

South African fisheries reform – past, present and future?

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Two approaches to transformation of the South African fishery industry were adopted after the advent of democracy: the broadening of access rights to new rights holders (individuals and companies) through state intervention (external transformation); and market-led change within state black economic empowerment policy (internal transformation). The government has largely missed its opportunity to ensure the restructuring of the industry was managed in such a way as to achieve broader societal goals such as the alleviation of poverty and upliftment of fishing communities. While some progress has been made in terms of the reallocation of quotas to previously disadvantaged individuals and groups, real problems remain. Much 'transformation' within established fishing companies in terms of advancing historically disadvantaged individuals and groups is cosmetic. Not all *bona fide* fishers were able to secure quotas. Many quota allocations were too small to be financially viable. New entrants to the industry do not have sufficient access to capital, infrastructure, equipment and technical know-how to establish viable businesses. Certain rights holders are quota holders on paper only. The state should intervene more vigorously to support new entrants by providing access to capital, business and management skills, providing institutional support, protecting *bona fide* fishing communities, and setting up an effective watchdog to monitor real progress towards transformation of the industry linked to granting long-term fishing rights.

Introduction

The African National Congress (ANC) contested the April 1994 elections on the basis of a vision of 'a better life for all', to be achieved through its people-centred Reconstruction and Development Programme (RDP) policy framework (ANC 1994). This created expectations that many in the 'marginalised' fishing communities would secure their own fishing rights and small businesses. It was hoped that the revised fisheries policy would deliver on these expectations, while at the same time maintaining an internationally competitive fishing industry (Isaacs 2005).

Due to pressure from established economic interests, in 1996 the new government shifted its macro-economic policy to a 'home-grown' structural adjustment programme called the Growth, Employment and Redistribution macroeconomic framework (Gear). This resulted largely in abandonment of the key principles and policies of the RDP and the adoption of neo-liberal economic principles including privatisation, subsidy removal, and downsizing of the public sector; and encouragement of small black entrepreneurs. Gear was aimed at achieving equity and redistribution through economic growth and job creation (Bond 2000).¹ The authors of Gear imagined poverty alleviation would be achieved through the 'trickle-down' effect of a new group of entrepreneurs who would establish labour-intensive small, medium and micro enterprises (SMMEs). This was in direct contrast to the RDP's approach of redistributing wealth through interventionist state policies based on socialist ideology.² The shift to Gear resulted in large numbers of *bona fide* fishers being excluded up-front from the formal allocation process because they

could not demonstrate their entrepreneurship through being able to complete application forms and engage in related bureaucratic procedures without help (Isaacs 2005).

In order to understand how the transformation process was supposed to contribute to poverty alleviation, one needs to understand the capital accumulation/ wealth generation and safety net functions of enterprise development and job creation. Béné's framework on poverty alleviation (2004) provides a useful analytical tool. This author argues that vulnerable individuals or groups of individuals are usually at risk of being exploited by persons or groups that are in positions of power because they are economically insecure.³ In this publication, we will use the concepts of poverty, vulnerability and entrepreneurship to look at the contribution (or failure) of fisheries to the improvement of the livelihoods of coastal communities, including the proposed mechanism of co-management (see Hauck & Sowman 2003 and Hara & Raakjær Nielsen 2003).

The shift in macroeconomic policy was an important factor in relation to 'transformation' of the fisheries sector in that the focus for transforming the sector moved from re-allocation of access rights to one of promoting black economic empowerment (BEE). BEE was focused mainly on addressing racial and gender imbalances within the industry. It took the form of offering ownership of shares in established enterprises to historically disadvantaged individuals (HDIs) organised in empowerment groups and/or labour unions, transferring technical and management skills to HDIs, and promoting HDI employees to positions of management decision making. The focus was not on the

vulnerability of the workers within the existing established companies under BEE schemes, and new rights holders and the SMMEs that have been established after achieving access to fishing rights.

