 

**THE PRESIDENCY**

**REPUBLIC OF SOUTH AFRICA**

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| Socio-economic impact assessment system (SEIAS) Initial impact assessment (phase 1) Revised 2021 |

**The Initial Impact Assessment of the Policy on the Allocation and Management of Fishing Rights in the Traditional Linefish Fishery: 2021**

The Initial Impact Assessment aims to ensure that the policy considers all approaches and strategies available through careful consideration. Evaluating all alternative approaches should aid in the drafting of the Linefish Policy.

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| 1. **The problem/ Theory of Change** |

* 1. What is the **social or economic problem** that you are trying to solve?

Section 24 (b)(iii) of the Constitution of the Republic of South Africa, 1996 provides for everyone a right to have the environment protected, for the benefit of present and future generations, through reasonable legislative and other measures that, amongst other things, secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development. The Marine Living Resources Act, 1998 (Act No. 18 of 1998) is the main legislative measure that brings into fulfilment the provisions of Section 24 (b) (iii) of the Constitution of the Republic of South Africa, in terms of marine natural resources. Other measures include, but are not limited to, Marine Fisheries Sector-specific policies, of which the Traditional Linefish Sector-specific Policy is one.

Securing ecologically sustainable development through consistent use of natural marine resources whilst promoting justifiable economic and social development is proving more difficult over time due to the following variable factors (list not exhaustive):

* Marine fish, in nature, are a finite natural resource and the allocation of fishing rights depends, largely, on the resource availability. Species-specific stock status in fisheries (e.g. Traditional Linefish) vary according to previous exploitation (i.e. if a stock has been depleted), current fishing pressure (amount of fishing effort the stock currently receives) and environmental forces.
* Due to various factors, there has been an increased demand for access to linefish resources which are limited. This is further compounded by improved fishing efficiency, an increase in Illegal, unreported and unregulated (IUU) fishing, as well as ecosystem effects that influence a stock’s productivity.
* The increased demand for access to Linefish resources warrants a review of the criteria for the allocation of fishing rights, a process that is as competitive as it is litigious, and reducing annual total allowable catches (TACs) and/or total applied efforts (TAEs) for successful fishing rights applicants into smaller, and yet, economically viable allocations, is highly recommended but has proved both difficult to achieve and controversial to navigate.
* Justifiable allocation of sustainable and economically-viable allocations (e.g. for present and future generations), addressing historical imbalances, ensuring redress and equity without neglecting the interests of well-established and labour-absorbing fishing companies that have made huge investments in the respective marine fisheries sectors, over many years, against a backdrop of fluctuating and limited resources, some of which are below optimum production levels and may not recover if overfished, remains a challenge for the Department. This makes it extremely difficult for the Department to promote justifiable economic and social development as enshrined in the Constitution of the Republic of South Africa without attracting criticism from various stakeholders within the fishing industry and negative publicity generally, making the Fishing Rights Application Process (FRAP) a very litigious process.

It is against this background that the Department is embarking on a process of reviewing the Marine Fisheries policies, including, but not limited to the Traditional Linefish Sector-specific policy. This enables the South African Government, through the Department, which has a mandate in respect of fisheries management, to contribute meaningfully towards addressing national priorities that include food security, job creation and economic growth. Furthermore, reviewing the Fisheries Sector-Specific policies and cross-cutting fisheries policies (e.g. General Policy on the Allocation of Fishing Rights (“General Fisheries Policy”) and the Policy for the Transfer of Commercial Fishing Rights) brings certainty to fishing industry stakeholders, investors and any other interested parties.

The socio-economic problem of allocating Traditional Linefish Rights that are not economically-viable, while maintaining an ecologically sustainable fishery, needs to be addressed. As such, policy reform has been identified as the preferred intervention to resolve the aforementioned challenge.

* 1. What are the main causes of the problem? That is why the problem arise and why does it persist?

