfer owns 4 surfboards, surfs 108 times a year and spends an average of US\$40 per visit. Surfers tend to be quality-conscious and are willing to pay a slight premium for environmentally friendly products<sup>100</sup>.
- Increased demand from **millennials** who are seeking adventure sports (kiteboarding)<sup>101</sup>.
- Consumers of surfboards and kiteboards are composed of professionals and recreational users. **Professional surfers** tend to demand shortboards which are produced using less foam and glass and therefore improve surfing performance and manoeuvrability<sup>102</sup>. Recreational users are increasingly demanding adventure water activities over other sports during vacations<sup>103</sup>.
- Consumers are shifting their preferences towards boards that are produced using improved raw materials such as epoxy surfboards which produce less toxic fumes; in the forecast period (2022), consumers are anticipated to continue to demand boards that are produced with raw materials that have lower environmental burdens<sup>104</sup>.

Prices of ocean sport boards vary significantly and tend to have relatively high price points. As of 2017, **conventional kiteboards were priced between US\$401-800**<sup>105</sup>. The relatively high costs associated with kiteboarding (including windsurfing) equipment over other leisure sports are impeding market growth<sup>106</sup>. On average, **traditional surfboards tend to cost between US\$400-600**<sup>107</sup>. International **eco-friendly board brands are priced at a starting point of approximately equivalent R9,000** (see next section with price comparison for South African manufactured boards).

### Western Cape gap assessment

Leading global industry players in the ocean sport board market tend to be concentrated in the US and they are including more sustainable materials and production processes. From a local (Western Cape) perspective, there is a small group of local manufactures who produce sustainable boards. They include and are not limited to **Burnett Wood Surfboards** and **Wawa Wooden Surfboards**. Both players use wood as their primary material, Burnett Wood

<sup>97</sup> <https://www.factmr.com/report/420/kiteboarding-equipment-market>

<sup>98</sup> <https://www.strategyr.com/market-report-surfing-forecasts-global-industry-analysts-inc.asp>

<sup>99</sup> A socioeconomic and recreational profile of surfers in the United States. 2011.

<sup>100</sup> The new wave of sustainable surf industry. 2018.

<sup>101</sup> <https://www.prnewswire.com/news-releases/global-kiteboarding-equipment-market-outlook-to-2022-expected-to-register-a-cagr-of-8-300720870.html>

<sup>102</sup> <https://www.marketresearch.com/Infiniti-Research-Limited-v2680/Global-Surfboard-11349825/>

<sup>103</sup> <https://www.marketresearch.com/Infiniti-Research-Limited-v2680/Global-Surfboard-11349825/>

<sup>104</sup> <https://www.technavio.com/report/global-surfboard-market-analysis-share-2018>

<sup>105</sup> <https://www.prnewswire.com/news-releases/global-kiteboarding-equipment-market-outlook-to-2022-expected-to-register-a-cagr-of-8-300720870.html>

<sup>106</sup> <https://www.factmr.com/report/420/kiteboarding-equipment-market>

<sup>107</sup> [http://www.nbcnews.com/id/38472495/ns/business-us\\_business/t/us-surfboard-makers-thrive-choppy-waters/#.XeZU3S2B1QI](http://www.nbcnews.com/id/38472495/ns/business-us_business/t/us-surfboard-makers-thrive-choppy-waters/#.XeZU3S2B1QI)

Surfboards produce hollow wood surfboards, wood cut-offs from the production process is used to produce surf furniture, skegs and other products; sawdust is used for garden mulch<sup>108</sup>. Wawa Wooden Surfboards also use wood as their primary raw material; they source wood that is traditionally used in boat building, wood is sourced mainly from local sources and preferred alien species include Swamp Cypress, Pencil Cedar and Redwood.

There is no official measurement of market sizes of oceans sport boards in South Africa and there is no official definition of what constitutes a sustainable or eco-friendly board. When it comes to sustainability, the **focus is on eventual disposal of the board and its associated impact on the environment**. Durban is considered to have the largest concentration of traditional and eco-friendly ocean sport board manufacturers. The majority of eco-friendly raw materials (such as sustainable resins) used in board manufacturing are imported from the US and the UK. Board cores (polystyrene) however may be imported or sourced from the local market (Durban and Johannesburg).

Conventional locally made surfboards cost approximately R4,000, whereas local eco-friendly boards are priced at a starting point of approximately R6,500. Local eco-board manufactures face challenges with changing consumer perceptions regarding the quality of locally produced board brands verses foreign brands.