‘Transformation’ is not defined in the Marine Living Resources Act of 1998 or in any other legislative or policy document (Witbooi forthcoming 2005). The vision of the government’s new policy is probably what was meant by ‘transformation’ in the Act:

the marine resources are a national asset and part of the heritage of the people of South Africa, present and future, and should be managed and developed for the benefit of the country as a whole, especially those communities whose livelihoods depended on these resources; and that the allocation of the resources would be made on an equitable basis, with a view to ensuring the long-term sustainability of the resources and their healthy condition for present and future generations.

Two approaches to transformation were being used: the broadening of access rights to new rights holders (individuals and companies) through state intervention (external transformation); and market-led change within state BEE policy (internal transformation). The Department of Environmental Affairs and Tourism (DEAT) branch of Marine and Coastal Management (MCM) was given the responsibility for external transformation. The new Constitution with its Bill of Rights and the new fisheries policy paved the way for new entrants to enter this sector, but MCM struggled with managing and administering this process. A complicating factor was that the sector was already oversubscribed – making space for new entrants would require cutting existing allocations. Internal transformation was to take place through market-based reforms within companies through change in ownership, giving workers more benefits and share schemes, assisting in the empowerment of new right holders and so on. This market-based intervention impacted on the extent of state intervention from the start, leaving little room for a more community-based empowerment option to transformation in the industry (See Hersoug 2002).

The responsibility of the state through MCM is to ensure that the equity and redistribution are achieved without endangering the economic stability of the industry and sustainability of the resource. From the very beginning, it was clear that the goals of transformation would be in conflict with the principles of resource management since meeting the expectations of the many potential new entrants would not be in line with the limited room for expansion that sustainable resource management entailed. Adding to this was the fear among the established companies that allowing too many new entrants could create chaos and result in economic instability in the industry. Several factors impeded or were used to block or slow transformation, especially by those already in the industry.

Constraints to transformation in the early years

- **Unwilling sellers, unwilling buyers:** As a matter of principle, HDIs and HDI groups were unwilling to ‘buy’ fishing rights that they felt they had been dispossessed of under apartheid. There were expectations that government would put this travesty right by simply taking these rights back from established companies and redistributing them to HDIs after the advent of democracy. The established companies were equally unwilling to share, sell or give up their fishing rights, arguing that they had spent decades building up their companies.
- **Foot-dragging tactics:** Established companies used foot-dragging tactics to delay redistribution by employing leading lawyers to find loopholes in the new fisheries policy and to litigate on all large-scale cuts in their quota allocations. Many courts ruled in favour of the established industry, hindering government from taking large portions of their quota allocations to accommodate new entrants to the industry (Witbooi forthcoming 2005).
- **Court challenges on administrative grounds:** Numerous allocations by the former Quota Board under the old Sea Fisheries Act were successfully challenged in court on administrative grounds from 1993, following the promulgation of the 1993 Quota Board guidelines (Witbooi 2005). The constitutional entrenchment of the right to just administrative action reinforced the strength of administrative remedies, as evidenced by the number of court cases after 1996. For example, the first quota allocations made under the MLRA were successfully challenged and set aside for reconsideration on various administrative grounds.
- **Alliances between large companies and labour unions to oppose transformation:** Established companies were able to secure the support of their largely black labour unions to oppose transformation using the slogan ‘a cut in our quota allocations will result in a cut in jobs’. The unions (especially the Food and Allied Workers’ Union – FAWU) traded their support for maintaining existing quota allocations for better working conditions and improved benefits for their members (pension funds, shareholding schemes, medical aid, and improved health and safety). The irony was that FAWU is an affiliate of the Congress of South African Trade Unions (Cosatu), one of three partners in the ruling ANC Alliance. The alliance between unions and employers against redistribution of fishing rights further marginalised poor *bona fide* fishers who had expected fishing rights after apartheid.
- **Constitutional protection of property rights:** The Constitution provides that nobody may be deprived of property except in terms of law of general application (the ‘property clause’). This together with the government’s commitment to support market forces

effectively gave established companies a veto against the reform of the fishing industry.

