



**OFFICIAL REPORT**  
AITHISG OIFIGEIL

# Rural Economy and Connectivity Committee

**Wednesday 2 May 2018**

**Session 5**



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**RURAL ECONOMY AND CONNECTIVITY COMMITTEE**  
**13<sup>th</sup> Meeting 2018, Session 5**

**CONVENER**

\*Edward Mountain (Highlands and Islands) (Con)

**DEPUTY CONVENER**

\*Gail Ross (Caithness, Sutherland and Ross) (SNP)

**COMMITTEE MEMBERS**

- \*Peter Chapman (North East Scotland) (Con)
- \*John Finnie (Highlands and Islands) (Green)
- \*Kate Forbes (Skye, Lochaber and Badenoch) (SNP)
- \*Jamie Greene (West Scotland) (Con)
- \*Richard Lyle (Uddingston and Bellshill) (SNP)
- \*John Mason (Glasgow Shettleston) (SNP)
- \*Mike Rumbles (North East Scotland) (LD)
- \*Colin Smyth (South Scotland) (Lab)
- \*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

\*attended

**THE FOLLOWING ALSO PARTICIPATED:**

- Craig Anderson (Scottish Salmon Company)
- Grant Cumming (Grieg Seafood Shetland)
- Fergus Ewing (Cabinet Secretary for Rural Economy and Connectivity)
- Stewart Graham (Gael Force Group)
- Ben Hadfield (Marine Harvest Scotland)
- Gordon Jackson (Scottish Government)
- Scott Landsburgh (Scottish Salmon Producers Organisation)
- Michael O'Neill (Scottish Government)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

The Mary Fairfax Somerville Room (CR2)



## Scottish Parliament

### Rural Economy and Connectivity Committee

*Wednesday 2 May 2018*

*[The Convener opened the meeting at 09:00]*

### Decision on Taking Business in Private

**The Convener (Edward Mountain):** Good morning and welcome to the 13th meeting in 2018 of the Rural Economy and Connectivity Committee. I ask everyone to make sure that their mobile phones are on silent.

No apologies have been received for the meeting, so we move straight to item 1. Do members agree to take in private item 4, which relates to the evidence that we have heard to date in our inquiry into salmon farming in Scotland?

**Members indicated agreement.**

## Crofting Legislation Reform

09:00

**The Convener:** Item 2 is crofting legislation reform. I invite members to declare relevant interests. I think that we ought to include farming as well as crofting, so I declare that I have an interest in a farming partnership.

**Peter Chapman (North East Scotland) (Con):** On that basis, I, too, declare that I am involved in a farming business.

**Stewart Stevenson (Banffshire and Buchan Coast) (SNP):** I have a very small registered agricultural holding. It would be a croft if it was in the crofting counties, but it is not.

**The Convener:** Thank you. In this evidence session we will explore the Scottish Government's proposals. I welcome, from the Scottish Government: Fergus Ewing, the Cabinet Secretary for Rural Economy and Connectivity; Michael O'Neill, the crofting bill team leader; Gordon Jackson, the head of agricultural development and crofting; and Ian Davidson, the head of the agricultural policy division. I invite the cabinet secretary to make some brief opening remarks.

**The Cabinet Secretary for Rural Economy and Connectivity (Fergus Ewing):** Thank you, convener, and good morning, everyone.

Most people agree that current crofting legislation is complex and lacks transparency, having been developed on a piecemeal basis over 130 years. A consultation was launched last August, in which we sought stakeholders' views on the Scottish Government's crofting policy, the potential form that new crofting legislation could take and priorities for legislative change. During the three-month consultation period, my officials held a series of 21 meetings with the public and interested stakeholder groups. They heard directly from more than 300 individuals across the crofting counties.

The consultation closed in late November, having received 122 responses from individuals and organisations. The responses were independently analysed and a report on the analysis was published in mid-March. A wide and diverse range of views was expressed, which highlighted the scale of the challenge ahead. The analysis highlighted that there is support for new crofting legislation and support for making changes to existing legislation and restating or consolidating law in almost equal proportions. Consequently, there does not appear to be a consensus that would allow me to decide on specific pieces of legislative reform.

Following the publication of the analysis report, I met the cross-party group on crofting to outline how I want to take matters forward and to hear the views of group members and members of the Scottish Parliament. I explained that I am proposing a two-phase approach to legislative reform, with the first phase, in the shorter term, leading to a bill in this parliamentary session.

The first phase will focus on delivering changes that carry widespread support and will result in practical, everyday improvements to the lives of crofters and the legislative procedures that they follow. I am keen to involve and engage MSPs—particularly those with crofting interests—to ensure that their ideas and proposals can be considered and taken forward in legislation.

The second phase is longer-term work. I have asked my officials to continue to give consideration to a fundamental review of crofting legislation with the aim of providing a solution to some of the more complex and challenging issues that crofting faces and determining what they mean for how legislation will be developed in the future. The work will begin now but will be for a future Parliament to deliver.

I am pleased to say that that work is under way. A crofting bill group has been established, which will involve stakeholder organisations in the development of proposals for a bill and consideration of the longer-term issues. I understand that the group's first meeting has taken place and was positive and constructive.

I am also keen to use further non-legislative means to make changes to further improve the sustainability of crofting and encourage new entrants. Those changes will include a national development plan for crofting and a new entrants scheme that will directly benefit crofters without their needing to wait for legislative change.

It is not just within crofting that I see opportunities to enhance provision. I am keen to encourage more woodland crofts through the national forest estate and to ensure that crofting communities benefit from our ambitions for a low-carbon economy and our commitment to provide all homes and businesses with access to superfast broadband. The approach is pragmatic and is focused on delivering a future for crofting in 21st century Scotland.

I hope that those opening remarks are helpful.

**The Convener:** Thank you, cabinet secretary. The first questions will come from the deputy convener, Gail Ross.

**Gail Ross (Caithness, Sutherland and Ross) (SNP):** Cabinet secretary, you talked about the consultation. Of the 122 responses that were submitted, 74 per cent were from individuals. Do

you feel that the responses were satisfactory? Do you think that those most affected by the changes had a chance to adequately feed into the consultation? Of course, that includes the 21 face-to-face meetings that you held.

**Fergus Ewing:** I think that I do. A lot of work was put into the consultation. The information was sent to a wide range of those who have an interest—I have the list here. I will not read it out, for the sake of saving time, but I can share it with the committee.

The bill team held a series of 21 public and private meetings. Mr O'Neill might be able to share the benefit of his experience, because I think that he attended 19 out of the 21 meetings. There have been previous consultations, of course. I think that it was a wide consultation. It allowed us to get a wide range of views and to establish that there does not appear to be a majority view for any particular approach.

**Michael O'Neill (Scottish Government):** We went round the country, and over 300 people attended the meetings with interested stakeholder groups across the crofting areas. Those meetings covered a wide range of interests, involving both individual crofters and stakeholder representatives. We made sure that we had copies of the information there for them to take away. Indeed, in certain places, we left copies of the consultation document and the response forms so that people could get back to us with responses to the consultation questions. We got wide coverage of the people we wanted to hear from.

**Gail Ross:** What was the response from the cross-party group on crofting when you put the proposals to it?

**Fergus Ewing:** I do not know that it would be fair to say that the group as such provided a particular response, but it was good to engage with that group. Indeed, many of the committee members were there.

Since my appearance before the stakeholder groups, there have been a number of reactions from the key people involved, and, as far as I am aware, they have been broadly positive. For example, NFU Scotland has backed our approach and has issued a statement to that effect. The Scottish Crofting Federation has said:

"We are pleased that the Cabinet Secretary has announced a positive way forward ... This is ... good news for crofting."

Brian Inkster—a lawyer who specialises in this area—has said that the approach

"seems ... eminently sensible"

and that the Scottish Government has

“recognised the complexities involved and that all that needs to be sorted probably can’t be easily sorted in just one parliamentary term.”

I appreciate that Governments can always be criticised from various perspectives—for not being bold enough or for being too bold—but the broad response from the key people involved seems to be supportive.

I am keen to maintain a consensual approach with stakeholders and, indeed, to work closely with individual MSPs as we pursue our plan. I think that a two-phase approach on legislation has attracted some support. There is also the non-legislative approach, with the national development plan, the young entrants scheme and the work that we have already been doing on grants, for example, which I can share with committee members if that is of interest. We will continue with that non-legislative approach, because, after all, law is just words on a page; it does not, of itself, transform people’s lives.

**Kate Forbes (Skye, Lochaber and Badenoch) (SNP):** I have a brief question about the respondents to the consultation, 74 per cent of whom you said were individual members of the public. Were most of them active crofters, or were they representing other interests?

**Michael O’Neill:** I cannot give you a precise figure for the number of responses that we received from crofters, but it was clear from the responses that a number of people were crofters and that a number of them had an interest in crofting without necessarily being crofters. I would say that the bulk of the people who attended the public meetings were crofters and had a direct interest in the issue.

**Fergus Ewing:** Mr O’Neill is to be commended for well and truly getting out of St Andrew’s house and attending 19 of the 21 meetings that took place around the crofting counties. That is a shining example to his colleagues.

**The Convener:** I am sure that a delightful trip around the crofting counties would be welcomed by all.

**Stewart Stevenson:** The cabinet secretary has just used the phrase “crofting counties”. In the original legislation, the area that I represent was excluded—by a single vote—from being a crofting county. Was any evidence put forward by people who were consulted about what the proper boundaries for crofting should be? I should say that I have had no such approaches. Was it suggested that crofting should cover the whole of Scotland, because it is an activity rather than something that one would think is naturally defined simply by geographical boundaries? Did the consultation make it easy for that view to emerge? It is all very well going round the crofting counties, but there might be views to that effect elsewhere.

It is clear that that would not be an issue for the phase 1 bill that the cabinet secretary has described, but it might be an issue for the later phase.

**Fergus Ewing:** If my memory serves me correctly, the Crofters Holdings (Scotland) Act 1886 extended to eight crofting counties. As always, I am indebted to Mr Stevenson for his historical knowledge: I did not know that his area was excluded by one vote—although, given his declaration of interests, he is very nearly a crofter. Perhaps Mr O’Neill can enlighten us on Mr Stevenson’s question.

**Michael O’Neill:** The consultation responses contained little in the way of requests that the boundaries be extended. However, at one of the meetings—it was in Inverness—someone said that crofting should be extended across the whole of Scotland. There might have been one response that said something similar—it could well have come from the same person; I do not know.