#### **Conclusions from the market research:**

- Sustainability is a definite trend internationally and locally and is a premium product, although still very much a niche
- Opportunities exist not only around wooden boards, but also around other more eco-friendly materials such as eco-resins, recycled materials
- Global company sizes are typically larger than W. Cape producers, therefore local producers may need support to grow and compete on a global playing field
- There may be potential for development/transfer of technology and production of more local inputs

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<sup>108</sup> <http://burnettwoodsurfboards.co.za/environment-2/>

## 6.4 Fishing and aquaculture processed trade

### 6.4.1 Overview of South African processed fishing and aquaculture products

South Africa's legal fish and aquaculture processed trade is dominated in value terms by hake, cuttlefish, abalone, and rock lobster as shown in the table below based on ITC TradeMap data.

#### Top SA fish and aquaculture exports by value (over US\$10m) in HS Chapters 3 and 16

HS Code	Product label	Exported value in 2018 (US\$ m)
'03047490	<b>Frozen fillets of hake "merluccius spp., urophycis spp.": other</b>	USD 129.9
'03074300	Cuttle fish and squid, frozen, with or without shell	USD 128.0
'03036600	<b>Frozen hake "merluccius spp., urophycis spp."</b>	USD 45.3
'03063100	<b>Rock lobster and other sea crawfish "palinurus spp., panulirus spp. and jасus spp.", whether in shell or not, live, fresh or chilled</b>	USD 42.5
'03038900	Frozen fish, n.e.s.	USD 27.4
'03078790	<b>Smoked, dried, salted or in brine, even in shell, abalone "haliotis spp.": other</b>	USD 26.1
'16055720	<b>Abalone, prepared or preserved (excluding smoked): other, in airtight metal containers</b>	USD 18.3
'03035500	Frozen jack and horse mackerel "trachurus spp."	USD 16.2
'03061190	<b>Frozen rock lobster and other sea crawfish "palinurus spp.", "panulirus spp." and "jasus spp.", even smoked, whether in shell or not, incl. rock lobster and other sea crawfish in shell, cooked by steaming or by boiling in water: other</b>	USD 15.6
'16041910	Prepared or preserved fish, whole or in pieces (excluding minced, merely smoked, and salmon, herrings, sardines, sardinella, brisling or sprats, tunas, skipjack, bonito "sarda spp.", mackerel, anchovies and eels): frozen	USD 13.9
'03034100	Frozen albacore or longfinned tunas "thunnus alalunga"	USD 13.9
'16041317	Prepared or preserved sardines, sardinella and brisling or sprats, whole or in pieces (excluding minced): sardines (pilchards) (sardinops spp.), in airtight metal containers for human consumption	USD 13.8

Of these, **all except cuttlefish are predominantly W. Cape exports**. In the case of the hake value chain, **prime fish or PQs** (larger fillets) secure the greatest value in a less processed form, and low value items are transformed into the more processed products.

South Africa's dominant fish and shellfish **imports by value** are as follows:

Code	Product label	Imported value in 2018 (US\$m)
'160413	Prepared or preserved sardines, sardinella and brisling or sprats, whole or in pieces (excluding ...	110.3
03035300	Frozen sardines "sardina pilchardus, sardinops spp.", sardinella "sardinella spp.", brisling ...	62.3
'03061790	Frozen shrimps and prawns, even smoked, whether in shell or not, incl. shrimps and prawns in ...	43.5
'160414	Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)	40.0
'03036600	Frozen hake "merluccius spp., urophycis spp."	34.0
'03047490	Frozen fillets of hake "merluccius spp., urophycis spp.": other	31.1
'03035500	Frozen jack and horse mackerel "trachurus spp."	24.1
'03038900	Frozen fish, n.e.s.	23.4
'03074990	Cuttle fish "sepia officinalis, rossia macrosoma, sepiola spp." and squid "ommastrephes spp., ...	18.6
'03021400	Fresh or chilled atlantic salmon "salmo salar" and danube salmon "hucho hucho"	12.9
'160521	Shrimps and prawns, prepared or preserved, not in airtight containers (excluding smoked)	12.2
'03031300	Frozen, atlantic salmon "salmo salar" and danube salmon "hucho hucho"	10.5

Imports of hake and sardines are likely to primarily be linked into the processing and re-export, due to reduction in local fishing volumes. Hake imports are mostly from Namibia (which is also a major exporter, see next section), and sardine imports are mostly from Morocco.

Other products such as salmon and shrimps could be more destined for the end consumer market, although some further value-adding could be taking place locally.