Internal transformation

Most established companies claim to have implemented internal changes that meet the requirements provided by DEAT guidelines (2001a; 2001b).

- **Shareownership:** The established industry quickly responded to internal transformation requirements. For example Oceana Fishing Group sold half of its equity to a black empowerment consortium⁴ while Premier Fishing shares ownership with Sekunjalo and Pamodzi/Foodcorp owns Marine Products. Allowing a larger degree of black ownership strategically put such companies in positions of strength for maintaining or even increasing their quota holdings since most of these empowerment groups had good political connections.
- **Shareholding schemes:** Companies like Sea Harvest and Irvin & Johnson started on a fairly small scale, offering limited shareholding ownership for employees at favourable prices (*Business Report*, 16 November 2000). Although employee shareholding constituted a small percentage of the total stock, the symbolic effect was considered important.
- **Change in leadership/management structures:** The established companies wasted no time in bringing in HDI leaders in an attempt to transform the leadership structures of their companies. Within the labour unions this was regarded as a window dressing exercise since some of these individuals were given the privileges of power but not the right to make crucial decisions.
- **Infrastructure and know-how:** The major dilemma that faced many new entrants was the lack of infrastructure (vessels, processing facilities and marketing networks) and business know-how. A possible, seemingly obvious, solution to this dilemma was the formation of joint venture and business partnerships as promoted by the new fisheries law (the MLRA).

In spite of all of this, most new entrants complain that the changes that have taken place have not changed the power dynamics in the industry as a whole or within individual companies. Because established companies own most of the infrastructure, they retain control of fishing, processing and marketing operations, even where new entrants have entered into joint ventures with them. The prices charged for these services make it very difficult for new entrants to succeed. Established companies recoup their transaction costs through reduced prices for fish from new entrants or inflated costs for their services (Raakjær Nielsen and Hara forthcoming 2005). Top management of most companies remains largely white. Where blacks have been given top positions, their ability to make management decisions is frequently constrained or absent. Most 'internal transformation' appears to be window dressing. The lack of infrastructure and business know-how among new entrants and the lack of real black ownership and

power within established companies leaves black workers and entrepreneurs vulnerable to manipulation and exploitation.

External transformation – MCM's perspective

Eventually, everyone, including the established companies, had to accept that some re-allocation of rights was unavoidable. MCM's major indicator of transformation has been quantitative – that is, the number of new individuals (mostly HDIs) or HDI fishing companies that have been granted access rights. MCM's stated achievements after ten years of 'transformation' are, for example, in the abalone, West Coast rock lobster, small pelagic and deep-sea hake fisheries (DEAT 2004):

- In the **abalone** fishery, the number of rights holders increased from five in 1992 to 271 in 2002. The five original quota holding companies retained 49.5% of the total commercial allocation while original abalone divers received 17.5%. The 228 new entrants under the limited commercial category got the remaining 33% in allocations of 202 quotas of 430kg and 26 quotas of 200kg. Individuals held 95% of the limited commercial allocations. A total of 87.5% of the companies holding commercial abalone quotas were classified as SMMEs. According to DEAT (2004), 90% of the global abalone TAC was allocated to SMMEs in 2002.
- In the **West Coast rock lobster** fishery the number of rights holders increased from 39 in 1992 to 745 in 2002. While the top ten companies had held 57% of the quota in 1992, this had been reduced to 36% in 2002. Ninety percent of right holders were classified as SMMEs and 66% of these companies were HDI-owned. In 2003, a further 274 individuals were awarded limited commercial fishing rights in the east of Cape Hangklip area. In the limited commercial sector, the allocations ranged from 200kg to 1.5 tons (average 712kg). A total of 91.5% of the limited commercial quota was awarded to HDI or HDI-owned micro enterprises. Thus 70% of the global TAC was HDI-controlled.
- Whereas there were only 12 rights holders in the **small pelagics sector** in 1990, by 2002 the number had grown to 91 sardine and 70 anchovy rights holders (Sauer et al. 2003; DEAT 2004). About 85% of these were considered to be SMMEs. Furthermore, 73% of the rights holders were HDIs and these held 75% of the pelagic TAC. Most of these got 0.3% of the TAC as their annual quota for the duration of the medium term rights. This means the access of HDI rights holders to the pelagic sector had increased tenfold (from 7% to 70%) over the 10 years 1992–2002. Despite this, the established companies have maintained their allocation (in terms of volume) of anchovy and sardine due to the increase in TAC.
- While only 21 predominantly white-owned companies had rights to exploit **deep-sea hake** in 1992, the