In the consultation document, although we did not ask a specific question on that issue, we made it very clear that, if people wanted to add any comments in relation to any of the questions that were asked or, indeed, any other question, they were more than welcome to do so, and we did not receive much in the way of additional information on the issue.

**Fergus Ewing:** It is perhaps a bit late to extend the crofting counties beyond the eight. I imagine that that would give rise to legal issues, not least under the European convention on human rights, but it is a very interesting question.

**Gail Ross:** I, too, thank the bill team for getting out of Edinburgh. I am sure that you enjoyed the 19 meetings.

For the record, were there any respondents to the consultation who did not want there to be any change?

**Michael O’Neill:** Yes, although it depends on how you define “no change”. Eight per cent of the respondents said that they favoured option 1—to consolidate the existing legislation—and there was at least one individual who said that it was not necessary to change the legislation. Relatively few of the 122 respondents held such views. There were others who said, “We don’t need crofting legislation—we should just have agricultural legislation, with appropriate secondary legislation.” It was only a small number of people, not a majority, who wanted no change.

**The Convener:** I am not sure that I heard you correctly, cabinet secretary. Did you say 18 per cent?

**Michael O’Neill:** Eight per cent of respondents favoured option 1.

**The Convener:** I am glad that you clarified that.

09:15

**Richard Lyle (Uddingston and Bellshill) (SNP):** Good morning, cabinet secretary and the rest of the panel.

As you have said, cabinet secretary, there have been several reforms and amendments to the crofting acts since 1886. The crofting law sump group was established in October 2013, and its final report was published in November 2014. The sump report identified 57 issues with crofting law that should be taken forward in a crofting bill. Of those, the group identifies 17 high-priority propositions. What issues are likely to be addressed in the proposed bill?

**Fergus Ewing:** The crofting bill group has been formed, has already met and has considered the matter. We recognise the value of the Shucksmith report, and we recognise the huge amount of work that has gone into delivering the crofting law sump report. That is an unfairly derogatory term, as it is a valuable document that identifies a series of measures, although, in itself, it does not amount to a series of prescriptive policy solutions. Some of its 50 or 60 points identify issues rather than provide solutions.

In the first phase, we want to identify items of potential improvement in legislation—for example, removal of the somewhat rigid requirement of newspaper advertisement, which brings with it unnecessary expense. Also, some of the prescriptive deadlines to which the Crofting Commission must adhere cause practical difficulties in connection with its work. We want to identify those measures that could improve processes and identify errors and omissions that cause practical difficulties. I am mindful of the fact that the committee asked us to do exactly that in one of its recommendations.

Phase 1 would deal with various simpler issues and should not try to address some of the more complex issues—for example, succession and assignation. It would be helpful for the group to identify not only those issues that the bill should deal with but those that it should not really deal with, which it would be better to deal with in phase 2. That is my personal view. I am, of course, interested in what committee members have to say.

I invite Michael O'Neill to add anything about what we will try to deal with in phase 1.

**Michael O'Neill:** I will add something briefly, as this might answer a later question. We have established a crofting bill group to start examining issues for phase 1. We have a list that is based predominantly on the sump report, because that is

where many of the issues on crofting legislation were to be found, although we have augmented it with other things from the consultation. We will put that list on the internet and make it public in order to show how we are coming to our decisions on what is included in phase 1.

There was a very good first meeting on 25 April. In the discussion, the stakeholders very much engaged on what should or should not be in phase 1. Hopefully, that will ensure that we get buy-in to the process as we proceed with the proposed legislation.

**Richard Lyle:** Before I hand over to another committee member to ask you about other matters, I compliment you on the steady approach that you are considering. Phase 1 will take place during this session of Parliament. When will phase 2 take place?

**Fergus Ewing:** Our intention is to introduce a bill before the end of this parliamentary session. Phase 2 will be a legacy issue for the Parliament in the next session. It is important to stress that I intend to ask my officials to do the work now so that we can provide a legacy for members in the next session instead of having a blank canvas.

**The Convener:** John, would you like to push a little bit harder on that issue?

**John Finnie (Highlands and Islands) (Green):** Good morning, cabinet secretary and the panel. Just to go a bit further on that, cabinet secretary, can you confirm what consultation there will be on the specific work that you are doing now? For instance, will you publish a draft bill?

**Fergus Ewing:** I am attracted by the idea of publishing a draft bill. No decision has yet been made; these decisions have to be taken by the Cabinet in the context of our other legislative priorities. The approach that I am taking would benefit from having as much clarity as possible in phase 1. Therefore, the publication of a draft bill would have considerable merits. We will give that further thought and discuss it with the crofting bill group and, of course, we will keep the committee closely advised.

**John Finnie:** Mr Lyle referred to the timeframe. What sort of timeframe are we talking about?

**Fergus Ewing:** I do not wish to put a firm timescale on matters at the moment. After all, it took 140 years from the battle of Culloden to secure crofting reform. We shall, however, bring forward our proposals with the firm intention to legislate on phase 1 before the end of this parliamentary session.

**John Finnie:** Thank you very much.

**The Convener:** One of the committee's recommendations in its report into its inquiry on



crofting was that there should be sufficient time to allow the Parliament to consider the legislation and that any new crofting bill should not be one of those bills that appear just before the end of the session. Are you saying that there will be time to consider the legislation? I believe that the committee accepts that it is important to get this right. It was telegraphed before the election that there would be crofting legislation in this session. Will there be proper consultation and a proper timescale? I want to push you a wee bit on when you foresee a bill coming forward. There should be time for all the Parliament to consider it.

**Fergus Ewing:** The decision on the timing of the bill will obviously be taken by the Cabinet in the context of the Scottish Government's other legislative priorities. A firmer timescale will become clearer as the work progresses. The important thing with legislation is that we take sufficient time to get it right. Mr Inkster, who I quoted earlier, said:

"splitting reform over two parliamentary terms should allow a comprehensive and considered approach to crofting reform, unlike the rushed approach that led to the Crofting Reform (Scotland) Act 2010. That rushed approach created many of the problems requiring to be resolved today."

**Stewart Stevenson:** We have a bill team manager here, which indicates some level of commitment. Is that the correct title?

**Michael O'Neill:** I am the bill team leader.

**Fergus Ewing:** You have a bill team manager only once you have a bill. The bill comes first and the manager second.

**Stewart Stevenson:** I beg your pardon. I just wanted to establish that we have put someone in charge of a prospective bill. When was that appointment made?

**Fergus Ewing:** No. I have asked Mr O'Neill to lead on this work, which is what he is doing. We have not yet reached the formal business of the appointment of bill team managers.

**Stewart Stevenson:** Okay.

**The Convener:** I am not sure that we will get much further on that, so I will push forward with the next question, which is from Mike Rumbles.

**Mike Rumbles (North East Scotland) (LD):** In your opening statement, you gave a comprehensive outline of what has been happening from your perspective. There were 122 responses to your consultation, there have been 21 public meetings, and you mentioned the cross-party group. However, you did not mention the fact that this committee has undertaken an inquiry into crofting on which we produced a report. One of our major recommendations, on which we all agreed, was that there should be a

"move away from the piecemeal process"

of developing crofting legislation, and that the crofting bill should be "comprehensive."

We undertook our inquiry to identify the issues, to increase our knowledge and to feed into the Government and influence the way that it might approach the bill. I have not had time to discuss this with the rest of my colleagues, but it strikes me that you are doing the opposite: you are producing a bill that will not be comprehensive. You talked about phase 1, from which I assume that there is a phase 2, which is a legacy for a future Government and a future Parliament. It seems to me from your responses that you are doing the opposite of what the committee recommended. What are your thoughts on that?

**Fergus Ewing:** I agree that a piecemeal approach is not desirable, but I disagree that the approach that I have set out could be characterised in that way. It is a strategic approach. The quotes that I have read out from Mr Inkster, the Scottish Crofting Federation and the NFUS seem to recognise that we are taking a strategic approach to deal with things in stages that are likely to be efficacious.

Of course I respect the work that the committee did and, precisely because the committee asked me to, and because of our manifesto commitment, I proceeded with the work. I was keen to reach out to the people of Scotland to get their views and I think that I have demonstrated—although Mr O'Neill did most of the legwork—that we reached out to the people and they spoke. They said that they did not want to take a fundamental reform approach. There was no clear majority.

We listen to the people. I stumbled across the slogan of the Highland Land League and it amply sums up the point. It is:

"The people are mightier than a lord."

I am sure that there is a lot to commend that slogan, even today. The people spoke through the consultation and we are simply being guided by the people.

**Mike Rumbles:** We also had a consultation and we were guided by the people in the same way, but it seems to me that we came to a completely opposite conclusion. How have you taken any of our other recommendations forward at all?

**Fergus Ewing:** There are several recommendations, so it might be more fruitful for me to deal with each of them in turn, if the committee so wishes. I have paid due regard to all the recommendations, such as the recommendation to make practical improvements in the daily life of crofters. That is why, since 2007, we have devoted £16 million to extending 800 grants to secure the future of 800 families on

crofts. The £12 million crofting agricultural grant scheme has received 4,000 applications, and the cattle improvement scheme has received £3 million from us. In terms of helping people in their daily lives with practical issues, which was one of the committee's recommendations, we are not falling short.

**Mike Rumbles:** Convener, I will leave it to you.

**The Convener:** I just want to clarify that 43 per cent of the responders to the consultation said that they want a clean slate, and that is a majority of people, given the choice of options. If you add together all the responses to the other options, the result is more than 43 per cent. Cabinet secretary, 43 per cent said that they want a clean slate, and the impression that the committee got was that there is a feeling that a clean slate and not a piecemeal approach is the way forward. Why are you not taking the response of the 43 per cent? Why are you adding all the other responses together and saying that you do not have a clear majority? A majority of respondents to a simple question want a clean slate. I need to understand that because I am struggling with it.

**Fergus Ewing:** I said that there was no clear majority for a particular approach. With respect, 43 per cent is not a majority and, by definition, 57 per cent did not support that approach.

I appreciate that there are many different approaches, and I have already said that. Convener, you can tell me if I miss anybody out, but the key people involved at the stakeholder group and, subsequently, the stakeholders have commended the approach that we are taking. I am heartened by that.

Debate and discussion is always appreciated, but I am heartened by the initial response to our approach. Mr Finnie's suggestion of continuing to consult and introducing a draft bill would be consistent with that approach and allow us to continue to demonstrate that what we propose to do has the broad consent of the people, not just a minority.