**The sections below provide further detail on hake and abalone trade.**

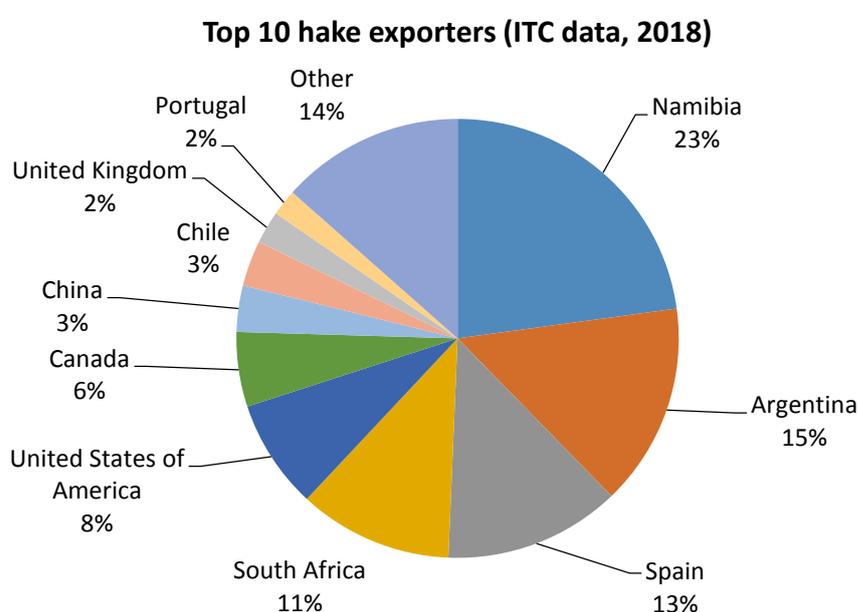
## 6.4.2 Hake and other processed fish trade

The follow HS codes are relevant to **hake trade**:

- 030254 Fresh or chilled hake "Merluccius spp., Urophycis spp."
- 030366 Frozen hake "Merluccius spp., Urophycis spp."
- 030378 Frozen hake (Merluccius spp., Urophycis spp.)
- 030474 Frozen fillets of hake "Merluccius spp., Urophycis spp."

Global imports of hake across all these categories were valued at **US\$1.7bn in 2018, with the main importing markets being Spain, Italy, Portugal and Brazil.**

Main hake exporters are set out in the graph below. South Africa is ranked 4<sup>th</sup>.



Around 67% of South Africa's hake production is exported. South African hake and already attracts some premium, which the SA Deep Sea Trawling Industry Association attributes to the early adoption of Marine Stewardship Council (MSC) Certification<sup>109</sup>. SA hake exports on average secure US\$4.2/kg compared to world average prices of US\$3.4/kg. They already include a wide diversity of value-added products<sup>110</sup>.

In comparison, **other white sea fish fillets** imports (such as cod, but excluding salmon, shark, freshwater fish fillets etc), were valued at over **USD\$5bn in 2018** with the **US, Japan, the UK and Western Europe dominant import markets.**

<sup>109</sup> <https://www.sadstia.co.za/fishery/markets/>; <https://www.sadstia.co.za/publication/sadstia-markets-factsheet/>

<sup>110</sup> <https://www.sadstia.co.za/publication/value-adding-factsheet/>

### 6.4.3 Abalone trade

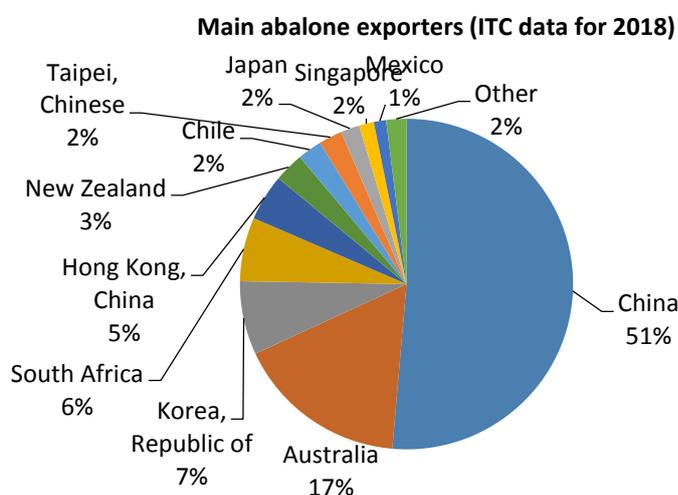
The follow HS codes are relevant to **abalone trade**:

- 030781 Live, fresh or chilled, even in shell, abalone "Haliotis spp."
- 030783 Frozen, even in shell, abalone "Haliotis spp."
- 030787 Smoked, dried, salted or in brine, even in shell, abalone "Haliotis spp."
- 030789 Smoked, frozen, dried, salted or in brine, abalone "Haliotis spp.", even in shell
- 160557 Abalone, prepared or preserved (excluding smoked)

Total global reported imports across all these categories were US\$598m in 2018 (this does not take into account illegal or informal trade). The main importing markets according to ITC data were as follows (showing the predominance of Asian consumers in term of abalone):

Top 10 abalone importers	Imported value in 2018 (US\$m)
Hong Kong, China	244.3
Japan	76.9
China	73.8
Singapore	72.6
Taipei, Chinese	38.3
Malaysia	24.8
Macao, China	21.0
United States of America	20.9
Korea, Republic of	9.3
Canada	9.3
Australia	2.1

South Africa is the 4<sup>th</sup> ranked exporter of abalone, behind China, Australia and Korea (China and Korea are also major consumers as shown above).