number of rights holders had increased to 56 by 2000. The top five companies held 92% of the TAC in 1992. This had been reduced to less than 74% by 2002 (Sauer et al. 2003). Furthermore, government claims that the large companies had been compelled to transform in terms of their ownership and management structures (DEAT 2004). In addition, 42% of companies in the sector were classified as SMMEs, and 74% of rights holders were deemed to be majority HDI-owned and managed by 2002. According to DEAT, HDI shareholding in the sector had increased from 0.5% in 1992 to 25% in 2002.

These reported results need to be compared to the extent of internal transformation that took place within the established companies, that is, the link between HDI ownership and quota allocation. External transformation is directly linked to internal transformation and it is situated in the need to maintain stability and efficiency within the fishing industry. A consequence of the direct link between internal and external transformation means that there was very little TAC left for MCM to allocate to the new entrants. The industry's long-term economic viability could have been compromised by the short-term political goal of MCM – that is, to show the extent to which it has allocated rights to new entrants.

External transformation – the reality

Impressive as these figures would appear, they do not describe the realities on the ground. The guidelines for award of medium-term rights (DEAT 2001a; 2001b) outlined the objectives and assessment principles for re-allocation of fishing rights as being: 'ability of applicants to invest in the industry and to demonstrate that they would be actively involved and committed to the industry', 'past performance and capacity to harvest and process the resource', 'potential for significant impact on local community economies and development' and 'the degree of risk of new entrants becoming paper quota holders' (Raakjær Nielsen and Hara forthcoming 2005). DEAT (2001a) categorically stated that while the department was committed to bringing in new entrants into the industry, the potential of such new entrants to enter, participate in and share the risks of the industry had to be examined in the light of the degree of their knowledge, experience, their fishing plans and business acumen. It was further stated that where joint ventures had been entered into, these had to be capable of validly empowering to the rights holders (DEAT 2001a:5–6; 2001b:6–7). In reality, most new entrants are finding it very difficult to establish themselves in the industry. A number of reasons have been put forward for the problems they are encountering:

- the quotas that they receive are too small to set up, establish and operate economically viable fishing businesses
- banks do not accept fishing quotas as collateral for loans, making it difficult to raise investment capital
- new entrants lack the technical and managerial skills

to survive in the industry and no assistance is being provided in this regard

- it is very difficult for new fishing companies to compete with or break into the monopolistic business systems and structures that established large companies have created and fiercely guard in order to maintain their competitive advantage.

In view of the foregoing, the new entrants have adopted four main survival strategies:

- entering into joint venture agreements involving catching or processing or marketing with established companies
- pooling their quotas with other right holders and jointly obtaining a vessel to exploit the pooled quota
- selling their fishing rights outright to someone (usually an established company) with the ability to make use of the quota as their own (such rights holders are referred to as 'paper quota holders')
- acquiring fishing rights for several species (if they own a vessel) in order to create an economically viable quota 'package'.

Because the first three strategies are the most common, the number of rights holders actively taking part in fishing operations is actually at least 50% lower than the official number of rights holders. For example, an analysis by Raakjær Nielsen and Hara (2005) suggests that approximately 25 of the 51 new anchovy fishing rights holders sold their quota to vessel owners or processing companies. This accounted for about 25% of the TAC. In deep-sea hake trawling the 53 rights holders have been consolidated into less than 20 operational clusters through joint venture agreements. Joint venture arrangements were being used by both sides for their own benefit. For new entrants, this would demonstrate that they were actively involved in the industry while, for the established companies, joint ventures provide increased raw material for processing. If the motivation for joint ventures was the transfer of skills in management and operations, it has rarely been successful – most new entrants are not gaining any skills that would enable them stand on their own as independent and thriving companies.

