



LET'S TALK MARITIME

“Operation Phakisa is a version of the Big Fast Results methodology that was first applied by the Malaysian government successfully, in the delivery of its economic transformation programme. The operation addressed their national key priority areas such as poverty, crime and health care.” The highlighted sectors were marine transport, manufacturing (boat building, oil and gas offshore exploration and aquaculture among other blue economy activities. Operation Phakisa has worked particularly in the boat building and manufacturing space by unlocking, according to an Africa Daily 2017

report, 24, 6 billion in investments with the government contributing

BEFORE WE TALK ABOUT HEALTHY AND THOUGHTFUL CONVERSATIONS ABOUT OPERATION PHAKISA AND THE OCEAN'S ECONOMY. WE NEED TO DEFINE THE PURPOSE OF THIS ARTICLE.

about 15 billion into that operation thus creating about 6500 jobs. This venture also accommodated emerging black owned boat building companies and key suppliers. This article celebrates the achievements of Operation Phakisa which are sustained by ongoing

boat building projects and the boat building park in Durban. Further, we saw aquaculture projects taking off around the country, such as the abalone farming.

The purpose of this article is to support ongoing efforts to unlock the ocean's economy, highlighting a few topics of conversations about the successes and challenges to the Operation Phakisa mandate. This is purposed to be done in a uniting and educational manner. Let's reignite the flame of Operation Phakisa to boost the South African economy.

DISCLAIMER

In defining the purpose of this article, let's first unpack what this article is and what it is not:

- This article is not intended to be taken as legal advice or any professional advice with legal consequences. It is within the discretion of the user to take the information in this article at their own account.
- The authors of the article are not responsible for any legal liability in whatever form or shape whatsoever, especially since only publicly available/open resources were consulted in drafting this article.
- This article is written without prejudice against its producers or associations. Further, this article doesn't necessarily represent the views of the organizations or associations mentioned.
- This article is an educational piece intended for any person with an interest in the ocean's economy, supporting the positive core values of Operation Phakisa.
- While this paper may discuss some politically sensitive issues, it is meant to focus on economic empowerment, to help anyone involved or wishes to be involved to push towards a vibrant ocean's economy with the intention to unite all against poverty, crime and unemployment.

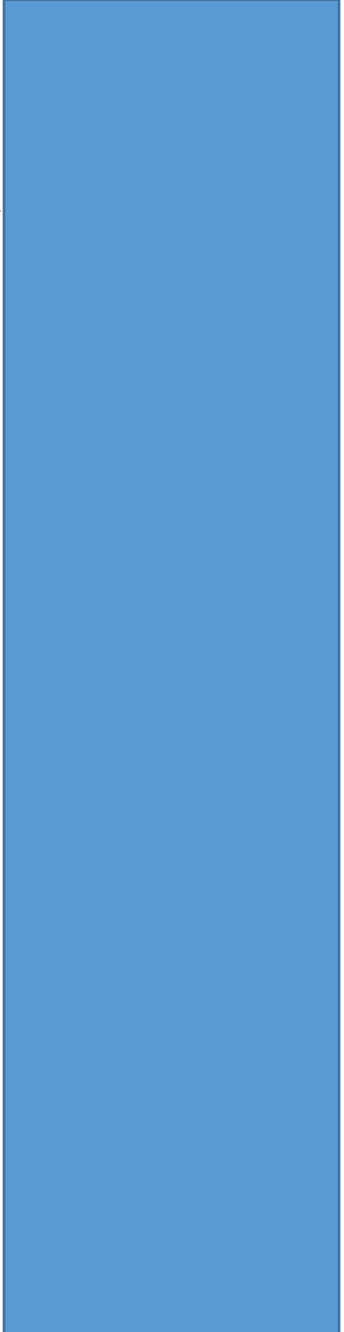
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SKILLS SHORTAGES/CHALLENGES