South African abalone is already considered a high quality product, and already attracts a premium (US\$49/kg average across products) compared to world average prices (US\$38/kg), although Australia attracts a greater premium at over US\$63/kg.

**Implications of the trade analysis:**

- The Western Cape is already adding value to hake and abalone export products, with a diversity of value added products being exported in both cases
- Growth of processed hake volumes is challenging, and the market position is already based on some premium due to MSC certification. It is not clear what the route would be to higher value add and sustainability
- Abalone trade growth is more possible, expanding on the current 6% market share and exploring how to attract even greater premium (e.g. lessons from Australia)

## 7 Recommendations on priority projects and programmes

### 7.1 Approach to development and prioritisation of projects and programmes

Building on the opportunity assessment, the project team used a multi-pronged approach to the prioritisation of projects and programmes, taking into account the guidance provided by the Project Steering Committee and input from the Oceans Economy Working Group. The aspects of the process included:

1. Considering which stakeholders have resources/capacity, energy and interest
2. Where there were common issues and challenges constraining multiple opportunities, development of **cross-cutting programmes**
3. Where the issues constraining opportunities were more specific, identification of **individual projects**

One overall recommendation (as discussed in the Cape Town workshop) is to **consider renaming the focus from oceans economy to blue economy** to: 1) align more closely with international partner terminology; 2) to more accurately reflect that inclusion and sustainability are being integrated into the approach; 3) counter some of the negative associations with the oceans economy initiatives to do (excluding certain communities, slow or inadequate delivery etc.). However, feedback from the October Oceans Economy Working Group national government colleagues was that this might cause some issues with national alignment.

Drawing on the analysis, the project team's recommendations on potential priority projects and programmes are set out below.

### 7.2 Assessment of stakeholder capacity and resources

Based on the project team's experience and specific interactions with stakeholders as part of this project, we have made a **high-level assessment of stakeholders that seem to be more implementation ready**, and show interest and energy to be involved in high impact oceans economy initiatives going forward. A summary of the project team's assessment is provided in the bullets below:

#### **Private sector, civil society, education/skills and international organisations:**

- **Fishing and fish processing companies** (including their training centres/programmes), e.g. Oceana, Sea Harvest
- **Tourism operators and event managers** (e.g. Marine Dynamics, Heart of Abalone, Shark Lady, Cape Tourism Connect, Waterfront Charters): product development, branding and marketing, events and festivals, education and training
- **Local Tourism Offices:** information sharing and marketing, potentially some coordination)
- **SABBEX / Boating SA:** information and marketing, research, lobbying and facilitation)

- **Existing maritime skills development and education support entities and providers e.g. SAIMI, STS Lawhill Maritime, Oceana Training Academy:** training capability and facilities, access to maritime mentors
- **Two Oceans Aquarium:** research, education, facilities management
- **WWF:** Brokering partnerships, research and information packaging, initiative development and implementation
- **V&A Waterfront:** facilities management, marketing, project development
- **NSRI:** ocean protection, training e.g. lifesaving and safety, facilities development and management
- **Abalobi marketplace/app** (small-scale fishing support app and system): market linkages, information sharing, technology integration, coordination
- **Coastal Links and Masifundise:** small scale fishing community coordination and information sharing (although less active on the economic aspects)
- **Maritime Review Africa:** information sharing
- **Exporters Club Western Cape:** facilitation, lobbying (particularly around port issues)
- **Business Chambers** (e.g. **Cape Chamber, Mossel Bay Business Chamber, George Business Chamber**) - facilitation, lobbying, information sharing
- **Green Cape** – information sharing, coordination which could potentially be applied to related areas e.g. oceans renewables, payment for marine ecosystems services etc.

#### **Public sector:**

- **Oceans Economy Working Group:** information sharing, problem solving
- **DEDAT** – sector development unit (facilitation, coordination etc), red tape unit, skills unit, strategic infrastructure
- **Saldanha Bay IDZ:** investment promotion and facilitation, project development, property and tenant management
- **Wesgro:** investment promotion and facilitation, project development, film and media
- **South Cape EDP:** convening forums, facilitating
- **SEDIC** (when implemented): project preparation, infrastructure development and funding, operations and facilities management

## 7.3 Recommended programmes that span multiple opportunities

The section below sets out recommended cross-cutting programme areas.