As pointed out earlier, government's policy goal was to award rights to new (mainly black) entrepreneurs. In turn these could form viable fishing businesses in rural coastal areas and so contribute towards poverty alleviation by creating jobs. Little progress has been made so far. Apart from the lack of skills transfer, another major stumbling block has been that the sizes of quotas that have been awarded to most new entrants do not meet the criteria of being minimum viable quotas (MVQ). For example, most new entrants in the abalone and West Coast rock lobster fisheries were awarded quotas under the 'limited commercial' category. Under this category, the maximum size of individual quotas is 430kg (minimum 200kg) for abalone and 1.5 tons (minimum 200kg) for West Coast

rock lobster. The rights holders point out that these quotas are fished up within a month or two. Since one fisher could not apply to fish for more than one species, there was no other source of livelihood as soon as the annual quota had been exhausted. In the small pelagics, most new entrants got quotas equivalent to 0.3% of the TAC. In an industry based on high volume/ low profit economics, such quota sizes are hardly big enough as basis for investment and future planning.

MVQ were seen as being necessary if government intended to eliminate 'paper quotas'. The pool of quotas by some new entrants could be seen as an attempt to create MVQs. But as Isaacs (2003) demonstrates, most new entrants were very unwilling to pool quotas. As entrepreneurs, they would prefer to go it alone but they face enormous constraints such as lack of capital, infrastructure, support systems and skills. An economic sectoral study of the industry (Sauer et al. 2003) concluded that pooling of resources (as most new entrants were forced to do) went against that grain of entrepreneurship, which is usually based on taking business risks. Studies on entrepreneurship Schumpeter (1934; 2000); Barth (1963; 2000); Maas and Fox (1997) and Von Mises (2000), demonstrate and highlight the importance of individuality as one of the defining traits of entrepreneurs.

By allowing too many rights holders into the industry and spreading the cake too thin without any support systems, government had set up the new entrants for failure. As a result, the majority of new entrants have been forced, *de facto*, to become paper quota holders or have been forced to make investments that were not based on firm business calculations, but rather to demonstrate activity with their quotas in order to qualify for the next round of quota allocation. The non-viable quotas made new entrants vulnerable and easy targets for exploitation by those in more powerful positions.

External transformation primarily focused on allocating fishing rights to established industries and to SMMEs. In the process, a large number of *bona fide* fishers had fallen on the side, as they could not get into either of these groups. In the 1990s, government had attempted to include this group through various interim relief measures, such as the community quotas of 1993, subsistence permits to fishers in the Western Cape in 2001, the Eastern Cape and KwaZulu-Natal, and linefish interim relief measures in 2003. The abolishment of the subsistence sector for abalone and West Coast rock lobster and institutionalisation of the 'limited commercial' category in the Western Cape resulted in most members of this group being excluded. In a province where livelihoods from the sea has been extremely important historically and culturally, this is proving absolutely debilitating for such coastal communities. It is this category of *bona fide* fishers (who had been excluded through the formal processes) that are currently in litigation with government over their rights to a livelihood from fishing. The basis of the litigation is that government should recognise and protect their historical

and cultural right (and entitlement) to a livelihood from fishing (with an option to sell their catch) as provided for under the Constitution. Additionally, they argue that the transformation process that favoured commercial enterprises has so far been unsuccessful in job creation in their communities. They propose that a 2-mile zone should be allocated exclusively for coastal communities for livelihood purposes.