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| **Identified Problem** | **Main Causes of the Problem** | **Why does it persist as a problem?** |
| The Traditional Linefish fishery is a multispecies, multi-user fishery. The target species are a number of fin fishes that inhabit mainly the inshore waters.  Increased demand for access to finite linefish resources below optimum production levels that may not recover if overfished, will negatively affect the achievement of key National Government priorities like transformation, redress and equity, etc. | The commercial Traditional Linefish fishery is a boat-based inshore fishery characterised by low capital investment and labour intensive operations.  Commercial linefish species are in high demand locally and access to these resources is economically attractive. This results in a large number of applications for these rights.  The challenge of increased demand for finite linefish resources is further compounded by an increase in the number of non-compliant fishers involved in illegal, unreported and unregulated fishing | The scientific recommendation had, following the declaration of emergency, provided for a commercial Traditional Linefish TAE of 450 vessels and 3450 crew. The TAE is unlikely to increase by much in the near future.  Over reliance on the Traditional Linefish sector by coastal communities as an economic activity. Multiple sectors (local commercial, recreational and small-scale) accessing the linefish resources which result in consistent competition. High and constantly increasing demand in fish consumption globally.  The introduction of the Small-Scale fisheries requires that the TAE must be apportioned between local commercial, small-scale and recreational fishing which is putting more pressure on the linefish species. |

* 1. Whose behaviours give rise to the problem, and why does that behaviour arise? Remember that several groups including some in government may contribute to the identified problem. Their behaviour may arise amongst others because the current rules are inappropriate; because they gain economically from the behaviour; or because they are convinced that they are doing the right thing. Identifying behaviours that cause the problem should point to the behaviours that must be changed in order to achieve the desired solution.

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| **Identified Problem** | **Behaviour giving rise to the identified problem** | **Groups whose behaviour give rise to the identified problem?** | **Why does the behaviour arise?** |
| The Traditional Linefish fishery is a multispecies, multi-user fishery. The target species are a number of fin fishes that inhabit mainly the inshore waters.  Increased demand for access to finite linefish resources below optimum production levels and that may not recover if overfished, will negatively affect the achievement of key National Government priorities like transformation, redress and equity, etc. | High expectation from the general public arising from misperceptions about the limited linefish resources and economic returns associated therewith. | Government officials  Coastal Fishing Communities  Traditional Linefish Exemption Holders  Interested NGOs | Inaccurate communication. Unrealistic expectations that the linefish resources can sustain more pressure and participants. |
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* 1. Please explain why implementation of the existing policies/ laws/regulations or any proposals are not effective in addressing identified problems.

The existing sector-specific policy promotes transformation, gender equality, investment, job creation, etc. The objective of revising the Traditional Linefish policy is to include specific objectives and criteria, such as including a transparent scoring system by which applicants will be evaluated, in order to assist in identifying those applicants who do not have genuine vested interests in the sector.

* 1. Identify the major social and economic groups affected by the problem, and how are they affected. Who benefits and who loses from the current situation? **Be mindful of the vulnerable groups (Women, Youth, Children, People with Disabilities), Low income groups, Rural Households and Small Enterprises.**

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| **Identified Problem** | **Groups (Social/ Economic)** | **How are they affected by the identified problem?** | **Are they benefitting or losing from the current situation?** |
| The Traditional Linefish fishery is a multispecies, multi-user fishery. The target species are a number of fin fishes that inhabit mainly the inshore waters (+- 200 species).  Increased demand for access to finite linefish resources below optimum production levels that may not recover if overfished, will negatively affect the achievement of key National Government priorities like transformation, redress and equity, etc. | SMMEs  HDIs from Coastal Fishing Communities  Recreational fishers  Small-scale fishers | Decreased access to linefish resources is a result of dwindling linefish stock and over-subscription of applicants.  Loss of potential income. | Losing  . |

* 1. Which of below Seven (7) national priorities are negatively affected by the identified problem?

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| **National Priority** | **How is the priority negatively affected by the identified problem?** |
| 1. Economic transformation and job creation | Transformation remains a challenge, as it is not underpinned by genuine opportunity. Job creation is affected negatively if the companies do not utilise their fishing rights effectively and therefore are not able to create jobs. |
| 1. Education, skills and health | The allocation of some fishing rights have in the past not led to adequate training and the required transfer of technical skills needed to successfully participate in fishing operations. |
| 1. Consolidating the social wage through reliable and quality basic services | Non-utilisation of fishing rights results in less than optimal creation of jobs and employment and less quality of basic services. |
| 1. Spatial integration, human settlements and local government | Not applicable. |
| 1. Social cohesion and safe communities | Fishing communities remain disadvantaged as they are relegated to the lowest employment levels, forcing other community members, particularly the youth, into criminal activities (e.g. poaching, prostitution, drug trafficking, etc). |
| 1. Building a capable, ethical and developmental state | A capable state hinges on the development of a pool of skills within any profession. The current structure of the fishing rights does not emphasize skills development and there are also capacity constraints within the Department. |
| 1. A better Africa and world | An effective, ecologically sustainable and economically viable traditional linefish fishery can create sustainable employment, promote food security and reduce poverty. |