### 7.3.1 Increased coordination and information sharing

#### **Motivation:**

- Coordination across the different sectors is required to optimise the socio-economic benefits and manage the combined sustainability of resource utilisation
- Operation Phakisa reporting and the Oceans Economy Working Group have made some progress around sharing information, but there is still inadequate information sharing and coordination across public sectors, business and industry associations, academia and non-profit role players

#### **Activities:**

- Widening the participation in the Oceans Economy Working Group
- Establishment of district-level chapters of the Working Group
- Creating links to other existing forums
- Interact with / build on the Western Cape maritime cluster
- Created links to other information sharing systems and platforms e.g. Google Maps lists, industry publications

#### **Relevant areas to coordinate and share information on:**

- Current and planned projects and initiatives e.g. the various education plans, small harbour plans, coastal and marine tourism routes, products, events and festivals
- Available funding and support
- Stakeholders involved

**Key roleplayers:** DEDAT, Oceans Economy Working Group, industry publications e.g. Maritime Review Africa, SABBEX newsletter

#### **Risks and critical success factors:**

- Risk of an emphasis on intergovernmental rather than multi-stakeholder coordination
- Success will depend on finding ways to coordinate without slowing down implementation

### 7.3.2 Unlocking obstacles to private sector investment in partnership with local communities into small harbours and publicly-owned coastal properties

#### **Motivation:**

- There is a high degree of commonality in the issues raised by local stakeholders and communities in relation to small harbour and coastal property development,
- It therefore makes sense to seek cross-cutting solutions for the commercially viable harbours and coastal properties, rather than just trying to resolve issues at a local municipal level

#### **Activities:**

- Exploring the viability of different operating models for small harbours (e.g. SEDIC, contract operator, community operated). Note: based on information to date, the project team does not feel that municipalities have suitable capability, budgets, procedural flexibility or customer-centric orientation to effectively operate the small harbours
  - E.g. Hout Bay, Hermanus, Gansbaai, Saldanha Bay likely to attract greater commercial/private investor interest
  - Harbours that still have significant fishing activity that need those facilities to function effectively for industry e.g. Saldanha Bay
  - Other small harbours might fit more into a community/resident model e.g. Struisbaai
- Facilitating greater clarity and/or lobbying with DPW / DEFF on both how the letting out framework will work and serve economic development needs in both small harbours and other coastal properties e.g. for aquaculture processing, coastal tourism, as well as the future operating model and scope for greater private/PPP involvement
- Potential mechanisms could include:
  - Lobbying
  - PDIA or systems constellation mapping exercise
  - Feasibility studies on operating models for specific higher potential harbours
  - Integration into community engagement processes e.g. in Hout Bay and Hermanus

#### **Key roleplayers:**

- DEDAT
- SEDIC
- Harbour User Forums
- Municipalities (in particular Overstrand, Cape Town, Saldanha Bay)
- DPW and DEFF
- JVs with private investors/developers with fishing communities and local communities e.g. through Coastal Links, Ratepayers Associations
- Yes4Youth

#### **Risks and critical success factors:**

- Managing multiple competing interests in relation to limited small harbour and coastal properties

### 7.3.3 Reducing / overcoming oceans economy red tape

#### Motivation:

- Many of the challenges raised by local stakeholders around development of oceans economy sectors related to red tape, notably:
  - **Permitting of tourism, ocean sports, and aquaculture operations**
  - **Permitting and permissions related to marine and coastal filming and media**
  - Local municipality **by-laws and procedures for new investments**
  - **Concessions in - and access to - protected areas**
  - **Port operations**

#### Activities:

- Mapping out procedures that are inhibiting jobs and growth, e.g.
  - Aquaculture and processing permits
  - Tourism operator permits – boat-based and land-based operations
  - Permits to operate concessions in Cape Nature and SANParks
  - Procurement and supply chain processes, including at the ports for essential facilities
  - Small-scale fishing permits and restrictions
  - Rezoning processes for oceans economy facilities in key local municipalities
  - Coastal and marine media, film and events permitting
  - Grant application processes in oceans economy sectors
- Evaluation the cost of red tape (lost or delayed investment, jobs, exports)
- Potential mechanisms could include:
  - Detailed data gathering from industry on issues
  - Red tape reduction unit interventions
  - Ongoing support by red tape reduction unit to industry municipalities and DEFF Lobbying Potentially including assistance to complete application forms in short-term, red tape reduction recommendations/actions in medium-term
  - “Walkabouts” with senior officials to understand implications of red tape for industry and communities on the group

#### Key roleplayers:

- DEDAT red tape reduction unit
- Wesgro
- DEFF
- Local Tourism Offices
- Municipalities
- Industry groupings e.g. Aquaculture, SABBEX

#### Risks and critical success factors:

- Very senior-level buy-in may be required to address some of the “stuck” red tape issues e.g. port operations