Discussion

Most of those who are supposedly benefiting from internal transformation efforts in established companies describe the changes that have taken place as 'cosmetic' and 'mere window dressing'. The external transformation efforts of the state aimed at increasing the numbers of new entrants to the fishing industry. However, since most of the beneficiaries have been allocated economically unviable quotas, the result has been a multiplicity of 'paper quota holders' who usually sell their rights to the established companies. Both internal and external transformation can thus largely be labelled as cosmetic. The lack of clear transformation objectives in government and its inability to provide direction for transformation for the established companies gave the companies *carte blanche* to restructure their enterprises the way the chose to. Many have therefore merely tinkered with their existing profiles in order to create the impression that they have changed. The lack of real change within established companies can be attributed to the lack of political will on the part of the state to force through real changes using quotas as leverage. The introduction of neo-liberal macro-economic policy enhanced the position of established companies by providing them with the argument that their ability to change the way they do business was limited because stability is vital for them to remain internationally competitive in the age of globalisation.

A future direction for fisheries in South Africa must be based on an assessment of how effectively internal and external transformation processes have addressed poverty, job creation and entrepreneurship. Government's policy for poverty alleviation has been through promotion of SMMEs that could new create jobs. This has not been much of a success. With regard to the workers within the established companies, the process of negotiation between labour unions and established companies which started in 1995 to improve working conditions and secure jobs for workers seems to have run its course. According to FAWU, many permanent jobs are being lost in the fishing industry. Established companies have followed the trend towards casual, temporary and contract employment. Women engaged in processing fish have been most affected by casualisation.

What is needed now

A number of interventions are necessary in order for genuine transformation to occur and the fishing industry to contribute towards poverty alleviation.

- **Access to capital:** Many of the new operators in the industry did not have any access to credit (other than the value of the quota when sold). Government intervention is necessary to support new entrants in becoming more competitive and visible in the industry through providing access to affordable sources of capital.
- **Business and management skills:** There is an urgent need to establish training, especially in entrepreneurial skills. If the aim is to level the playing field, MCM has a responsibility to provide training, in co-operation with NGOs and other interested parties. Training should be a requirement for all successful new applicants. The established industry should be made to share in this responsibility. One way of addressing the training needs of the new entrants is the introduction of a resource fee for leasing a fishing right, which can be used for capacity building programmes for new entrants. A resource fee is a means by which society can benefit from giving the fishing industry the privilege of using a limited national resource. Because most of the marine resources in South Africa are utilised to maximum capacity, only a few can be given commercial fishing rights. Such a tax could be used for general development projects like education, health, and housing and the provision of welfare, especially in fishing communities that unsuccessfully applied for fishing rights.
- **Institutional support:** It is clear from the experience of the last ten years that there is a definite need for institutional support to new entrants. Interestingly such an approach was used in the 1940s by the government of the time. The Fishing Industry Development Corporation (FIDC) was established to, among other things, establish rivals to Irvin & Johnson in the deep-sea hake trawl fishery by granting fishing rights to a limited number of rights-holders in order to enable them to develop vertically integrated, economically viable companies (van Sittert 2002). What later became Sea Harvest only materialised because the FIDC was able to support skills development and provide capital. Similar human and financial support is needed for emerging companies to be able to ably compete with established companies.
- **An effective watchdog mechanism:** Although a verification unit was established for the technical vetting and verification of applications for medium-term rights, it appears that no unit has been in place thereafter to audit progress in internal transformation in established companies and ensure new entrants are genuinely engaging in the industry. Such a unit is supposed to have been vital for vetting this progress as part of the process for awarding the proposed long-term rights from 2006. In order to avoid having the kind of 'fox in the henhouse' situation that led to the Enron scandal in the US, it is important that the verification

unit is completely independent. An independent verification unit must have the ability to audit internal transformation within companies, joint ventures, as well as "paper quota holders" in a credible and transparent manner.