09:30

**Peter Chapman:** The convener stole my thunder a bit, because I was going to quote the 43 per cent. Although that does not make for a majority, the clean sheet approach was the most favoured way forward of those who were consulted. I made clear at the time that I favoured that approach. I accept that not everyone on the committee had the same opinion, but the committee said that it did not want a piecemeal approach.

I am disappointed, because it looks a wee bit like another attempt to tinker around the edges,

and such tinkering is exactly why there is such a complex set of laws governing crofting rights. We have tinkered around the edges so many times that we have ended up with a set of laws that nobody understands—they can hardly be understood by lawyers, let alone the average crofter. We should have been much more robust. What form will the bill take?

**Fergus Ewing:** The bill will take the form of any parliamentary bill; it will set out legislative proposals. With respect, I do not agree with the criticism that has been made. Our approach seems to command a fair amount of support. However, I am keen that we give a full answer to the committee, so maybe Mr O'Neill can add his comments, because he has been closely involved with every part of it.

**Michael O'Neill:** When we looked at the way forward, we had the options that were set out in the consultation document, from a consolidation at one end of the spectrum through to a clean sheet at the other end. Although options 2 and 3 were different, they were closer together on the spectrum of the legislative approaches that we could take and involved very similar changes to existing legislation. Option 2 involved changing existing legislation and having a second bill thereafter, whereas option 3 was to reduce the number of pieces of legislation and change existing legislation at the same time. However, they would do very similar things and it is obvious that they would not be a clean sheet.

Taking those two together, 42 per cent of respondents said "change existing legislation if you can", whereas 43 per cent said "let us have a clean sheet". The decision was a very fine one. Some consultation responses that were in favour of option 4—the clean sheet option—would still make it difficult and time consuming to reach consensus on a new bill, which might affect the ability to deliver in this parliamentary session. Equally, other responses that supported option 3—to tidy up legislation—would make changes that would not necessarily resolve all outstanding issues, so that there could be a call for further legislation in the future.

To a certain extent, it was difficult to get a way out other than trying to solve some of the key issues that we can solve now, for which there is widespread support, and then looking at the more difficult issues about which it is hard to achieve consensus. The evidence from the consultation is that there may be opposing and contradictory opinions in certain cases that need to be bottomed out before more fundamental change could be made. Otherwise, we could end up back where we started, with some people unhappy with the legislation. That is some background about why we have—

**Peter Chapman:** I get all that. I understand why a clean sheet would be a difficult and huge piece of work. However, do you accept my premise that one reason why we are in such a complex situation is precisely because that is what we have done in the past? We have tinkered around the edges, made small changes and built law on top of law until we have got to a situation in which nobody can understand crofting law unless they have a degree in law—and even then, they are struggling.

**Michael O'Neill:** In phase 1, we are trying to look at changes that will make crofters' lives on the ground more straightforward as soon as we can, rather than going for—

**Peter Chapman:** That is what everybody has said in the past. The changes were designed to make life a bit more straightforward, but we have ended up with a much more complex set of rules. I understand that you are well meaning in what you have said, but everybody who has had a go at this in the past would also say that they were well meaning. It has ended up an absolute dog's breakfast that nobody can find a way through.

**Fergus Ewing:** You seem to be making an unduly negative prognosis. We have had a welcome from the Scottish Crofting Federation and NFU Scotland, and from distinguished lawyer Brian Inkster, who I think has no difficulty in understanding and interpreting crofting law and advising clients thereon.

We should be a bit more positive about this. There is a desire to go ahead with phase 1—in principle, at least—and I, for one, want to build on that positivity and take things forward.

**Jamie Greene (West Scotland) (Con):** My colleagues will talk about phase 2, but before we move on to that, I want to make the point that phase 2 is outside the parameters of this committee, this Parliament and this Government, and there are many great unknowns about what might happen under future Parliaments and Governments. I am interested in what this committee, this Parliament and this Government do, so I want to focus on the bill in phase 1, because I feel that I am moving into a discussion about phase 2 no further forward in knowing what the bill will contain and what it will achieve. If that is not a piecemeal approach, what is it?

**Fergus Ewing:** The bill will contain a series of measures, some of which I have mentioned. I assume that you were listening earlier when I gave Mr Lyle some examples. The measures are those that can be implemented relatively easily and are less controversial, and the work in that regard is being taken forward by a group of experts in the crofting bill group. Perhaps Mr O'Neill can supplement the answer that I gave to Mr Lyle

about the content of phase 1. Members should be mindful that we must prepare and then perhaps consult on the measures, as Mr Finnie suggested.

**Mike Rumbles:** We keep hearing about phase 1 and phase 2. There is no phase 2; what we are talking about is only phase 1.

My point, which links to Jamie Greene's point, is that this week we are 40 per cent through this parliamentary session. We have had two years and we have only three years left, and we do not have a bill before us. It strikes me that unless a bill is introduced fairly quickly, we will not have time to deal with it comprehensively. Is this a piecemeal approach, as Jamie Greene said?

**Fergus Ewing:** No. I do not agree. It is a strategic approach, and nothing prevents this committee from expressing its views on future law reform. It would be helpful if Mr O'Neill could supplement the answer that I gave Mr Lyle, when I mentioned a couple of specific items that will be in the proposed bill.

**The Convener:** I ask Michael O'Neill to give a list of areas into which you plan to delve, rather than go into each one in great detail, because I fear that we are short of time.

**Michael O'Neill:** Perhaps I can provide the committee with that after the meeting; I have a list here—

**The Convener:** I think that you should read it out now, if possible.

**Fergus Ewing:** The convener wants to know what they are.

**Michael O'Neill:** Okay. One of the issues that we are looking at is joint tenancies, which is an issue that came out of the "Women in Farming and the Agriculture Sector" report. At the moment it seems that, under crofting legislation, a tenancy can be in only one name, which does not seem to stakeholders to be right, in these times. We can look at changing the legislation in that regard, to bring crofting into line with other tenancies and agreements.

There is something called minor reorganisation of the croft, which would give the Crofting Commission powers to sort out quite tricky situations in which part-owners of crofts who want to do something will not allow neighbours to do something else with their parts of the croft. It is about allowing crofters greater freedom over the land that they are managing. There are four or five issues that relate to that.

We are also looking at the meaning of "owner-occupier". A number of owner-occupiers bought their crofts prior to 1955, when there was no crofting legislation, but under the current legislation they find themselves to be landlords of

vacant crofts, because they were never installed as a crofter. There are about 975 such cases. We can resolve issues for those crofters if we can change the legislation.

The cabinet secretary mentioned the registration requirement to advertise and the process of first registering a croft. There are enforced duties when a croft is sublet, but should those duties be placed on the tenant, the owner-occupier or the tenant who let out the croft?

There is a requirement that crofters provide annual notices. That process is resource intensive for the Crofting Commission and takes up crofters' time. We can look at whether those notices have to be provided every year.

Another issue is the grazings committee's duty to report, about which this committee made a recommendation in its report. The grazings committee reports on neighbouring crofts, which has proven to be a difficult issue for its clerks to deal with. That issue was raised a number of times during the consultation period. We can look to see how the relevant legislation might be refined to ease that burden.

We can look at deemed crofts. The committee heard evidence from the Crofting Commission on deemed crofts, which are created when common grazing shares become detached from the tenanted croft. That creates a number of problems. We think that there may be a way to stop creating deemed crofts by making changes to existing legislation, but trying to relink grazing shares and crofts would be complex, and a revised system would require a lot of thought and discussion with stakeholders and crofters to work out what the effects of doing that would be. That is possibly a phase 2 issue, but we can certainly look at how not to create any more deemed crofts in phase 1.

There is also issue of whether the Crofting Commission's decisions have to be adjudicated by the Scottish Land Court or whether the commission can be more independent and take decisions that do not require resources to be spent, because using the judicial resources of the Scottish Land Court can be expensive.

**Jamie Greene:** That is a very helpful list, thank you. However, in order to save time, perhaps—

**Michael O'Neill:** There are 35-plus issues on the list.

**Fergus Ewing:** That was just a taste.

**The Convener:** I just wanted the headlines, so perhaps you could submit the list to the clerks and the committee will look at that afterwards.

**Jamie Greene:** Will the 17 high-priority recommendations of the sump report be

addressed in the phase 1 bill, or will some of those elements be addressed later?

**Michael O'Neill:** The sump report recognised that some of the high-priority issues will not be easy to deliver on. Therefore, when we were drawing up the list for phase 1, we tried to match up those issues that are high priority and those that we can sensibly deliver. However, issues that may be contentious or would require a lot of work because the legislation is so complicated might need to be dealt with in phase 2. The starting point was to include as many of the high-priority issues in the list as we could.

**Fergus Ewing:** That is the short answer, and I hope that Mr Greene is happy with it.

**Michael O'Neill:** Throughout the bill process, we will be putting papers and information, including the contact details for the bill team, on a web page. We can provide the address to committee members. Suggestions about what should be included can be made. Indeed, the list is not fully set in stone and stakeholders are considering it to see whether anything should be added. There are a number of things that we can work on—and that is what the bill team is doing.

**Kate Forbes:** This question will be on phase 2, with apologies to Jamie Greene. What is the current status of the Scottish Government's work on the national development plan for crofting, which was included in the programme for government at the start of this parliamentary year?

09:45

**Fergus Ewing:** The programme for government suggested that work should begin on a national development plan. Since then, we have been advancing that work. It will form a critical part of the support that the Scottish Government will offer crofters and crofting communities because it is important that crofts are used in the best possible way to contribute to the rural economy and sustainable communities.

The stakeholder engagement began in 2016. It included the Scottish Crofting Federation, the NFUS, Highlands and Islands Enterprise, the Crofting Commission and Scottish Land & Estates. They have been giving consideration to what recommendations they wish to make to the Scottish Government for inclusion in the plan. That has resulted in a number of draft priority papers, including a development paper, that we will work on and look to bring forward in due course.

The plan will contain such things as an updated, clear crofting policy; details of a new entrants scheme; a further development promotional role for the Crofting Commission, which will incorporate better signposting of what support is available for

crofters; a crofting pack for new entrants; and common grazings guidance—indeed, the commission is working on a template for that controversial issue.

We are committed to drafting the crofting development plan and to consulting key stakeholders thereafter. It is important work, but I stress that it is not stopping us helping crofters with CAGS support and the bull stud scheme.

