



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

Address by His Excellency President Jacob Zuma at the Operation Phakisa:  
Unlocking the Economic Potential of the Ocean Economy Open Day

International Convention Centre (ICC),

Durban.

15 October 2014

The Premier of KwaZulu-Natal, Mr Senzo Mchunu,

Ministers and Deputy Ministers, MECs, Mayors,

The Chief Whip of the ruling party and all Members of Parliament and of the  
Provincial Legislature,

Representatives of Business, Labour, Academia, Religious Sector and Non-  
governmental Organisations,

The leadership of the ruling party,

Representatives of the Government of Malaysia,

Members of the diplomatic corps,

Senior government officials

Fellow South Africans,

Sanibonani,

Good morning to you all!

We gathered here in Durban on the 19th of July to launch Operation Phakisa.

We said then that we would begin with the segment of Phakisa focusing on the ocean economy.

Today we have gathered to share the results of six weeks of exploring the economic potential of our country's oceans.

We did not start Operation Phakisa in a vacuum. It is in line with the goals outlined in the National Development Plan, to promote economic growth and to boost job creation.

We had announced in June this year that we are chasing a growth target of five percent by 2019.

To achieve that target, we require new and faster ways of doing things, and Operation Phakisa represents that new spirit of moving faster in meeting our targets.

Operation Phakisa is an adaptation of the Big Fast Results Methodology of Malaysia.

In only a few weeks of implementing this approach, we are convinced that we are moving in the right direction.

Our starting point was that South Africa is surrounded by a vast ocean and yet we have not fully taken advantage of the immense potential of this untapped resource.

The oceans have the potential to contribute up to 177 billion rand to the Gross Domestic Product and create just over one million jobs by 2033.

To further explore this potential, we brought together teams from government, labour, business, academia and other sectors to work together in experimental laboratories, to explore all possibilities and further unlock the potential of our country's vast coastline.

The teams have focused on four critical areas. These are marine transport and manufacturing, offshore oil and gas exploration, aquaculture as well as marine protection services and ocean governance.

I will give an overview of each workstream.

The workstream on Marine Transport and Manufacturing moved from the premise that we have not exploited South Africa's strategic location, infrastructure and skills base to accelerate growth of this sector.

The teams have highlighted a concern that South Africa currently has no registered ships. This is in spite of the fact that each year, three hundred million (300 million) tons of cargo moves through our ports in imports and exports.

In addition, 1.2 million tonnes of liquid fuels move along our coast, while the rapidly expanding offshore oil and gas activities require a supporting fleet of vessels.

Another opportunity arises from our country's location.

South Africa is ideally positioned to serve the East-West cargo traffic and the booming African offshore oil and gas industry, through marine manufacturing, which includes ship and rig repair, refurbishment and boatbuilding.

Despite this competitive advantage, we currently capture only one percent of the global market of ship repair and refurbishment.

Of the eighty oil rigs estimated to be in the range of the Western Cape, only four rigs are serviced per year, showing significant potential for growth.

As a solution, the marine transport workstream has developed eighteen initiatives across three categories, infrastructure and operations, skills and capacity building as well as market growth to accelerate sector growth.

The initiatives will expand South African port capacity for repair work for oil ships and oil rigs.

Some of the initial targets drawn up include firstly, an increase in the local manufacturing capacity through a ten percent increase in the usage of local components for boat and ship building.

Second, is an increase in the ship repair capacity in Richards Bay, thus creating two hundred (200) direct jobs.

The third target is to create a dedicated Occupational Team for the sector within the Department of Higher Education and Training to drive alignment between theoretical and workplace learning.

The fourth target entails increasing the amount of minerals exported on South African ships, which will create more than four thousand direct jobs.

Some of the progress made already include the process of establishing a National Shipping Company, a partnership with South Korea.

The second workstream, Offshore Oil and Gas Exploration, has indicated that South Africa's coast and adjoining waters have possible resources of approximately nine billion barrels of oil.

This is equivalent to forty years of South African oil consumption.

We also have eleven billion barrels oil equivalent of natural gas, which is equal to three hundred and seventy five years of South African gas consumption.

However, there is significant uncertainty about the extent of these resources.

This workstream has developed eleven initiatives.

The team has set an ambitious target of drilling thirty exploration wells in ten years. Over the next twenty years, this work could lead to the production of three hundred thousand (370 000) barrels of oil and gas per day.

This is approximately eighty percent of current oil and gas imports. The result would be one hundred and thirty thousand jobs and a contribution of two point two billion US dollars (US \$2.2 billion) to GDP.

As a Government, we are aware that we have to create the enabling environment to give industry the comfort to invest in this capital-intensive sector.