### 7.3.4 Facilitation/empowerment of viable integration of fishing communities into blue economy opportunities

#### **Motivation:**

- Stakeholder input showed that there are significant tensions and frustrations on many sides in relation to fishing community involvement in oceans economy initiatives
- If these issues are not addressed they may jeopardise the sustainability of any oceans economy initiatives in the province

#### **Activities:**

- Structured information sharing mechanisms on opportunities and requirements to participate (including dealing with the accessibility of the language and format of communication)
- Convening key partners that are open to supporting greater integration, e.g. corporates, municipalities, donors and funders
- Identification of those individuals in fishing communities that are more entrepreneurial
- Change management and empowerment initiatives
- Iterative problem analysis and support to address barriers to access and success, e.g. market linkages, transport, community dynamics, business management

#### **Key roleplayers:**

- Abalobi
- WWF
- Coastal Links and Masifundise
- Enterprise development support bodies
- Social change facilitators /process managers
- Industrial fishing and fish processing companies
- Local municipalities
- DEDAT
- Possibly universities
- Possibly W. Cape Maritime cluster

#### **Risks and critical success factors:**

- There is a risk of the process becoming highly politicised if not properly managed

### 7.3.5 Development of guidelines, frameworks, pilot business models or test cases on emerging areas where Western Cape could play a leadership role

#### Motivation:

- There are some emerging areas of the oceans and blue economy where frameworks do not yet exist, but which could represent longer-term growth potential for the Western Cape, including:
  - Payment for marine ecosystem services
  - Offshore, wave and tidal renewable energy
  - Viable business models for oceans plastic clean-up and recycling
  - 4IR and the blue economy
  - Wild abalone fisheries/ ranching (pilot currently underway in Port Elizabeth<sup>111</sup> and another pilot has been proposed in Doringbaai<sup>112</sup>, but expert input is that the organised crime conditions in PE vs. Western Cape are very different with implications for monitoring/protection and enforcement requirements)
  - Boatbuilding for recapitalisation of fishing fleet (assuming the national programme does not move quickly)
- There is a precedent of the W. Cape providing leadership around emerging sectors or opportunities e.g. renewables, green economy

#### Activities:

- International benchmarking and research on regional approaches to developing these opportunities
- Partnerships to test out different business models
- Preparation of case studies
- Testing of international interest with investors / international funders
- Drafting of Western Cape guidelines or frameworks
- Use of provincial procurement to launch pilot initiatives or make available test sites

#### Key roleplayers:

- DEDAT
- Office of the Premier
- WWF
- Two Oceans Aquarium

<sup>111</sup> <https://www.businessinsider.co.za/massive-abalone-harvest-expected-from-pe-2018-5>;

<sup>112</sup> [https://anchorenvironmental.co.za/sites/default/files/2019-09/DBA\\_Stakeholder%20Consultation%20Report\\_Submit.pdf](https://anchorenvironmental.co.za/sites/default/files/2019-09/DBA_Stakeholder%20Consultation%20Report_Submit.pdf)

- Universities (e.g. Centre for Sustainable Oceans; CPUT, d-school, international partner universities such as Harvard,)
- Wesgro
- UN

**Risks and critical success factors:**

- As these are emerging areas the technologies and business models are changing rapidly, the approach would need to be highly adaptive and flexible

## 7.4 Recommended projects related to specific opportunities

**Note:** Initiatives related to small harbours, fishing and aquaculture processes are covered in the cross-cutting programmatic section above.

OB = Overberg; GR = Garden Route; CT = Cape Town; WC = West Coast

Potential project	Locations				Actions required, risks	Potential role players (bold indicates where role players have shown some interest/energy)
	O B	G R	C T	W C		
Coordinated development and promotion of coastal and marine tourism products and routes	y	y	y	y	<ul style="list-style-type: none"> <li>• Ensure integration of coastal and marine tourism opportunities into Tourism Master Planning</li> <li>• Confirm target audiences for each location taking into account existing target audiences e.g. adventure, nature/wildlife, lifestyle and food, extreme, Instagrammers, responsible, culture and heritage</li> <li>• Industry work to develop/refine products and routes in a coordinated way, link into investment promotion where needed</li> <li>• Develop calendar of coastal and marine tourism events</li> <li>• Develop improved models around access, safety, transport</li> <li>• Prepare promotional materials / content</li> <li>• Communicate/market (integrated into wider tourism promotion efforts)</li> <li>• Risks of continued weak coordination between industry</li> </ul>	<ul style="list-style-type: none"> <li>• DEDAT</li> <li>• <b>LTOs</b>, regional TOs where exist</li> <li>• Tourism operators</li> <li>• <b>Travel Massive Cape Town</b>/Fuad Peters/</li> <li>• Wesgro</li> <li>• Media/social media</li> <li>• <b>Municipalities (Overstrand, Garden Route)</b></li> <li>• Local partnerships e.g. Hout Bay Partnership</li> </ul>