**Kate Forbes:** One of the biggest complaints that I hear in my constituency is about the lack of clarity and the fact that there are often sources of support that crofters are unaware of. Will the development plan identify sources of support and have some strategic targets for improving our support for crofters?

**Fergus Ewing:** Yes, it will aim to do that. As Kate Forbes knows well, Highlands and Islands Enterprise is distinctive in that it has a social obligation in its remit. It takes that seriously but, of course, the business gateway deals with advice at the level of individual small businesses. The Crofting Commission has the general duty to promote crofting and have regard to the interests of crofters, but the national development plan will provide further clarity about who can provide support to crofters in respect of particular ways in which they may wish to develop their crofts. I am also cognisant of the fact that our reaching 100 per cent—R100—programme will provide improved connectivity, with access to high-speed broadband at 30 megabits per second, and our mobile infill programme seeks to address not-spots, especially in the rural and island communities.

**John Finnie:** Cabinet secretary, people in the crofting counties are practical. A real issue, as ever, is housing. Will that feature in the development plan? It is core. You mentioned the sump report, which has been welcomed, but if we are not only to build but to sustain communities, we will need more housing.

**Fergus Ewing:** Mr Finnie is absolutely correct and I endorse what he says. We are addressing housing in a number of ways. My colleague Kevin Stewart, who deals with housing, has taken a close interest in special provisions and policies for the Highlands. I had a fruitful meeting in Inverness a few weeks back with the Highlands Small Communities Housing Trust, which does excellent work. I referred to woodland crofts, and I have asked the housing trust to continue to play a part in that.

I feel proud of the fact that the croft house grant scheme has assisted 800 families over the past 11 years. In my brief period at the helm, there have been 70 grant offers at a cost of £2.4 million, which means that 70 families have had the

opportunity to build or improve a house in their part of Scotland, secure their future and help to secure the sustainability of communities and the school rolls that depend on young people coming in. That is a practical and cost-effective scheme that provides a bit of extra support for people to build or improve a house. For various reasons that Mr Finnie will know and understand, the costs of building or improving a house are often higher in the Highlands or remote communities.

**Kate Forbes:** I have a final question on phase 2. In a previous letter to the committee, the cabinet secretary wrote:

“This second phase should work towards clarity for those issues which are complex in nature and sometimes provoke contradictory views.”

Without necessarily asking for a list of what is in phase 2, I would like to know how phase 2 will meet those objectives.

**Fergus Ewing:** Phase 2 is intended to consider issues that, as Kate Forbes said, are more complex or have the potential to divide opinion. It is likely to focus on all crofting issues, not simply the ones that Mr O'Neill alluded to in his description of some of the potential phase 1 items. Phase 2 is likely to focus on thorny issues such as assignation and succession, common grazings and owner-occupier crofts, each of which is recognised as being a highly complex area.

I have come to the conclusion that the difficulty that is faced by those who wish for fundamental reform and those who do not is the desire to retain the security that the 1886 act conferred and a matching desire to develop and further sustain communities into the future by enabling and facilitating things to be done. If there is a way to combine the security of the past with sustainability for the future, that would perhaps signpost the work that we need to do in phase 2.

**The Convener:** There are a couple more questions, cabinet secretary. We would like to get through them all, and I am mindful of the time.

**Colin Smyth (South Scotland) (Lab):** In the consultation analysis report, a number of non-legislative measures were identified, such as promoting crofters' rights, housing-related support—John Finnie touched on that—and support for new entrants into crofting, which you touched on in your opening comments. Will you elaborate on the non-legislative changes that you are considering? When and how will they be implemented?

**Fergus Ewing:** That is a very fair question. One that I mentioned is the development plan and another is the new entrants scheme. The Government remains committed to introducing a new entrants scheme for crofting and we welcome the work that has already been done on that topic

by the stakeholder forum. It is of critical importance to encourage people into crofting to ensure its long-term sustainability and that of our crofting communities.

For members' interest, I say that stakeholders have been drafting a priority paper on new entrants and I understand that that is close to being finalised. A lot of work has been done in the background, as Mr O'Neill demonstrated in his earlier resumé of the proposed contents of phase 1. In particular, a lot of work has been done by stakeholders and the Crofting Commission to address controversies arising from individual cases about grazing committees and their operation. A template for guidance is being developed by the Crofting Commission thereanent, which, I believe, is close to completion.

A whole raft of non-legislative work is being done by the Government, our partners and stakeholders.

**Colin Smyth:** Is there a timescale for when the new entrants scheme is likely to be rolled out?

**Fergus Ewing:** Eight hundred potential new entrants have arisen through the crofting grant scheme, which is a practical way to enable people to stay on or move to the land, in crofting terms. We will work closely with the stakeholders in our engagement process, because their work is close to being finalised. The scheme will be further developed over the next six months or so.

Obviously, the implementation will be budget dependent. I do not want to veer into Brexit issues but, plainly, pillar 2 is not the subject of clear assurances from the UK Government. However, as you know, convener, I do not want to be negative today, so I will not dwell on that. I will just say that we are keen to build on the good work that we have done on new entrants and the work with stakeholders to bring forward a practical and sensible scheme that will help to bring yet more people back into the crofting counties or to ensure that they remain there.

**Colin Smyth:** I want to briefly touch on the responsibility for initiatives. In 2009, the Government transferred responsibility for crofting development from the then Crofters Commission to Highlands and Islands Enterprise. I have received feedback that, since then, HIE has not done a great deal to provide support and pathways for young people and new entrants. Has consideration been given to transferring back that responsibility to the Crofting Commission, as it seems to have direct authority on crofting, whereas HIE tends to look more at wider crofting community support rather than direct schemes such as new entrants schemes?

**Fergus Ewing:** I know from my personal knowledge of the board members and employees of HIE that they take a very close interest in these matters. To be fair to them, it is really the business gateway and not HIE that has the role of providing direct assistance to small business—that is just a fact. However, it is in the DNA of HIE to consider and promote work and economic endeavour in the Highlands and Islands. Also, there is an express reference in the legislation to the commission's promotional role. We can further build on that part of its role, and I look forward to discussing that with the commission when I meet it again.

**John Mason (Glasgow Shettleston) (SNP):** You have mentioned the stakeholders' views of the proposals, which you said were quite positive. The Scottish Crofting Federation has talked about

"a bill in this parliamentary session which corrects the major anomalies".

There is agreement that that should happen, but is there also agreement as to what the major anomalies are? We have a list of suggestions, but are they all broadly agreed or is there disagreement on that?

**Michael O'Neill:** The stakeholders are working through that list. We had a meeting last week and there is another one planned this month. The anomalies that we can fix in phase 1 will be subject to those discussions. Clearly, if the stakeholders think that the anomalies are potentially sufficiently complicated and contentious that they wish them to be dealt with in phase 2, that is what we will do. The list of things that I read from earlier is being worked through, and we have a similar list for the other issues that do not look like they will be for phase 1.

**John Mason:** The Scottish Crofting Federation went on to say that the process will

"pave the way to a consolidation bill in the next session."

Some people think that a consolidation bill means just pulling together existing legislation and not making changes. Is the federation just using the wrong word or misunderstanding? I do not get the impression from you that it will be a consolidation bill.

**Michael O'Neill:** In the response that the Scottish Crofting Federation provided, its preferred option was option 2, which was to change now and consolidate legislation afterwards. You are correct that the consolidation will not make any material changes to legislation but will just bring it all together. Obviously, we have had discussions in the stakeholder group, which includes the Scottish Crofting Federation. The federation understands the process that we have outlined and is supportive of that route, even though it may not lead to the consolidation and may lead to something else. We have to discuss that as part of

the phase 2 work to consider where the legislation should end up and where would be the most sensible end point for it.

10:00

**John Mason:** How far can you go in this parliamentary session? I accept the point, which Jamie Greene made, that another session is completely new, but the suggestion is that some preparation will be done before that. I hope that, if there was cross-party agreement, whoever formed the next Government would be up and running, because quite a lot of work would have been done. How much work can be done before 2021?

**Fergus Ewing:** A fair amount of work can be done. The purpose is to leave a legacy to an incoming Administration. That legacy could well inform the manifestos of various parties at the next election.

Let us see how much work can be done. There is a fair wind behind the approach that we have taken. In response to Kate Forbes's questioning, I identified some areas that are far more complex. I have also identified the principle that underlies the approach that would encourage the majority of people to support more fundamental reform.

To answer John Mason's question, I am keen for us to do a solid amount of work in the hope and belief that it will benefit an incoming Administration.

**Michael O'Neill:** The stakeholder group on the proposed bill is keen not to lose sight of phase 2, which it wants to start looking at. We will probably discuss that at a meeting in June, because we are trying to get to the early part of sorting out the phase 1 list. The group does not want us to lose sight of phase 2 and we will not lose sight of it—we will continue that work alongside phase 1.

**The Convener:** As I said, that was the penultimate group of questions. I will tie that section together.

The cabinet secretary will have read the recommendations that were in our report. Paragraphs 101 to 103 of our report contained recommendations on crofting policy. The principle is that, before legislative reform takes place, the Government should issue a statement of overarching crofting policy. If that was discussed in the Parliament, would it mean that any work that was done before the end of the parliamentary session was more likely to take into account the Parliament's views, as well as the Government's views?

**Fergus Ewing:** With your agreement, convener, Mr Jackson is keen to have a shot at that question.

**The Convener:** I welcome Gordon Jackson—this is his first and last chance to speak.

**Gordon Jackson (Scottish Government):** The consultation exercise that was linked to the proposed bill picked up on the Scottish Government's overarching policy statement. It asked respondents whether they agreed with that and why they disagreed or agreed. Of the respondents, 49 per cent agreed and 51 per cent disagreed. Those who disagreed did so for an array of reasons—some thought that the statement was too complex; some thought that it was too simple.

We are perfectly willing to engage with crofting stakeholders to work up and refine the statement. The statement encapsulates all the important aspects of crofting, such as maintaining populations in remote rural locations and contributing to the sustainability of communities. However, it appears that the form of words needs to be looked at and that we need to take stakeholders with us.

**The Convener:** There was no clear majority in favour of the Government's crofting policy statement so, once the Government has reviewed the statement, it would be useful and a welcome addition for the Parliament to have a chance to discuss it and work out the way forward. The cabinet secretary might want to think about that, but I would be happy to take a yes or no answer at this stage.