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| 1. **Options** |

* 1. Describe least three options for addressing the identified problem, including (a) your preferred proposal, and (b) an option that does not involve new or changed regulation (baseline or existing option)
     1. Review the existing Traditional Linefish sector-specific policy and only amend those sections that allow the identified problems to occur.
     2. Make use of the current Traditional Linefish sector-specific Policy.
     3. Use the General Fisheries Policy.
  2. Are the proposed options linked to other existing government laws or regulations and what are the gaps / limitations of those existing ones to address your identified problem?

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| **Government legislative prescripts** | **Custodian department / units within your department** | **Areas of Linkages** | **What are the limitations of existing prescripts?** |
| The Marine Living Resources Act 18 of 1998 (MLRA). | Department of Forestry, Fisheries and the Environment | Achieve optimum utilisation and ecologically sustainable development of marine living resources.  Utilise marine living resources to achieve economic growth, human resources development, capacity building within fisheries and mariculture branches, employment creation and sound ecological balance consistent with the development objectives of the national government. | The South African fisheries laws are not adaptive and/or are not easy to amend in order to adapt to the different situations.  The MLRA review will only commence in 2022, hence its review is not synchronous with the pending rights allocation process. |

* 1. What social groups would gain and which would lose most from the each of the three or above options? Consider specifically the implications for the households earning less; micro and small business; black people, youth and women; and rural development.

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| **Option** | **Main Beneficiaries** | **Main Cost bearers** |
| 1. Review the existing Traditional Linefish sector-specific policy and only amend those sections that allow the identified problems to occur. | All fisheries industry stakeholders and interested parties would benefit from improved policy. | Government  Fishing Rights Applicants |
| 1. Make use of the current Traditional Linefish sector-specific policy. | Existing fisheries stakeholders and interested parties. | Government  Fishing Rights Applicants |
| 1. Use the General Fisheries Policy | Fisheries stakeholders and interested parties. | Government  Fishing Rights Applicants |

* 1. For each option, describe the possible implementation costs, compliance costs and the desired outcomes, listing who would bear the costs or, in case of the outcomes, enjoy the benefits.

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| **Option** | **Implementation costs** | **Compliance costs** | **Desired Outcomes (Benefits)** |
| 1. Review the existing Traditional Linefish sector-specific policy and only amend those sections that are creating the identified problem. | Administrative and logistical costs incurred by Government. | Administrative and logistical costs incurred by government. | Skills development, job creation and effective, true transformation. |
| 1. Make use of the current Traditional Linefish sector-specific Policy | Status quo.  Administrative and logistical costs incurred by Government. | Status quo. | None. Fishery would operate as it currently does. |
| 1. Use the General Fisheries Policy | Status quo.  Administrative and logistical costs incurred by Government. | Status quo. | Desired outcome not attainable |

* 1. Based on the above table on costs and benefits, describe how different options would contribute to or detract from the national priorities. Remember this is a think-tool, so explore the issues freely.

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| **Priority** | **Option 1** | **Option 2** | **Option 3** |
| 1. Economic transformation and job Creation | The sector would potentially be more transformed.  Effective utilisation of fishing rights will by default result in job creation and much needed employment. Sustainable resource use will ensure jobs in the Traditional linefish remain available into the future. | Less transformed sector. Non-utilisation of fishing rights, resulting in less creation of jobs and employment. | Less transformed sector. Non-utilisation of fishing rights, resulting in less creation of jobs and employment. |
| 1. Education, skills and health | Improved training and skills development would lead to employment opportunities for the youth of local communities in local fishing operations | Status quo remains, with very limited to no opportunities for training to gain technical skills needed to participate in successful fishing operations. | No adequate training to gain technical skills needed to participate in successful fishing operations. |
| 1. Consolidating the social wage through reliable and quality basic services | Effective utilisation of fishing rights will result in job creation and much needed employment and potentially good quality of basic services. | Non-utilisation of fishing rights, resulting in less creation of jobs and employment and less quality of basic services. | Non-utilisation of rights, resulting in less creation of jobs and employment and less quality of basic services. |
| 1. Spatial Integration, Human Settlements and Local Government | N/A. | N/A. | N/A. |
| 1. Social Cohesion and Safe Communities | Potentially good quality of life and food security. | Fishing communities remain disadvantaged as they are relegated to the lowest employment levels.  Social cohesion is weakened by extreme competition between groups (commercial, recreational, small-scale) for access to limited linefish resources.  The weakness in Social Cohesion is exacerbated by the decline and variability in linefish stocks, which further limits access potential. | Fishing communities remain disadvantaged as they are relegated to the lowest employment levels.  Social cohesion is weakened by extreme competition between groups (commercial, recreational, small-scale) for access to limited linefish resources.  The weakness in Social Cohesion is exacerbated by the decline and variability in linefish stocks, which further limits access potential. |
| 1. Building a Capable, Ethical and Developmental State | Development of skills within the Department and externally within the Traditional Linefish sector. | A capable state hinges on the development of a pool of skills within any profession. The current structure of the fishing rights does not emphasize skills development. | A capable state hinges on the development of a pool of skills within any profession. The current structure of the fishing rights does not emphasize skills development. |
| 1. A better Africa and world | A fishery that is inclusive of everyone.  An effective and fully utilised fishery, can promote sustainable fishing, creates sustainable employment and ensures availability, accessibility and affordability of the linefish products to the locals, thus improving per capita consumption of fish in South Africa. | Less revenue resulting from trade that is not maximised. | Less revenue resulting from trade that is not maximised. |