Industry, according to Mr. Michael Manqele, From the Durban University of Technology (DUT), South Africa seems to be well supplied with graduates that have technical skills but those with services and innovation related skills for sustainable job creation need to be greatly encouraged. (For example, people who can develop algorithms for the 4th industrial revolution, people who can build robots and provide deeply service oriented activities such as ship ownership and chartering so that the industry can continue in a sustainable manner rather than creating jobs that can be easily replaced by technology). South Africans need to create jobs that can withstand disruptive technologies. So here are some of the discoveries identified in this article in summary:

- The industry faces detrimental skills shortage due to lack of early exposure to the industry. It is worth highlighting that the current education system is not producing enough science and maths graduates to meet the industry's demand for innovative career creation.
- Within the sphere of higher education, driving force behind the lack of skills links with the fact that there's a lack of suitably qualified lecturers (because they cannot be paid the salaries they are accustomed to in their sea careers),
- Innovation within the curriculum is generally restricted. Students should be given a chance to value precision engineering and thus seek better scores in their academic and practical exams, especially in the [STEM](#) fields. Young people should be aware of how important it is to work hard on math and science results.

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- There is insufficient exposure to maritime related subjects at basic level of education.
 - The disconnect between higher education and industry, coupled with lack of investment within the industry leads to a lack of infrastructure that's required for training of graduates to essentially bridge the gap between theoretical and practical knowledge.
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INFRASTRUCTURE & INVESTMENT CHALLENGES:

Lack of infrastructure capacity is one of the major challenges in the maritime industry, equipment that is needed to train those involved in training is not sufficient. There is a need to conduct research on the needs for such equipment. This will facilitate growth within the industry of about 7 billion rands according to the 2014 Human Resource Development Council (HRDC) report.

So here are some of the discoveries identified on this issue by this article:

- Training equipment such as simulators still needs to be secured. We have a few in the country but not anywhere near the many that exist in developed countries.
- Workshop facilities to train workers are behind in development in South Africa in some instances and therefore this can affect the competitiveness of the port.
- Infrastructural constraints in our existing ports is also a challenge, more investments are needed to make improvements in our ports. The dig-out port in Durban which was supposed to be finished by 2020 was put on halt due to lack of funds. The reality is that sometimes in job creation, it takes money to make money and create more jobs therefore some of these constraints are due to the economy not growing and thus moneys not being available.

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THE SOUTH AFRICAN SHIP REGISTRY CHALLENGE

According to West (2014), approximately 98 percent of the trade within the borders of South Africa is facilitated by sea all which is conducted through foreign owned vessels. UNCTAD (2017) further goes on to state that more than 70 percent of the commercial fleet registered under a flag are from a different country. This is nothing new in shipping since established by shipping magnates such as A. Onassis but this can cripple the South African attempt to have a reasonable merchant shipping footprint.

- Another driving force relating to the issue of ship registry links to the tax and labour laws strictness. This must be looked at by the law commission.
- The usage of foreign owned vessels worsens the country's current account, as the continued usage of foreign owned vessels can be seen as an outflow of cash or profits forgone where according to the SAMSA over R36 billion was paid to foreign owned vessels in 2007, (right before the big market crash) this essentially diverts spending from the necessary port infrastructure upgrades to improve the port.
- Lack of South African vessels essentially affects the fiscal stance of the ports, if South Africa had more indigenous vessels in the ship registry they would be able to adequately train their graduates.
- Running ships and the industry in general is capital intensive, try finding out the cost of fuelling a ship like the [MV Tonsberg](#) for example. When the economy takes a nosedive, a developing nation sometimes is not ready to support systematic merchant shipping however there is nothing stopping statisticians from working out what it would take to start somewhere.