**Fergus Ewing:** I will take the point to avizandum.

**The Convener:** I thank the cabinet secretary, Michael O'Neill and Gordon Jackson—and I do not forget Ian Davidson, although he did not say anything—for their attendance.

I suspend the meeting briefly for a changeover of witnesses.

10:04

*Meeting suspended.*

10:08

*On resuming—*

## Salmon Farming

**The Convener:** Item 3 is our salmon farming inquiry. I remind everyone to ensure that their mobile phones are on silent. I invite members to declare any relevant interests. I will start that off by saying that I have an interest in a wild salmon fishery. I see that no one else wishes to make a declaration.

This is our fifth evidence session on the committee's salmon farming inquiry. The committee will take evidence today from representatives of the aquaculture industry. Hopefully, I have everyone in the right order. Scott Landsburgh is the former chief executive of the Scottish Salmon Producers Organisation; Ben Hadfield is the managing director of Marine Harvest Scotland; Craig Anderson is the chief executive of the Scottish Salmon Company; Grant Cumming is managing director of Grieg Seafood Shetland; and Stewart Graham is group managing director of Gael Force.

I will not repeat the mistake of saying to people who have been here before that they will know exactly how these arrangements work. If you want to come in on a question, you should try to catch my eye. There are five of you, and you might not all get to answer all the questions. Once you have caught my eye and I have brought you in, you do not need to touch any of the buttons on the microphones—that will all be done for you. If you see me waving my pen, that means that your time is nearly up; if I wave it more furiously, that means your time is really up. I will not tell you what happens if you ignore that. The aim is to get a balance of questions and answers, so I would be very grateful if you could help me to achieve that. There will be a lot of questions as we go through today's evidence session.

The first question is from Stewart Stevenson.

**Stewart Stevenson:** My colleague Richard Lyle and I, together with other members of the Environment, Climate Change and Land Reform Committee, have reported on many of the environmental issues around salmon farming, but this committee, as well as wanting to consider that again, wishes to consider wider economic issues. It is on that subject that I want to ask a few questions. In particular, based on last week's evidence from Highlands and Islands Enterprise, for example, what benefits are there to communities, and the people in those communities, from being adjacent to salmon farming?

**The Convener:** Who would like to start on that?

No—what you are doing does not work: you should not all look away when the question is asked. You have to help me. Ben Hadfield can start.

**Ben Hadfield (Marine Harvest Scotland):** Good morning, and thank you for the opportunity to speak at the committee today. The economic benefits for local communities are significant. The wage bill for my company, Marine Harvest, is £47 million per year. We employ 1,250 people, approximately 700 of whom are based on the west coast, in Lewis, Harris, Barra and elsewhere. Interestingly, over time, the role of people within the farms has become much more complex. It used to be a job with a farm manager and farm hands; now it has become more technical, and we are employing a lot of scientists, veterinarians, people with information technology skills and so on. The wage structure reflects that.

I am English, but I have lived in Scotland for 18 years. Having lived on the west coast, we can see how important it is that people there can have a career and can have good, steady wage progression. That is well received in the areas where we farm.

**Craig Anderson (Scottish Salmon Company):** The Scottish Salmon Company takes its social and economic impact in local communities seriously. We support local communities, and not just through salary, although that is very important. Our annual salary is around £16 million, with £1.5 million in national insurance contributions and £700,000 in pension contributions. That is very important, but there is also training, education and otherwise getting involved in local areas. We have third-generation families working with our company, and that is very encouraging. About 25 per cent of our people have been with us for more than 10 years, which is great. To be able to put something back where we take out is important for us.

**Stewart Stevenson:** I want to address something to Scott Landsburgh. Technically, although you are the former chief executive, you are nonetheless still representing the SSPO today.

**Scott Landsburgh (Scottish Salmon Producers Organisation):** I am indeed.

**Stewart Stevenson:** Thank you for that.

The SSPO's community engagement charter is designed to benefit communities. How is that going to work, and how is it working now?

**Scott Landsburgh:** It is a charter that all our member companies have signed up to. It is a commitment to give the local communities some direct benefit from the yield from the local farm. I can give you the round figure: last year, we contributed about £1 million to local communities



through various schemes. Each company has its own scheme, but they are all committed to abiding by the rules of the charter. That was the intention of the charter—to create good practice in community benefit. We looked at several national schemes that are already in place and we are similar to some of the other industries that operate in the remote, rural communities of the Highlands and Islands.

10:15

That is direct support. It is not all financial support—some of it is the giving of time, offering education and support and getting into schools and even nurseries. For example, we bought small minibuses to transport people to community youth facilities. That is on-going and, at this juncture, the industry has a commitment to put in at least £1 million to local communities.

**Stewart Stevenson:** This will be my last question. Who decides what the benefit is? Is it the salmon producers? What role is there for the communities to decide how that benefit is applied?

**Scott Landsburgh:** It is decided at a local level. People are invited and encouraged to bid for support. The companies are in charge of that. One or two of them have independent people involved in the scrutiny of that, so it is not just a question of who you know. The purpose of the charter was to make it an open process.

**Gail Ross:** We have spoken quite a lot in our evidence sessions about expansion of the industry. In Wester Ross, in my constituency, there is a massive housing problem. How can we expand the industry if there are no houses available for the people who you want to recruit to work in fish farms? How are you working with local authorities to try to solve that problem?

**The Convener:** I will bring in Ben Hadfield, but I am keen to bring in other panel members, too. Please do not be shy about indicating that you wish to come in.

**Ben Hadfield:** We need to build more houses. Some of the great projects that we have worked on over the past few years and months, where we have put a new farm into islands, such as Muck or Rum, have included a proposal to build half a dozen houses and a shore base. We hope that we will gradually manage the social implications, move people out and repopulate the islands a bit.

**Grant Cumming (Grieg Seafood Shetland):** It is a very valid concern. It has been a particular problem for Grieg Seafood. Recently, in Shetland, a new gas terminal was built and that put huge pressure on the housing stock. We had to secure rented accommodation for employees. We farm down in Skye, where it is a long-term problem for

us. We have had to purchase properties there. A better, long-term solution is to build more properties because by purchasing we are putting more pressure on the current small amount of housing.

**Peter Chapman:** If you are building or buying new houses, are they then tied to your business? I assume that you will require whoever stays in the house to be an employee of yours and, if they leave your employment, they will have to move out of the house. Is that the system that you would put in place?

**Grant Cumming:** Yes. The houses are there to provide accommodation for our employees. As much as possible, we have tried to be nice about it: if someone chooses to leave our employment, we have not asked them to get out of the house by the next day but have given them a period of grace. However, we would expect them to move on and make space for our employees in the future.

**Ben Hadfield:** There are varying methods of approaching that. On some of the islands that belong to a landowner or a trust, the land has been leased for 25 years and we have put in money to build houses that are for our staff and their families to live in. The feed plant that we have put in on Skye has created 55 new jobs, some of which are quite specialist engineering, information technology and manufacturing jobs. We have land available on Skye and have plans to apply for planning permission, build houses and probably sell them to employees after they have spent a period of time working for the company and becoming resident on Skye. There are also partnerships with affordable homes schemes, where we put money in as part of a wider build. That is very interesting to us.

**Jamie Greene:** Good morning, panel. I want to take a step back and look at the bigger picture of the international market within which Scotland is operating, which is clearly very competitive. It is probably a rhetorical question to ask how important provenance and high production standards are to the industry; I presume that the answer from each of you would be that they are important. Can I push you further on what the differences are between the export and domestic markets in relation to your product and how you produce it, and ask for your views about how Scottish salmon can stand out distinctively against some of our main competitors, such as Norway, Chile and Canada?

**Grant Cumming:** That is a very interesting point. We are already standing out against our main competitors on the global scale. There is a premium for Scottish salmon both in our domestic market and externally. That is because of the provenance—we are growing our salmon in

beautiful wild Scotland—and because the regulatory standards in Scotland are very highly regarded internationally. We are seen as having very high standards and delivering a product that reflects that.

**The Convener:** Would Stewart Graham like to come in at this stage?

**Stewart Graham (Gael Force Group):** No. I think that it will be more appropriate for me to answer some of your other questions. We have producers here and most of the questions are much more relevant to producers.

**Craig Anderson (Scottish Salmon Company):** Brand Scotland is very important, as is provenance. We have trademarked the phrase “provenance guaranteed”, and also “tartan salmon” specifically for the export market. The story is always, “Is it true that your fish come from Scotland?”, and the answer is, “Yes—we only produce and sell fish that comes from Scotland.” With the quality that Grant Cumming mentioned, the thoroughness of the accreditations that we go through and the pure quality of the salmon, we get a premium price for it.

**Ben Hadfield:** I will give you some numbers. About 2.1 million or 2.2 million tonnes of salmon is produced worldwide. Norway produces the lion’s share of that at around 1.1 million tonnes, and our volume is about 175,000 million tonnes—Scotland sits third. If we look purely at the cost of buying salmon, there is a premium for Irish salmon, organic salmon and then Scottish Label Rouge production. Most of the companies produce specifically for supermarkets in the domestic market to very high welfare and environmental standards. That is the next price bracket, and there is not really a commodity product with salmon any more. It is a high-value protein but, generally, Scottish salmon trades at about 50p or 60p per kilo over Norwegian salmon. As others have said, that is because it is regarded as being produced in a sustainable way with good regulation to a high quality, so it is quite desirable.

**The Convener:** Scott Landsburgh is not going to rest unless I bring him in, but I point out that I cannot bring in everyone on all the questions.

**Scott Landsburgh:** Every three years, at the Brussels seafood show, there is a survey of 14 of the major seafood buyers in the world’s markets. I am now out of it, so I am not sure whether a survey was conducted at the show that took place last week, but in the second survey, in 2016, Scotland received seven votes out of 14 for having the best farmed salmon in the world. Its nearest competitors received two votes—that was Norway and Canada—and the other producing countries received one vote. Those people know what they are doing and what they are buying, which is

quality—a seriously premium fish. We have won the best farmed salmon accolade three times running, and we are very proud of that.

**The Convener:** We asked retailers in this country to come to the committee and, although they have submitted written evidence, they were indisposed when we requested them to come, sadly.

**Stewart Stevenson:** I just have a wee point, which is probably for Grant Cummings, based on what he said. I can be corrected on this, but is there not an international trade in smolts, which I believe is two-way? If there is, how does that affect the provenance that we rely on to sell products?

