

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

SALMON FARMING IN SCOTLAND

SUBMISSION FROM COOKE AQUACULTURE SCOTLAND

At Cooke Aquaculture the development of healthy and vibrant families and our coastal communities are essential to us as they create the backbone to our success. Added to this, is our commitment to the care of the environment in which we operate. With continual improvement of operating procedures - we seek to sustainably farm on all sites throughout our business.

In the UK, Cooke directly employs 300 people. Our main area of production is in the Northern Isles of Shetland and Orkney but we also have freshwater facilities throughout Scotland and Cumbria. Added to this are office facilities in Bellshill and Carlisle. We provide highly skilled employment jobs across a range of roles, these include seawater husbandry, freshwater husbandry, processing operatives, fish sales, finance, technical roles, engineering, fish health and site services. All staff are provided with training commensurate with their position and are encouraged to achieve their full potential.

As well as the direct employment there are numerous suppliers creating indirect jobs throughout the country. The money spent on supplier companies between Orkney and Shetland in 2017 was £14,500,000. This includes a broad range of local suppliers, including; haulage companies, council ferries/training courses, small remote shops, etc. We also support many community projects including provision of wet weather gear for schools, boating club equipment, sporting tournaments, toddler and elderly groups etc. In 2017 our investment in community groups reached over £45,000 and we continue to grow and assist a wider range of communities/activities which are important to us.

Many of the areas in which we farm are situated in the most rural and economically fragile areas of the country. In these areas there are very little local employment opportunities with salmon farming providing essential jobs for those wishing to live and work locally. Two examples of the impact on these areas are given in the Appendix.

1. Do you have any general views on the current state of the farmed salmon industry in Scotland?

The Scottish farmed salmon sector has benefited not only from a rigorous and proactive consenting/planning and regulatory framework, but also from a spirit of commitment to operate responsibly within the greater stakeholder community. Pre-competitive platforms such as SSPO and the CoGP, SAIC and SARF champion best practices and explore how to continuously improve operational performance to minimize negative impacts. Through a deliberate planning/consenting process the Scottish farmed salmon sector growth has fluctuated, but has achieved an annual average growth rate (AAGR) of 1.1% for the period of 2002 to 2016.¹ In contrast, Chile, the 2nd largest producer of farmed salmon grew at a rate 10 times that of

¹ Extrapolated from FAO Fishery Statistics

Scotland with an AAGR of 11.3%.² The Scottish farmed salmon sector through incremental growth currently supports steady employment of approximately 10,340 people, most of whom live in remote and fragile rural areas.

In October of 2016, a strategic plan was launched with an ambitious goal of doubling the production of Atlantic salmon in Scotland by 2030. This plan was not a 'fait accompli', rather an outline of an aspiration. Only through a good understanding of the environment we operate in will any increase be possible. It is not in our interests to harm the environment as it is what we rely on to be, and remain, successful. On a local level growth cannot simply be measured as blanket percentage as each individual area has its own specific characteristics. The industry would benefit from being allowed to enhance production in the best areas. This may involve movement of existing sites and, as technological advances occur, movement into new areas where production has not been possible.

Constant innovation is taking place and it is essential the industry is supported in this. Combating all health issues, including AGD and sealice, is critical for continued success and growth. This desire to enhance all aspects of the health of our fish will never cease. Added to this improvement in environmental performance must continue. The industry continues to invest in these areas it is crucial that support is made available for this.

2. There have been several recent reports¹ which suggest how the farmed salmon industry might be developed. Do you have any views on action that might be taken to help the sector grow in the future?

Each of the 3 documents referenced identified constraints and opportunities for development. One overarching theme stands out, that of social license which in turn has a negative impact on growth through influence on policy and regulatory development. The inquiries have highlighted that to grow sustainably, the Scottish farmed salmon sector must address social license and operate within the broader context of economic, environmental and socio-political priorities. While achieving a balance between all stakeholder interests may not be possible, it is possible to create a multi-stakeholder platform which provides a forum to identify shared values, clearly define issues, as well as manage and align expectations for mitigation of impact/risk as well as responsible growth. Such a group would provide a comprehensive platform to facilitate communication and promote a consensus approach to growth.

3. The farmed salmon industry is currently managing a range of fish health and environmental challenges. Do you have any views on how these might be addressed?

The industry has been faced with some new challenges in recent times due to increased water temperatures and associated changes to the marine environment, resulting in gill health issues, which can also make it more difficult to manage the naturally occurring sea lice population. However, the industry is already working hard to respond to this new challenge through innovation and significant investment in equipment and already we are seeing improvements in sea lice control, utilizing non

² Extrapolated from FAO Fishery Statistics

medicinal techniques. Solutions based research has also been funded and supported by the Scottish Aquaculture Innovation Centre, which should lead to a better understanding of the gill problems we are facing.

The Farmed Fish Health Framework, currently being developed by Industry and the Scottish Government will further ensure sustainable production for the foreseeable future.

4. Do you feel that the current national collection of data on salmon operations and fish health and related matters is adequate?

The Parliamentary inquiries have highlighted gaps in monitoring, data collection and reporting for both the wild salmon population as well as the farmed salmon sector. Another issue that came to light through the inquiry was how to interpret and present the data collected in a manner relevant to stakeholder interests. All parties should collaborate to decide on the reporting framework. Results of this should be put onto a single platform where the information can be distributed. There is no point in sending the same information to multiple parties.