* 1. Describe the potential risks that could threaten implementation of each option and indicate what can be done to mitigate the identified risks.

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| **Option** | **Potential Risks** | **Mitigation Measures** | **Comments** |
| 1. Review the existing Traditional Linefish sector-specific policy and only amend those sections that are creating the identified problem. | Administrative and logistical costs incurred by government.  Opposition and Litigation | Proper stakeholder consultation before embarking on amendment of the policy. | Include current industry role-players and stakeholders during policy development to save costs later. |
| 1. Use the existing Traditional Linefish sector-specific policy | Current “paper quota holders” will remain “paper quota holders”. | Promote potential new entrants. | Potential sector participants will be part of the newly-developed process/policy |
| 1. Use the General Fisheries Policy. | The General Fisheries Policy is an overarching policy within commercial fisheries and thus it is very broad and generic and cannot be depended upon to improve the current *status quo*. | A more specific and robust sector-specific policy is needed in order to adequately address identified social and economic problems within the Traditional Linefish fishery | A robust sector-specific policy with strong performance monitoring mechanisms are essential |

At this point, if you think the analysis points to a more useful or stimulating set of options, revise the SEIAS. You may find that you would like to combine some of the options, or that the process of discussion around the options has generated ideas that are better than your original ideas. Ideally, the three options considered should all be good ideas-that provides the best test for the final strategy adopted.

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| 1. **Summary** |

* 1. Based on your analysis, as reflected in the discussion of the three options above, summarise which option seems more desirable and explain?

Option 1 - is the most desirable, noting that the current Traditional Linefish sector-specific policy was last reviewed and approved in 2013. As such, it does not adequately address current national priorities of Government, hence the option to review policy to address the identified social and economic problems and gaps.

* 1. What specific measures can you propose to minimise the implementation and the compliance costs of your preferred option, to maximise the benefits?

Waiver of application fees for historically disadvantaged individual applicants and the possible use of an online application system. Proper, prior consultation with traditional linefish stakeholders will promote acceptance of amendments, lessen the risk of litigation and likely also increase adherence in the future.

* 1. What are the main risks associated with your preferred option, and how can they best be managed?

Budgetary constraints and human resource capacity limitations within the Department. These could be addressed through insourcing and collaboration with other Government Departments and SOEs.

Not comprehensively reviewed policy.

* 1. What additional research should you do to improve your understanding of the costs and benefits of the option adopted?

Additional research is needed to improve understanding of the socio-economics of the fishing communities and fishing companies, as well as ongoing annual stock assessment undertakings to contribute towards granting evidence-based Total Allowable Effort (TAE) allocations so as not to compromise the ecological sustainability of the Line fishery.

***For the purpose of building SEIAS body of knowledge please complete the following:***

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**References:**

1. Marine Living Resources Amendment Act, 2014.
2. General Policy on Allocation and Management of fishing rights: 2013 (“the General Fisheries Policy”).
3. Policy on the Allocation and Management of Fishing Rights in the Traditional Linefish Fishery: 2013.
4. Department’s Information on Economic and Transformation Profiles.
5. Fishery Performance Reviews: Traditional Linefish fishery.