**Grant Cumming:** It is possible to import and export smolts from areas of equivalent disease status. The majority of those smolts are Scottish, if not all of them. It is possibly more common for eggs to come from abroad, but they can still make a quality Scottish salmon.

**Jamie Greene:** This might be a question for Marine Harvest. I was surprised to learn that all the eggs come from Norway. How does that add to Scottish provenance?

**Ben Hadfield:** In farming generally, it is quite typical to move stock types around the world. It is the case in chicken farming, beef farming and pig farming. In salmon production, there is a requirement to take eggs from multisea winter fish brood stock from big rivers. The majority of the worldwide salmon industry uses Norwegian stocks. They have been bred over time and there are some elements of our Scottish stocks within those. They are used in Canada, Norway and Scotland.

**Jamie Greene:** I am happy to leave that there.

**The Convener:** I will bring in Craig Anderson, who might have a different story to tell.

**Craig Anderson:** The Scottish Salmon Company also imports Norwegian eggs. However, we have invested £3 million in a native Hebridean brood stock programme based in Langass on wild stock from the River Uist. It is Scottish eggs and Scottish fish. By 2020, our aim is for 15 per cent of our production to be native Hebridean, and we aim to grow that.

**Stewart Graham:** I am from a company in the supply chain. We are one of the largest suppliers to the industry. We are not a producer, which is why I am not answering some of the questions.

I have small comments to make on two of the subjects that have come up so far. First, on the community question, you should think beyond direct community donations and assistance, and direct employment by producing companies, and

remember that there is a large supply chain of small and large suppliers throughout the country, including in the rural areas around these communities. There are about five jobs in the supply chain for every one in the production companies.

Secondly, I see a need to rationalise regulation, but robust regulation is a key part of Scottish provenance. That might be part of the reason why we get a premium.

**The Convener:** I suspect that regulation will form part of our later questions. You might find that you get in on that later.

**Jamie Greene:** I will continue with the theme of provenance and quality. I presume that part of it is certification and international industry standards.

My first question is perhaps specifically for Marine Harvest. Why is the case that your Norwegian farms have signed up to the Aquaculture Stewardship Council standards—I am not aware of how many farms have done so or what the percentage is, but many of them have—but only one of your farms in Scotland has signed up?

**Ben Hadfield:** The company supports the ASC standards. They are robust and they deal with things that lie outwith regulation. When the ASC standards were written, they predominantly took a lot of the environmental regulations from Scotland, because they were the most robust and the best in the world for protecting the environment. The ASC standards go beyond that; they cover social standards, they go into wild fish in more depth and they cover mitigating impacts. The Marine Harvest board decided that it would try to make all its farms ASC accredited by 2020, and 40 per cent of our sites in Norway are now accredited.

In Scotland, we had two accredited sites, but we now have one. We have just got over the hurdle that exists within the standard for smolt production in freshwater lochs in Scotland. The ASC standards prevented the farming of smolts in freshwater lakes, which is why we did not take them up. Now that that has been amended, we will move all our sites in Scotland to ASC accreditation.

If I may, convener, I will have to explain that quite technically. The trophic status, or nutrient levels, in the lakes in Norway, Chile and Canada are fundamentally different from those that we have in Scotland. We have lakes that are borderline oligotrophic-mesotrophic, meaning that they can accept and deal with a sustainably higher level of nutrients from farming. That science was not recognised in the ASC standards, so once we had it changed on the basis of the evidence, we were able to move more of the sites to ASC.

**Jamie Greene:** If 40 per cent of your Norwegian sites are ASC accredited, do you have a target or a timescale in mind for your Scottish sites to reach the 100 per cent that you are aiming for?

**Ben Hadfield:** Now that that has been amended and we have had a more scientific and thorough assessment within the ASC standard, we will move quickly to put all the sites in Scotland through the ASC.

**Jamie Greene:** All sites? Quickly?

**Ben Hadfield:** Yes, as quickly as possible.

10:30

**The Convener:** That is to do with the production of smolts in freshwater. Do you have any escapes of juvenile fish in freshwater before they are collected and taken out to the farms offshore?

**Ben Hadfield:** We have been farming in freshwater lochs here in Scotland for more than 30 years and a history of escape events has been recorded.

**The Convener:** There has?

**Ben Hadfield:** Yes, it has happened. The general trend for escapes, both in the sea and in freshwater, has declined rapidly. Our last escape in freshwater was more than a decade ago, so the incidence is very low, but there is still a risk of it. The ASC standards address that through the implementation of a gold-level practice of containment, using things such as Kevlar nets, a minimum size of fish and a count-in, count-out system.

**The Convener:** Is that the same across all the industry? Are escapes into freshwater of juvenile fish declining, or has there been none for 10 years?

**Scott Landsburgh:** I cannot say that there has been none for 10 years. There have been escapes in the past 10 years across the industry but, as Ben Hadfield says, the incidence has been declining and we are improving matters by investing in the technology that is now being applied with regard to moorings and barriers. Maybe Stewart Graham could say more about that.

We also have a new national technical standard that has arisen from the ministerial working group on aquaculture and is now part of our code, and all the companies are abiding by that. A lot of it focuses on human behaviour. We have to train our people to ensure that they maintain the nets in the best possible condition to contain the fish, and there has been human error in the past. We believe that we are moving quite significantly in that direction.

**The Convener:** I apologise for jumping in with that question. Peter Chapman has a question and then we will come back to Jamie Greene.

**Peter Chapman:** Jamie Greene may have been going to ask this, but I wanted to ask Craig Anderson and Grant Cumming whether they intend to go down the same route—whether they hope to be ASC accredited as well in the near future.

**Grant Cumming:** I suspect that Craig Anderson and I will have similar answers. The ASC standards are one set of standards out of hundreds that are out there. We comply with a number of standards, including the Royal Society for the Prevention of Cruelty to Animals assured scheme, GlobalGAP, the code of good practice, and the protected geographical indication scheme. Those are the four that we currently comply with. However, the goalposts are always moving, so which standards we go for in future will be customer led; I certainly would not rule out ASC accreditation.

**Craig Anderson:** The Scottish Salmon Company is similar, in that we have four world-class accreditations. The latest one was the best aquaculture practice certification, which we believe is the most comprehensive third-party aquaculture certification that there is, because it covers the full process, from egg to in the truck, and includes feed companies and freshwater, marine and processing plants. We are happy with what we have, but with the recent changes in the ASC we will certainly look at that standard again and review the situation.

**Jamie Greene:** That segues nicely into my next question, which is on wider international certification. However, before I ask about that, I would like to clarify a point with Mr Hadfield from Marine Harvest. Is it the case that the barriers to ASC accreditation were related to smolt farming in freshwater lochs? How does that inhibit farms where the smolts are farmed in tanks and sent directly to seawater, with no freshwater loch element? Why were they unable to receive ASC certification?

**Ben Hadfield:** That was the reason why we had only two farms at ASC standard. We run our business with a lot of fish starting off in the hatcheries, which, increasingly, are recirculation hatcheries where water is purified and recirculated. The fish are moved to the lochs when they are around 30g, grown into smolts of around 120g, and then moved to the sea. That means that roughly 90 per cent of our fish go through the farming systems in the loch, so we had to go back to the ASC and get it to change the standard. To be really straight about it, the issue was that the ASC had not recognised the scientific circumstances of freshwater environments in

Scotland; it was not that we pushed it to change. Sticking to science and being scientifically accountable is very important in this business.

**Jamie Greene:** Thank you for the clarification.

Someone mentioned that there are hundreds of certification schemes out there that one could receive accreditation from or align with. Is it a problem that there is no international industry standard for production and provenance? A producer could sign to one accreditation system in one part of the world and another system elsewhere in the world, so does that make it difficult to align the industry and create a true balance of certification and provenance? Of the many schemes, which are the most widely recognised? To which schemes do Scottish producers sign up for the provenance that Scottish products so desperately need?

**Scott Landsburgh:** The most widely used accreditation scheme is GlobalGAP, which is recognised in international markets—80 per cent of our production is GlobalGAP accredited.

Ben Hadfield alluded to the backstop of all production standards being the Scottish code of good practice, which is what produced those standards at a common level. The code is the basis of production standards and we enhance it with our own additions and attributes. It is recognised worldwide as such, and other countries have followed it. We should be proud in Scotland that, off its own back, this industry did that in 2006. It has been a tremendous success.

In the marketplace, there is a bit of differentiation between retail markets, and different retailers have different standards for the products on their shelves. We were the first non-French food to receive Label Rouge accreditation, and we produce that to a different standard from our superior fish. There is a lot in the mix to consider, but it is all designed to ensure high standards of food quality and safety.

**Craig Anderson:** I absolutely agree that the code of good practice is a pinnacle—it is very tough, robust and exacting. We all adhere to it, and it is really important that we do so.

The other accreditations that are out there are expensive. The Scottish Salmon Company pays more than £160,000 a year for third-party audits, which we welcome. There is GlobalGAP, Friend of the Sea, the RSPCA and best aquaculture practices—I could go on. Major retailers are professional companies with their own technical teams and, sometimes, their own accreditation schemes that they want producers to adhere to and have a separate audit for. We work closely with retailers and try to align with what they want.

We have four accreditations and we are happy with that. We will look at the ASC, but we have to bear in mind the technical considerations of retailers and their own accreditations that they want to be attained.

**Jamie Greene:** From that answer, can I take it that the accreditation process is driven by the retail market, rather than by third parties that have regard to environmental aspects or other aquaculture interests? I appreciate that it is a retail product, so you are driven by what the buyers ask for and their standards. Is that at the forefront of the decision making when it comes to accreditation? How do you make those decisions, given that quite a substantial cost is involved?

**Ben Hadfield:** There are about 20 standards—the number is not quite what was discussed before—and they are all similar. Retailers look for a point of differentiation and there is competition to come up with the most robust standard. The approach came from the code of practice and regulation in Scotland, which were seen to be the best, and it has been taken up more widely. Environmental groups now want to put their stamp on how salmon should be farmed.

**Kate Forbes:** James Withers of Scotland Food & Drink appeared before the committee last week, when we talked about the Scottish brand generally and about the importance of the perception that Scottish farmed salmon is produced in pristine waters. He said that the industry at large wants to embrace world-class standards, as we have heard this morning. If that is the case, what improvements in relation to environmental and broader issues are still necessary to make the industry even better and bring it to a higher place among world-class standards? I presume that none of you is standing still.