Potential project	Locations				Actions required, risks	Potential role players (bold indicates where role players have shown some interest/energy)
	O B	G R	C T	W C		
					players, LTOs and municipalities	
Partnerships to enable cruise industry related employment and expand funding for related training and career pathing	y	y	y	y	<ul style="list-style-type: none"> <li>• Development of career pathing profiles in different aspects of cruise ship work (safety, engineering, entertainment, spa, cleaning, IT, photography and video, carers, excursions/guides, food and beverage, retail, guest relations</li> <li>• Brokering of a partnership with cruise ships operators/recruitment agents, and identification of their specific requirements</li> <li>• Securing funding to subsidise training and access requirements (medical tests, visa, work experience placements) for youth, focus on disadvantaged youth</li> <li>• Partnerships with Western Cape training providers to scale up training numbers significantly</li> <li>• Risks relate to securing funding and partnerships with international cruise industry, being able to scale up training at the necessary pace (Could also be linked to initiatives around superyachts and merchant shipping careers and training)</li> </ul>	<ul style="list-style-type: none"> <li>• V&amp;A Waterfront</li> <li>• SABBEX</li> <li>• DEDAT</li> <li>• International cruise ship operators and recruitment agents e.g. MSC, Costa, Royal Caribbean, Blue Ensign, Cruise Alternatives</li> <li>• Existing training providers e.g. SAMTRA, Safety at Sea, Oceana Training Academy</li> <li>• SAIMI</li> <li>• Possibly SETAs</li> <li>• Possibly Youth Employment Service</li> <li>• Possibly EPWP</li> </ul>
Address sea access and commissioning/ production facilities to enable expanded manufacturing of large leisure boats,		y	y		<ul style="list-style-type: none"> <li>• Find a solution for Knysna launch and commissioning facilities</li> <li>• Deal with Paarden Eiland sea access and commissioning, premises / mixed use rezoning</li> <li>• Risks related to contestation of uses and coastal access locations</li> </ul>	<ul style="list-style-type: none"> <li>• DEDAT</li> <li>• <b>SABBEX/Boating SA &amp; members</b></li> <li>• TNPA</li> <li>• SANParks</li> <li>• City of Cape Town</li> <li>• Garden Route District Municipality</li> </ul>

Potential project	Locations				Actions required, risks	Potential role players (bold indicates where role players have shown some interest/energy)
	O B	G R	C T	W C		
catamarans						
Facilitate jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, research	y	y	y	y	<ul style="list-style-type: none"> <li>• Examine existing programme models in detail and explore how could be scalable e.g. WWF with fishing communities, NSRI lifesaver training, EPWP coastal monitoring initiatives, SAMSA programmes</li> <li>• Facilitate additional funding e.g. private sector SED or YES funding, international organisation funding</li> <li>• Risks relate primarily to ability to scale up at the necessary pace</li> </ul>	<ul style="list-style-type: none"> <li>• <b>WWF</b></li> <li>• Two Oceans Aquarium</li> <li>• NSRI</li> <li>• DEFF</li> <li>• <b>Boating SA</b></li> <li>• Lifesaving Clubs</li> <li>• Coastal Links and Masifundise (links to small-scale fishing communities)</li> <li>• Municipalities e.g. <b>Overstrand</b></li> <li>• Local and international <b>universities</b> and researchers e.g. <b>Oceans Research</b></li> <li>• SAMSA</li> <li>• YES</li> <li>• International funders e.g. UN, private foundations with a focus on marine protection</li> </ul>
Ocean board sports manufacturing support for with sustainable manufacturing, innovation and export	y	y	y	y	<ul style="list-style-type: none"> <li>• Facilitation of interaction between ocean sports manufacturers and sustainable materials innovators</li> <li>• Direct available SME and export readiness support to help scale up SME manufacturing activity and improve market linkages and export growth</li> </ul>	<ul style="list-style-type: none"> <li>• DEDAT</li> <li>• <b>Boating SA and SABBEX</b></li> <li>• <b>City of Cape Town</b></li> <li>• University Research Technology and Innovation Units</li> </ul>
Further investigation of Great African Sea Forest (kelp forest) UNESCO World Heritage			Y		<ul style="list-style-type: none"> <li>• Building partnership and common understanding</li> <li>• Further research on the potential socio-economic cost benefit of</li> <li>• Subject to the cost-benefit analysis, discussions with national</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Wesgro</b></li> <li>• <b>SeaChange</b></li> <li>• DEDAT</li> <li>• National DEFF</li> <li>• Tourism, Arts and Culture, SAHRA</li> </ul>