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- Franck (2016) in his study of ways for South Africa to regain merchant fleet under its register finds that in South Africa, no commercial bank offers industrial ship financing and insurance, making it virtually impossible for aspiring South African shipping company to obtain the finances, additionally restrictions in exchange control prohibit usage of the US dollar dominated finances. The aforementioned restrictions limits the mandate of the National Development Plan which aims at transforming the ownership of the economy by decentralizing the structure of business ownership through the BEE policy which aims to transform the ownership of the economy (National Planning Commission, 2012).
 - This means that South Africa has to start developing deeper pockets, learning from successful capital and insurance markets or working with, if beneficial to the economy with foreign capital.
 - Read about [Fairfield](#), a company that transports chemicals. Did you know that it took a businessman in Durban to use his 'ship ownership development plan' to attract a partnership with Fairfield and this gave rise to Fairfield South Africa, a new entity that is committed to Operation Phakisa goals (employment of locals, BEE, employing SA cadets, international best practices and skills exchange) while making money? This means that some people in the South African shipping world are not looking at what is impossible and giving up.

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DIVERSITY & INCLUSION: WOMEN IN SHIPPING

There is no doubt that diversity and inclusion is important to any economy as it allows those with the most passion and talent for positions to have an opportunity in various areas of service to society regardless of physical features or origin.

For the purposes of this article let's see what the industry conversation have been regarding women in the shipping industry.

- Women are definitely competent as maritime industry participants in every field in both shore side and ocean-going services. In South Africa, in particular, women tend to support entire families and sometimes communities as breadwinners so they make a very reliable taskforce.
- Many organizations are open to women entering the shipping industry, in South Africa, the Durban University of technology even acknowledges that women students do very well in class and many have entered study to the point that they have had to be turned down because there were simply not enough places to take them all in.
- Women have made excellent tug masters though getting their sea time is sometimes quite a challenge since South Africa usually has to rely on the magnanimity of foreign shipowners to train South African cadets. This means internationally women are in the minority.
- There are many laws designed to protect all against gender related discriminations and violations so women can do very well in the maritime industry, however, women also sometimes get a bad reputation in the industry for not sometimes being able to handle some physically tasks, sometimes even citing feminine excuses for

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- On some long voyages, it is also said that some women students find it difficult to cope with the male attention they may receive, some women even being released from service due to falling pregnant *en voyage*.
- Many women also do not wish to be away from home sailing the oceans but some do, so the trick is to find the right person for the job regardless of gender.
- An industry expert of many years, female, admitted anonymously that sometimes the industry itself does not attract women because it is not the most glamorous and the dress code ([PPE](#) clothing) does not help either.

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FUEL COSTS AND ENVIRONMENTAL IMPACT

What about the environment? Is this a potential area for innovation?
Absolutely because there are some problems to solve:

- The issue of transportation costs mainly fuel prices. It is noted that transportation costs are a key determinant of a country's relative competitiveness in trade, as high transportation costs act as a binding constraint potentially greater than a barrier to trade. Which essentially increases the cost of doing business, making the industry less attractive and thus limiting funds.
- Emissions, which are a constant challenge being considered carefully at IMO level, demonstrate that traditional fuels from ships have impacted the environment negatively, with acidification of the sea, for example and weather pattern concerns.
- These environmental issues are impacting negatively on aquaculture as too much carbon dioxide (acidification) is toxic to aquatic animals and plants. According to the Council of Scientific and Industrial Research (CSIR), (2016) Operation Phakisa as it is a result driven approach they need to start assessing and come up with the strategy to curb acidification.

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SOUTH AFRICAN CADETS

The maritime industry has the [STCW](#) standardizing training of cadets around the world. Crew wages are an important overhead in the industry. This is particularly important since shipowners will then seek a competent crew at affordable salaries. This is where the Filipino seafarers win. This helps shipowners with an industry that at times really has tight margins. On the other hand if one looks at USA based seafarers, they tend to command much higher salaries. So what can South African cadets do to be internationally desirable as employable commanding the high salaries?