**Grant Cumming:** You are right that our premium out there in the marketplace depends on having high regulatory standards. We have such standards today, but more could be done to co-ordinate the regulations. To operate a fish farm, we require at least five licences, which are issued by different regulatory bodies. All our regulators are good and thorough, but there is the opportunity for things to fall between stools. A crucial point concerns sea lice and sea lice medicines. Sea lice numbers are regulated by one body, but sea lice medicines are regulated by another. There is an opportunity to look at more holistic regulation, under one regulator, to drive down sea lice medicine use and sea lice numbers. That could really help.

**Craig Anderson:** Animal welfare, the benthics and the care of the fish and the sea bed are our responsibility, and it is our duty to keep on improving in those areas. That means investment in technology, training, new veterinary procedures

and new non-chemical ways of treating fish to keep them healthy and cleaner. The use of cleaner fish and of technology in nets and in cameras to ensure that the feed has been 100 per cent utilised—we must do all that and more daily, and we must keep on researching and investing in new technology. As an industry, we want to work together to continually improve.

**Ben Hadfield:** As members know, the industry is quite young—the first farms were established about 50 years ago. The industry moves quickly and is dynamic. Scotland has had good regulation to protect the environment, so it is frustrating to hear comments that we do not have that. However, as the industry evolves from its young base, the legislation should change quickly—it should also be dynamic.

Kate Forbes asked what the opportunities are. We must acknowledge that salmon farming has had a difficult period. In 2010 and 2011, we had some of the lowest mortality rates globally, at about 7 per cent.

**The Convener:** Was that figure for the industry as a whole or for Marine Harvest?

**Ben Hadfield:** I was about to clarify the figure. I work globally in Marine Harvest, where a 7 per cent mortality rate in the seawater phase would be top of the pile, and that is where Scotland was from 2009 to 2011. Since then, we have had what I called in a letter to the committee a “perfect storm”. We had El Niño conditions, which raised the Atlantic’s temperature and meant that we had warmer seas and coastal areas. We have also had reduced efficacy of sea lice medicines, which has meant using less medicine and using other treatments. In that period, mortality levels have increased. In the farmed fish health framework working group, I have set out measures that could enhance regulation and go further to reduce the risk of mortality or the development of mortality in the industry.

We need to consider consolidation of the industry, with fewer and larger farms that are less connected in areas that are less sensitive, which could maintain, or even increase, the amount of production here. That approach might take stakeholder conflict down a bit.

10:45

**The Convener:** I clarify that the committee will look specifically at mortality, sea lice and disease. We can leave the focus on those until later, and do more on the generalities.

**Kate Forbes:** I am content with that—I had just one question.

**Richard Lyle:** I will set the scene: Scottish salmon production is a success story in Scotland;

farmed salmon is Scotland's and the UK's largest food export; there are 10,340 jobs and £270 million goes out in pay per annum. On a visit this week to one of Ben Hadfield's farms, I was impressed with the level of wages that Marine Harvest pays. I am sure that all the companies represented here pay that level of wages. The Scottish Government wants to double production, which in 2016 was 162,817 tonnes, according to Scottish Government official records. The industry has growth targets and there is a demand for the product, which is excellent and very tasty. However, output appears to be relatively flat. Why is that?

**The Convener:** I will ask Scott Landsburgh, because he was looking away.

**Scott Landsburgh:** Thank you for that, convener. [*Laughter.*]

That is a very good question, which demonstrates how difficult and challenging it has been in recent years for the industry to grow to the extent that it wants to. Ben Hadfield mentioned the recent challenges with fish health performance and the investment that has gone into that. In addition, the consenting process is tough—we like it to be tough; there is nothing wrong with it being tough. It is important that it is rigorous, because it has to ensure long-term sustainability for the industry. We accept it and we work with it.

However, there needs to be a shift in the culture, whereby we get together with the regulators, Government and policy makers to achieve alignment. The baseline is that we want to ensure that we grow sustainably from a good health base and a good environmental base.

We have had a tough time in the past three or four years, but we are coming out of that, as you will see in the data that is published in the coming months. On that basis, we want to work with the committee, the Scottish Environment Protection Agency, Scottish Natural Heritage and Marine Scotland, in particular, to develop a programme to farm fish in the most appropriate and health-enhancing way.

If we can do that, we believe that we can get to an aspirational target. We put out a figure of 300,000 tonnes because we were part of the Scotland food and drink programme. We have had a very successful 10 years for the food and drink industry in Scotland, in which we doubled turnover from £7 billion to £14.5 billion. Let us reach for the sky and go to £30 billion in 2030. We account for the largest part of the food part of that figure, so there is a responsibility on us to deliver. We are trying to do that, but we can only do it sustainably so, at this juncture, it is an aspirational figure. We want to work with all the regulators to get there.

**Richard Lyle:** Ben Hadfield mentioned that we have to work together with all sections of the salmon industry—wild and farmed—in order to double production, which is something that I have been pressing for.

Should the Government give producers a chance to move their farms to another part of Scotland and double their production—for example, in circumstances in which a river has been affected? It is no use looking back; we have to look to the future. Basically, I am asking what we can do to resolve the problems of producers of farmed fish, people in the wild salmon sector and those who manage rivers.

**The Convener:** We will be coming to that question slightly later. I would be happy for Ben Hadfield to give a brief answer now, after which I will bring in Stewart Graham on the previous question.

**Ben Hadfield:** Mr Lyle made a great observation. We can touch on the issue in more depth, but that situation exists. Ultimately, by working together, the progressives on the wild fish side and the farmed side will create more solutions in future. If we have tensions, heat and argument, that will not work. We can discuss that in greater detail.

**Stewart Graham:** I would like to answer Richard Lyle's question, which was, "Why have we flatlined?" I, together with another, originated the strategy to which he referred that sets out a doubling of the value of the industry. That is a nominal target. We should not get hung up on a figure of so many hundreds of thousands of tonnes. We are looking to double the value of the industry by 2030. I ask members to remember my comment about how much overall value to the economy there is in the supply chain. That is very important. We can do lots in the way of adding value to a smaller tonnage. Our focus is on value.

In answer to the question, when we were developing the growth strategy, the biological challenge was recognised then, as it is now, as the number 1 constraint. The industry wholly recognises the biological challenge. The number 2 challenge was the complexity of the regulatory and consenting environment. Nobody is arguing for a less robust approach, but a more streamlined way of doing things would release the growth, as would those of us in the industry coming together to recognise and overcome the biological challenge. Because the whole strategy for growth is about taking a sustainable approach, none of us in the industry expects to move on until we are on top of the existing challenges.

**Grant Cumming:** I thank Richard Lyle for his comments and agree with what he said. Farmed salmon is a great product and there is a colossal

demand for it. It will benefit us all if we can grow the industry, but the most important thing is that any growth must be sustainable.

As Ben Hadfield mentioned, we have faced high water temperatures over the past few years, partly as a result of El Niño and possibly partly as a result of climate change. That has created a new environment in which we have to control fish health, which has been challenging for us. We have had real trouble in the past few years with raised mortality rates and high numbers of sea lice on one or two farms. It is important for us to get that in hand and to make the necessary changes so that we start from a good point before we begin to grow again.

In 2010, Grieg Seafood was operating on 33 sites, but we are now operating on 17. We have reduced the number of sites, increased the fallow periods and created larger management zones, which are fallowed synchronously. That means that all the fish are emptied out at the same time so that sea lice cannot reproduce on the salmon. All those things have led to a reduced tonnage in the short term—we have gone from a peak of 19,000 tonnes of harvest down to 12,000 tonnes. We now believe that we have the problems under control, we can see that we are in a much better place and we can now begin to grow.

I can give you a few facts. Our mortality rates are down by 37 per cent on the previous 12 months and the average number of adult female lice per fish is down 87 per cent from where it was a year ago. Those are good-news stories, but we had to do that before we could look at our growth potential. I agree that we might need to look at new planning applications for bigger sites that are further out in more exposed waters. As an industry, we are already doing that. The planning departments around Scotland are doing an excellent job, but there is a question about resources. They have a lot on their plates and it is difficult for them to get through everything in the timescales that they need to.

**The Convener:** Thank you for that comprehensive answer.

**Mike Rumbles:** I want to focus on your response to the Environment, Climate Change and Land Reform Committee's report, and the problems that it identified. The report said that

"further development and expansion must be ... based on resolving the environmental problems. The status quo is not an option."

This morning, we have been told that we have the very best regulation. However, that is contrary to some previous evidence that we have heard. For example, Heather Jones talked about the industry being self-regulating.

Do you recognise the environmental problems? Grant Cumming has just finished talking about that, but I would like to hear what everybody else has to say. If you agree that there are environmental problems, what do you think that you need to do to change your operations?

**The Convener:** I remind you that we will deal with specific issues such as mortality and sea lice later on. I would be grateful if you could bear that in mind when you answer the question.

**Ben Hadfield:** We recognise that there are environmental problems, and we are humble about that, as we must be when we use the environment to assimilate the waste from our activities. We try to do that in a predictable, monitored and sustainable way.

There are elements of the report that I believe go beyond evidence-based criticism. I wrote a letter to set that out and sent it to Donald Cameron and the convener of the Environment, Climate Change and Land Reform Committee. It was sent very recently, which is why I want to put that on record.

I know that we will touch on the issue of mortality later on, but I want to say that we accept that mortality levels have been too high, and I assure you that all the companies have put vast resources into dealing with the issue—figuratively speaking, they have thrown the kitchen sink at it.

With regard to sea lice, the hazard that uncontrolled or badly controlled lice present to wild fish is serious, and we take it seriously. We need more research on that issue, and we need to work collaboratively with the wild fish sector. However, we must not overexaggerate the problem to the point of making salmon farming a single issue in certain areas. I can assure you that that happens.

We think that the report is thorough and good. Obviously, it sets a clear challenge of improvement to the industry. However, as a scientist, I can assure you that there are areas in which it goes beyond the evidence that is available, and I am slightly concerned by that.

**The Convener:** Grant Cumming need not respond, as he addressed a lot of those points in his previous answer. Craig, do you want to come in?

**Craig Anderson:** The Scottish Salmon Company is involved in issues around the environment every day. We accept that we have to feel humble—that is a good word for it—with regard to the environment. We feel sad about the situation and know that we have to work up a plan with the industry, our scientists and veterinarians and the Government and its agencies to solve the issue. That is what we have been working on, through training and investment in new technology

and new ships. Three years ago, we had two ships at sea; this year we will have five, and two of those are specifically dedicated to cleaning lice. We acknowledge what has happened in the past, and we are all working collaboratively together and as individual companies to improve the situation on a day-to-day basis.