The workstream has outlined some initial targets towards this goal.

They say we have to provide clarity and stability in the legislative framework governing offshore oil and gas, ensuring a “win-win” outcome for government, industry, and society.

We have to build a “one-stop shop” within the Department of Mineral Resources to streamline and regulate the licensing process for offshore oil and gas exploration and production.

We must conduct emergency response drills jointly as industry and government to initiate the creation of a world-class oil spill response capacity in South Africa.

We have to make the International Oil Pollution and Compensation Fund operational.

And lastly we have to exploit research opportunities presented by offshore oil and gas explorations that will unlock data ecosystems, marine resources, and ocean-related renewable energy.

We welcome these initiatives and proposals.

Ladies and gentlemen,

The Aquaculture workstream has underlined the high growth potential of South Africa’s aquaculture sector due to increasing demand for fish.

While aquaculture contributes to almost half of the global fish supply, it contributes less than one percent of South Africa’s fish supply.

The sector offers significant potential for rural development, especially for marginalised coastal communities.

This workstream has identified eight initiatives to spur the growth of the sector.

One initiative will address the selection and implementation of twenty four (24) projects across South Africa by 2019.

Together, these projects are expected to grow the aquaculture sector’s revenue from about half a billion rand today, to almost one point four billion rand (R1.4billion) in 2019.

Three further aquaculture initiatives relate to the creation of an enabling regulatory environment, including the establishment of an Inter-Departmental Authorisations Committee.

The committee will co-ordinate aquaculture applications and approvals. The intention is to reduce processing time from the current periods of about 890 days to 240 days in future.

Other initiatives focus on funding support, increasing the skills pool and awareness and improving access to markets.

The stream has identified some initial targets as well.

They recommend implementing nine projects in the Eastern Cape, North West, KwaZulu-Natal and Western Cape provinces.

The work stream also proposes the establishment of the Aquaculture Development Fund, consolidating approximately five hundred million rand of Government funds from five departments into one pot.

The teams also propose the creation of a South African industry body that will establish seventy to eighty buyer relationships such as local retailers and food service companies.

This will create a comprehensive market database covering one hundred percent of South African aquaculture production.

Ladies and gentlemen

The last workstream is that of Marine Protection Services and Ocean Governance. They looked at South Africa's jurisdiction over a very large Exclusive Economic Zone, with an extent of one and a half million square kilometres.

With such a large ocean jurisdiction, effective governance is critical but will be challenging given the size and complexity of our oceans.

This workstream undertook the task of developing an overarching, integrated ocean governance framework for the sustainable growth of the ocean economy.

The workstream identified ten initiatives to be implemented by 2019.

These include the development and implementation of an overarching governance plan by March 2015.

The plan entails the protection of the ocean environment from all illegal activities and to promote its multiple socio-economic benefits with results by 2017.

The team also proposes the delivery of a National Marine Spatial Planning Framework in order to enable a sustainable ocean economy by December 2015.

In the spirit of Operation Phakisa and getting things done as quickly as possible, there is already progress on working towards an Oceans Act. We hope to have a draft Oceans Bill ready in 2015.

The Oceans Act will provide a clear foundation for marine spatial planning.

Going forward, Delivery Units have been established in the lead departments that will drive the implementation of the detailed delivery plans.

The progress will be monitored on a weekly basis by the Department of Planning, Monitoring and Evaluation in my office, the Presidency.

We intend to provide regular feedback so that the public can also track progress.

Compatriots and friends,

We will achieve the growth and the jobs we need in the economy sector, if we continue working together in this manner.

The initiatives arising out of this hard work are expected to increase the ocean economy's GDP contribution by more than 20 billion rand by 2019.

I would like to congratulate the teams for hard work, cooperation and commitment during the six week period. You have been able to prove that when we put South Africa first, we achieve results that move our country forward.

We are encouraged by the success of Operation Phakisa Ocean Economy. The second project, focusing on Health began on Monday the 13<sup>th</sup> of October.

Workstreams are working in Gauteng for six weeks to uncover what will entail the ideal, effective clinic in our health system.

Delivery plans will be released to the public as well once they have completed their exploratory phase.

We will continue working hard each day, to build a more prosperous and successful South Africa, and a better life for all.

Our founding President, Madiba reminds us of our responsibility. He said;

*“As long as many of our people still live in utter poverty, as long as children still live under plastic covers, as long as many of our people are still without jobs, no South African should rest and wallow in the joy of freedom.”*

You will all be able to engage more intensively with the workstreams in the exhibition today.

They will appreciate feedback in order to improve the work done and sharpen the delivery phase.

Working together, let us move South Africa forward.

I thank you all.

Issued by The Presidency

Pretoria