- Unfortunately due to a waning merchant shipping flag, many South African qualified cadets with sailing licenses do not get employment. This is a problem. This lack of employment is compounded by various factors including the fact that shipping is cyclical and sometimes the shipowners themselves are not making money and ships are either being scrapped or are in layup.
- Various maritime related nation building projects are put in place through efforts of government bodies such as, among many others, [SAIMI](#), [EMC](#), [SAMSA](#), [MSOE](#) and [The Sharks Board](#) etc. but the cadets themselves have to have something on the inside that makes them want to uplift the cadet reputation of South African cadets.

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- Is it possible that South African cadet training institutions can borrow from the paramilitary style of cadet discipline of USA maritime universities, which seem to work for them?
- This is a suggestion to explore potential helpful borrowed lessons from successful models and international benchmarks of maritime training, there are many institutions that are effective in the world. It is not intended here to tout one institution as having all the answers as the USA maritime training world is also able to borrow some lessons from South Africa and any other nation, where applicable. That is the global nature of this business.
- For example, the Massachusetts Maritime Academy [ranks](#) highly regionally alongside institutions like MIT & Harvard and nationally with students being very popular with employers for their discipline in general. The Massachusetts Maritime Academy also boasts of a number national 1 ranked [International Business Program](#). See this external [report](#). Could it be that adopting this style of teaching is what South African cadets need to get to the next level? These are the conversations that we hope could be opened. What can we learn from our different strengths and weaknesses?
- A robust economy helps of course to enhance employability of graduates of all kinds but the maritime industry is all about higher risks and safety, it is essential to hire a disciplined graduate.

SOME PEARLS OF WISDOM FOR THE FUTURE MARITIME YOUTH

PAY YOUR DUES IN HARD WORK & SACRIFICE

If you plan to be in the maritime industry, especially at innovation levels, work very hard your math and science. Don't aim to just build a bridge but aim to build one that will not collapse. In future you will be entrusted with very expensive assets and information, learn to be trustworthy of that responsibility even now. You can do it.

Do not let anyone tell you to use your intelligence for crime, even if you have made those mistakes you can turn your life around for better. Imagine what would happen to the economy if all the intellect used for crime was used for job creation?



The recipe for success involves the right winning mentality plus habit. So what are you doing every day that will become a habit that will benefit you tomorrow? **What is your beneficial habit, which in ten years (for example) will gain you something positive?**

So do you want to challenge yourself by joining the famed 4th industrial revolution? Teach yourself to code on this [link](#).

And if you think you are too poor, too ignorant, too young, too old (etc.) to help yourself, try this inspiring story of a [boy](#) who pulled himself out of abject poverty by building a windmill with a book he borrowed from a public library.

DO NOT BE FIRED FOR LACK OF DISCIPLINE, HOLD THE SOUTH AFRICAN FLAG HIGH

Do not be that cadet that damages the reputation of South African cadets. Be known as a desirable hire, ask questions, teach yourself what you do not know and never ever accept a scholarship or a training opportunity if you know you do not want it and don't care if it wastes someone's time and money. Rather go find that thing you have passion for or that you can learn to love but do not waste a training.



As a cadet, have nothing to do with being described as too lazy, too entitled or too ill disciplined to make a good cadet. There is no place for this especially in a high capital and intensely safety oriented industry where lives can be at risk because of unnecessary human error. Life is not always easy, it is full of challenges, stretch yourself. We are not saying be abused or do not have human rights but make a positive contribution in your work. You are born for a positive contribution, do not let your family, community miss out on it.

Here is a challenge: Send an email to fellow cadets and if you dare, your supervisor, ask them to review your work and attitude and see if that can be used as a tool for improvement.

ARE YOU THE MINORITY IN THE WORK PLACE?

Don't let anyone look down on you because you are not in the majority in your work place but be an example to all in commitment, hard work and discipline. People are relying on you, that's why they are paying you to do a job. Do the job well and understand what is important and what is an unnecessary distraction. If you want to climb poles, turn wrenches and sail the proverbial seven seas, then do so, whether you are male, female, black, white or any colour, the ship-owners and employers just want it done well.



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