Potential project	Locations				Actions required, risks	Potential role players (bold indicates where role players have shown some interest/energy)
	O B	G R	C T	W C		
Site application and associated economic opportunities					<p>counterparts) around plans for amending South Africa's "tentative list", approach to funding nomination and management of new sites.</p> <ul style="list-style-type: none"> <li>• Explore alternatives to World Heritage Site inscription if needed.</li> <li>• Integration with tourism and investment promotion, film and media strategies</li> </ul>	<ul style="list-style-type: none"> <li>• DBSA /African World Heritage Fund, other funder partners</li> </ul>
Coordination/promotion of maritime education as an economic opportunity, including "export"	y	?	y	?	<ul style="list-style-type: none"> <li>• Share information on the various planned initiatives to try to avoid duplication</li> <li>• Looks at how can leverages existing initiatives that might have surplus capacity or could relatively easily extend</li> <li>• Potentially develop a maritime portal to link different players and share information on available courses</li> <li>• Develop career path profiles and match to education opportunities</li> <li>• Training of maritime educators</li> <li>• Link into potential mentorship organisations e.g. GBOBA and Master Mariners</li> <li>• Facilitate funding partnership with industry and international funders e.g. fish processors, marine shipping/logistics</li> <li>• Market to African countries</li> </ul>	<ul style="list-style-type: none"> <li>• DEDAT skills unit</li> <li>• <b>Marine Dynamics</b></li> <li>• Plastic Patrol</li> <li>• <b>South Cape Skills Mecca task team</b></li> <li>• <b>Oceana Training Academy</b></li> <li>• <b>Lawhill Academy</b></li> <li>• <b>Two Oceans Aquarium</b></li> <li>• Wesgro</li> </ul>

## 8 Implementation planning

To guide implementation planning, the table below summarises the recommended projects and programmes in terms recommended lead entity and timings.

Programmes and projects	Timings	Proposed <u>lead</u> unit / entity			
		DEDAT Economic Sector Support	Other DEDAT directorates/ units	Other WCG	Other partners
<b>Programmes</b>					
Coordination and information sharing	Short-term	✓			
Small harbours and publicly owned coastal properties - unlocking obstacles to private sector investment in partnership with communities	Short-term	✓	Infrastructure ?	SEDIC?	
Reducing oceans economy red tape	Short-term		✓ Red tape reduction		
Empowerment and integration of fishing communities into blue economy opportunities	Short-term		✓ Economic Enablement		
W. Cape leadership in emerging blue economy areas (guidelines, frameworks, pilot business models or test cases)	Medium-term			Wesgro or Office of the Premier?	Green Cape?
<b>Projects</b>					
Development and promotion of coastal and marine tourism products and routes	Short-term	✓ (tourism)			
Sustainable and innovative board manufacturing and export	Short-term	✓		Wesgro export training?	
Great African Sea Forest World Heritage Site cost-benefit assessment/nomination	Short-term	✓ (advocacy with national govt)		✓ Wesgro	

Programmes and projects	Timings	Proposed <u>lead</u> unit / entity			
		DEDAT Economic Sector Support	Other DEDAT directorates/ units	Other WCG	Other partners
Coordination/ promotion of maritime education as an economic opportunity, including "export"	Medium-term		Skills development ?	Wesgro?	
Support for cruise industry related employment (career path information, access, funding of training / work placement)	Short-term				V&A Waterfront or SAMTRA?
Sea access and commissioning/ production facilities to enable expanded manufacturing of large leisure boats, catamarans	Short-term				SABBEX/ City of Cape Town/ Knysna Municipality ?
Facilitate jobs related to marine protection and patrol services, lifesaving, monitoring / enforcement, anti-poaching, research	Medium-term				WWF? SAMSA

For the projects and programmes where DEDAT is proposed as a lead, the table below sets out the types of resources required.

Programmes and projects	Types of resources required					
	Facilitation and coordination	Advocacy	Research and analysis	Marketing and communication	Enterprise level support	Partnership and change management
Coordination and information sharing (incl. Working Group)	✓	✓		✓		
Small harbours and publicly owned coastal properties - unlocking obstacles to private sector investment in partnership with communities	✓	✓			✓	✓
Reducing oceans economy red tape (leases, permits etc)	✓	✓	✓	✓		✓
Empowerment and integration of fishing communities into blue economy opportunities	✓	✓		✓	✓	✓
Development and promotion of coastal and marine tourism products and routes			✓	✓	✓	✓
Sustainable and innovative board manufacturing and export	✓		✓	✓	✓	
Great African Sea Forest World Heritage Site cost-benefit assessment/nomination	✓	✓	✓	✓		✓
Coordination/promotion of maritime education as an economic opportunity, including "export"	✓			✓		✓



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