- **Protection of *bona fide* fishers/communities:** The inshore resources could have largely been left aside for *bona fide* fishers. Government could have used this as a bargaining chip against the arguments of the established companies for maintaining their rights in the commercial sector. This would have gone a long way in providing a source on livelihoods and so contribute towards poverty alleviation for these fishers and their communities. Regarding capital-intensive fisheries, government could have followed the advice from the Access Rights Technical Committee (FPDC 1995) and acknowledged that it would be very difficult to transform these fisheries. Instead these fisheries could have been seen as a generator of funds for development of coastal communities or society at large by imposing a special levy on fishing rights, like the resource tax charged in Namibia (Melber 2003). Established companies would most likely have argued that they already pay tax on profit and a levy on fishing rights would thus be unfair. It is clear though that, under the medium-term rights, established companies were willing to buy and pay for fishing rights under many different arrangements. By institutionalising transformation through, for example, a Trust Development Fund, the transaction costs for the established industry to acquire access rights would have been substantially lower.

Co-management

In South Africa, as elsewhere in the world, fisheries co-management has become a frequently used term to refer to involvement of fishers and fishing communities in order to improve their livelihoods in a consultative/ collaborative manner. However, as with the concept of transformation, there is no clear definition of co-management in a South African context, even though it appears to be seen as a panacea by government and academia for sustainable utilisation of fisheries resources and economic development of fishing communities. Experiences so far with fisheries co-management in South Africa (Hauck & Sowman 2003; Hara & Raakjær Nielsen 2003) indicate that the existing co-management arrangements have primarily focused on management of the fish resources rather than being a mechanism for facilitating economic development within fishing communities. Except for KwaZulu-Natal, government has generally not taken on its responsibility for collaborative management seriously. In addition, one cannot expect poor communities and individuals to buy into the concept if they cannot see that it would not improve their livelihoods. Thus, it will be important that poverty reduction strategies are embedded in co-management arrangements.

Conclusion

Government's intention for the redistribution of fishing rights was for fish resources to contribute towards poverty alleviation in coastal communities.⁵ Isaacs (2003), and Hauck and Sowman (2003) all agree that allocating fishing rights to new entrants was a necessary step to start addressing the legacy of apartheid's economic and social deprivation of black communities. The shift to Gear meant that government's poverty alleviation approach focused on poverty prevention (through SMMEs) and poverty reduction (through job creation).⁶ It envisaged giving fishing rights to entrepreneurs within fishing communities who could start businesses using their rights, thereby creating jobs within these communities. While rights would act to reduce poverty for the rights holders and entrepreneurs, the creation of jobs would prevent poverty for a few. It is clear, though, that the market solution (Gear) has been insufficient in effective transformation and contributing towards poverty alleviation in coastal communities. It is imperative, at least for the time being, that government should still play an interventionist role in order to ensure that transformation genuinely contributes to poverty alleviation.

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Endnotes

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¹ Gear was largely based on the assumption that strong economic growth would result in creation of greater wealth and that the benefits of such increase in wealth would filter down to those at the bottom or margins of the economy (the 'trickle down' theory).

² The Fisheries Policy for South Africa (1996), Marine Fisheries White Paper (1997) and the Marine Living Resources Act (1998) were all embedded in this new neo-liberal orthodoxy, which was quite different from the RDP policy approach advocated by ANC in the 1994 election.

³ Chambers (1989:1) refers to *vulnerability* 'exposure to contingencies and stress, and difficulty in coping with them'.

⁴ The Acquisition group comprise of Real Africa Investment Ltd., Brimstone Investment Corporation Ltd., fishermen's associations, pelagic quota holders, local business interests and individual investors.

⁵ Bene (2004) uses the term *poverty alleviation* as an inclusive concept that encompasses *poverty reduction* and *poverty prevention*.

⁶ *Poverty reduction* refers to wealth generation and capital accumulation through investment in fishing, whereas *poverty prevention* refers to the role of fishing in helping people maintain a minimum standard of living. *Poverty reduction* aims to lift people out of poverty while *poverty prevention* aims to prevent people from falling deeper into poverty. The former should lead to economic growth and capital accumulation while the latter is aims to mitigate the impact of poverty and reduce vulnerability.

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PLAAS engages in research, policy support, post-graduate teaching, training and advisory and evaluation services in relation to land and agrarian reform, community-based natural resource management and rural development.