5. Do you have any views on whether the regulatory regime which applies to the farmed salmon industry is sufficiently robust?

The regulatory regime fulfills up to differing roles and objectives. For example, the role of SEPA “is to make sure that the environment and human health are protected, to ensure that Scotland’s natural resources and services are used as sustainably as possible and contribute to sustainable economic growth.”³ Achieving a balance between these roles and objectives is made more challenging by: advances in research and technology; an evolving regulatory framework in Scotland, the UK and the EU as well as changing ‘societal concerns’ as described by Professor Paul Tett in his testimony. In essence, the regulatory framework must continuously improve. When viewed in real time, Scottish regulatory regime has demonstrated continuous improvement.

We believe to be truly effective Scottish regulations should work in concert with the SSPO CoGP and other determinants of performance thresholds such as 3rd party certification schemes. The SSPO CoGP then challenges the sector to not only meet but exceed the requirements in the standard. 3rd party standards such as RSPCA provide additional thresholds. The key is to establish mutually supportive public-private platforms to promote and encourage continuous improvement in performance through incentives.

6. Do you have any comments on how the UK’s departure from the European Union might impact on the farmed salmon sector?

We are in agreement with the SSPO statement on brexit. The key areas highlighted include:

1. Movement of salmon to markets:
 - a. It is imperative to the continued success of salmon in the EU markets that this free access be maintained.

³ <https://www.sepa.org.uk/about-us/our-role/>

2. Tariffs:
 - a. We firmly believe that any future trade agreement with EU nations must ensure these tariffs remain zero.
3. Workforce:
 - a. It is essential in any future trade agreement with the EU nations that our immigration policy reflects the need to safeguard these jobs and also encourages others to follow.
4. Security of UK Market:
 - a. We wish to see a secure, continued position of zero impediments to trade within the UK, our most important market.
5. Transition arrangements:
 - a. It would be irresponsible for either party (UK or EU) not to invoke a transitional agreement, whereby current laws and regulations are maintained to ensure confidence in the continuity of the markets

It would be desirable that the UK remains part of the EU Customs Union such that goods entering the UK from outside the EU would continue to be subject to EU rules of origin and the Common External Tariff. This would then mean that goods exported from the UK to the EU would not incur the additional costs that will arise if the UK is outside the EU Customs Union.

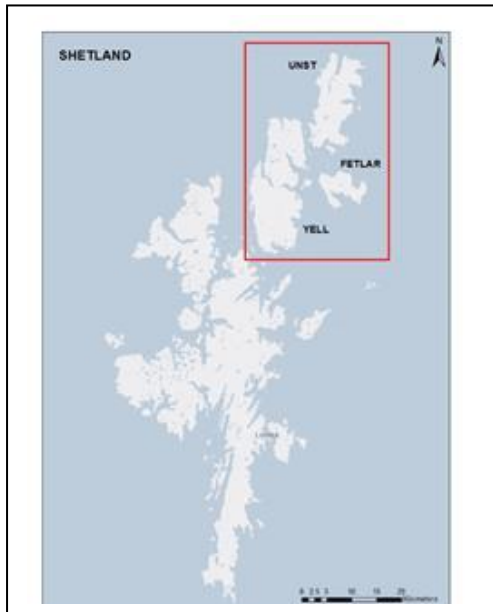
For the salmon industry, and other businesses, to thrive under future trading arrangements, we do believe that there has to be a clear understanding of any eventual post-exit trade agreement between the UK and EU before a definitive position regarding a Scottish solution can be contemplated. It may be that such an agreement could be beneficial, but we cannot know that until we see it. It would be unwise to dismiss any potential agreement based upon conjecture. Any decision should draw on factual options.

Cooke Aquaculture Scotland Ltd
April 2018

Appendix

Shetland Islands: Yell, Unst & Fetlar

Our main production area is around Yell, Unst (most Northerly Island in Shetland) and Fetlar. Examples taken from recent Shetland Island Council data in this area show the following:



- Population of 1,634
This is a Decrease of 7% since 2001
27% of population aged 65 or over
- 1 or 2 ferry journey to reach the islands
- Priorities for improvement include
 - Work and local economy
 - Public transport
 - Facilities and amenities
- 29% of aquaculture jobs in Shetland is in this area
- Cost of living is 13% higher than the rest of Shetland and 62% higher than the UK average
- There are no fibre broadband in any exchanges in the area.

In this area Cooke Aquaculture directly employs 110 people over a wide range of different positions including; entry level, apprenticeships, trainee management and management.

In 2017 the production taken from the area was 14,950 tonnes. This was produced on 15 farms. Our processing factory is in the area and processes all Cooke fish produced in Shetland.

Orkney Islands: Westray



- Population of 600
 - 4.4% increase since 2001
 - 27% of population aged 65 or over
- 90 minute ferry journey to reach island.
- Priorities for improvement include
 - Work and local economy
 - Public transport
 - Facilities and amenities

In this area Cooke Aquaculture directly employs 13 people within a number of different positions and continues to grow.

In 2017 the production taken from the area was 3,179 tonnes. This was produced on 4 farms.

A large proportion of our organic fish are produced in Westray. This is a high value niche product that can only be grown where the correct farming conditions occur.

A scaling back or complete loss of the industry in the areas spoken about would have a seriously detrimental effect on the communities at all levels.