**Mike Rumbles:** The Environment, Climate Change and Land Reform Committee was very critical of the regulators. As Grant Cumming said, you need five licences, which are issued by different regulatory bodies, and there is a danger of things falling between different regulators.

The committee was critical of SEPA, in particular, as it seemed to be approaching its regulation duties in silos. As I said, other witnesses told us that they thought that the industry was self-regulating in the sense that, once a company has its permissions, it regulates itself. That is the evidence that we have received. Would you like to comment on it?

11:00

**Scott Landsburgh:** I think that the criticism of the regulators is a bit harsh. The regulators do a tough job to the best of their ability. The big change over the past 24 months has been an improvement in modelling and predictability on the discharge from marine farms. We have been doing a lot of collaborative work on that with SEPA.

The new DEPOMOD model has now arrived. That is the model on which we base the discharge consents that we achieve. Another regulation, the depositional zone regulation, is being modified so that it can more accurately predict the benthic impact on the sea bed. That will be coupled with hydrodynamic modelling, which the companies are bringing in themselves. That will undoubtedly enhance the accuracy of the prediction of the fate of the discharge from the salmon farms. A big load of work has been done as part of that process. It has not been done in a silo; it has been done in collaboration with SEPA. There is a lot of learning going on, believe it or not. There is a lot going on behind the scenes to get to the next stage.

I am not a scientist, although the guy sitting next to me, Ben Hadfield, is, and he can tell you about the issue in more technical detail but, in my opinion, the regulators are doing a pretty good job with fairly tight resources.

**Ben Hadfield:** It is a good question, and we should not downplay the strength of the regulation here in Scotland. It is good, and it is better than what exists in many other salmon farming regions. At points, however, it can be disjointed, and there is more work to be done to bring it together to get a strategy that is more like the one that Richard Lyle suggested, whereby someone can take a

view of the whole industry and ask where we want to go.

We have a product for which there is huge demand. It has among the lowest levels of CO<sub>2</sub> emissions for mainstream protein sectors. The figure for the industry is 2.9kg of CO<sub>2</sub> for 1kg of salmon; the figure for beef is in excess of 30kg. We have a product that everybody wants, and it is good for the environment to farm it. It is very efficient. There needs to be more cultural support in Scotland for what we have and how to produce it in the best possible way.

We can then say that we want more farms, but we want better environmental key performance indicators. How do we get those two things together? We want higher farming production and a higher value for it. We want the carbon footprint to continue to go down, and we want lice levels to go down. Those are all issues that we will touch on. Those improvements need to take place. Fundamentally, we want the industry to grow, and we need to consider which are the best places for that growth. I think that there is an opportunity through consolidation of the farming areas.

**Mike Rumbles:** There is evidence that we have received that you have not addressed. There are five different regulators. The evidence is that, once you have been through the process of getting your licences and you are up and running, you are largely self-regulating. Would you agree with that statement, or not?

**Ben Hadfield:** I would agree with that statement in that all the companies are highly professional and responsible, and they utilise the environment to sustainably reprocess the waste. If a company is cavalier with that, it will be punished the quickest and the hardest. The regulation sets out what companies can do in terms of discharge, pen size and nets, and where they can operate. The regulation is structured.

Things have improved in the past two years, but there is not a holistic, overarching strategy in Scotland for how the industry should move further forward. Perhaps Stewart Graham is best placed to talk about that. The industry leadership group and the Government's activity to spearhead that and to tick all the boxes as we grow the business represent a good starting point.

**John Finnie:** Good morning, panel, and thank you for your submissions. This subject has partly been touched on, but I want to go a bit further into the issue of mortality. We accept that there is always some mortality in livestock production. You have already answered the question that I was going to ask initially. It is clear that you are not content with the current level of fish mortality. Is there an acceptable level of, or benchmark for, fish mortality that you work to?



**The Convener:** Ben Hadfield can start the answers off, then I will bring in Grant Cumming and Craig Anderson, because I am sure that you all have slightly different views on that.

**Ben Hadfield:** Having worked in the industry in a scientific and farming capacity for 18 years, my observation is that if you farm in the seawater stage, which lasts about 18 to 20 months, and you have below 5 per cent mortality, you can count yourself as among the best in class. We must remember that the life strategy of a salmon is to lay thousands of eggs, and very few survive.

Mortality levels have gone up, and no one is satisfied with that, so the focus and resource that have been brought to bear on the issue are intense. However, there are other industries that have higher mortality rates but are not singled out for criticism or described using words such as “unacceptable”. We agree that mortality levels are bad and need to be resourced and fixed quickly. However, the level of dairy herd replacement is about 35 per cent, and mortality in the bass and bream sector—

**John Finnie:** If I may interrupt, I will say that it is your industry that we are looking at, although comparators might be appropriate. Is there an acceptable level or target that you work towards?

**Ben Hadfield:** Fish farmers are the ones who are most financially affected when mortality is high, and we gain when mortality is low. The target that we are working towards is zero mortality in the sea. That is what all the professionals in my company aim for.

As I said, from 2008 to 2012, the Marine Harvest group, which is represented in almost all the main farming regions, had the lowest rate of mortality. Mortality has risen significantly in Ireland and Norway due to factors that I described earlier. The measures that are now starting to mature will see mortality decrease in the coming years.

**Craig Anderson:** Fish mortality is a serious issue and has been very bad for several years. Improvements have been implemented which do not involve just new technology. For example, our ships are now full of fresh water to clean the fish and help with gill disease. Five years ago, the issue was amoebic gill disease, but now we are dealing with new issues including complex gill disease and cardiovascular issues. We all employ veterinarians and have biology departments to investigate problems as quickly as possible by sampling fish every day to ensure that they are healthy, because we want zero mortality. Mortality is not good, and we want the lowest possible rate. We are doing an awful lot to improve the situation, but we will never be satisfied until we reach zero—if that is possible. Zero mortality would be great and we will carry on trying to reach it.

**The Convener:** Grant Cumming will probably echo what Craig Anderson has been saying, so I will let John Finnie ask a supplementary and then give Grant a chance to answer.

**John Finnie:** I will quote from the ECCLR Committee report:

“The overall number of deaths as result of disease, ill health and stress may be masked by the early harvesting of fish with disease or life threatening conditions.”

Is that the case and, if so, how widespread is the practice?

**Grant Cumming:** I will give you a bit of my background. I am quite new to my job of managing director, and prior to that I was in salmon farming. The subject is very close to my heart. Like any farmer, salmon farmers hate it when our stock is not healthy: welfare is our number 1 priority, just as it is in agriculture. If our fish are not healthy, we consider the possibility of harvesting them, which is sometimes a better option than treating them. If we left all the fish in the sea and never harvested them, eventually all the fish would die.

Yes—there has been early harvesting, but if we had not harvested early, mortality rates could have been higher, so I do not think that it is a bad thing to have taken action to harvest early.

**John Finnie:** Do any of the other producers want to comment on that?

**Ben Hadfield:** Early harvesting does occur. We have a legal and moral responsibility for the welfare of our stock, so if we feel that fish health is poor, the decision can be taken to harvest the fish.

**Craig Anderson:** My company also takes such decisions very seriously, and we take advice from a third-party veterinary group. If fish health has deteriorated a great deal, we will decide to harvest, but it is a serious decision that is not taken lightly.

**John Finnie:** The telling word in the quote that I read out was “masked”. What is your reaction to that? Is it all open and transparent, or is early harvesting avoiding exposure to a wider issue?

**Ben Hadfield:** I hope that you will forgive me for saying that I think that “masked” was a bad choice of word. We are very knowledgeable about the health status of our fish and the challenges that we face. It is part of our business to be at the top of our game on that.

Also, we are busy people, but I accept that communicating such information in an open and transparent way is something that we have done badly. The information is sometimes complex, but we have to explain it. The SSPO has recently published sea lice data and proposes to publish mortality data, and Marine Harvest has published that data by site since 2016. Those examples are

the direction in which the industry in our nation needs to go in order to get a proper buy-in to a culture of quality growth in the right circumstances. I hope that that is a good answer.

I do not think that the use of the word “masked” in the report was appropriate.

**Peter Chapman:** My background is in farming. You will be well aware of the saying in agricultural circles that where you have livestock, you have dead stock. It is a fact of life and, although we all try to minimise it, it will always be there.

One of the reasons for mortality having risen in the salmon industry is amoebic gill disease, and I am sure that you are all trying to tackle that as best you can. Is there a risk of AGD and other farmed-salmon diseases being transmitted to wild stocks?

**The Convener:** It looks as though Ben Hadfield, as the scientist, will answer that. The question is on disease—we will come to sea lice in a minute.

**Ben Hadfield:** You mentioned amoebic gill disease, which came into Scotland in 2011, due to waters being warmer. It is ubiquitous throughout the environment. When farmed fish go to sea, they do not have amoebic gill disease, because we take all possible steps to screen them and ensure that they are disease-free.

To go back to Mr Finnie’s point, if our fish were diseased, we might take the decision not to put them to sea: we have that level of control. However, it is an open environment, so when our fish go to sea, they can be infected by wild fish, and there is potential for those diseases to be magnified in the environment because there is a large number of fish in a given area. That needs to be understood to a greater extent and it needs to be risk managed.

We also see that it is, from a farming point of view, very difficult for disease to transfer from pen to pen, so if a disease does not jump between pens that are 20 or 30m apart, the dilution in a loch system with an area of open ocean with wild fish swimming by is much lower. We need to be humble and take the issue seriously. It needs more research and the industry needs to be transparent about the steps that it is taking to minimise the risk.

**Peter Chapman:** You are almost saying that it is the other way around—that the fish go to sea without AGD and somewhere along the line start showing signs of it, which must have come from the wider ocean.

**Ben Hadfield:** That is the case, but I speak to people in the wild fish sector quite a bit, and they regularly voice concern about farms’ potential for magnification of problems. Leaders of companies and people who work in the industry need to

accept that that is the reality and to be clear about what we are doing to minimise the risk.

11:15

**The Convener:** The wild fish are not always lurking around the pens; they are there at critical times of the year. Is there a way of minimising exposure by timing of stocking and harvesting?

**Ben Hadfield:** That has been done for quite some time. We have fallow periods in a farm during which we try to reduce to no fish, and then there will be no sea lice prior to wild smolt exodus or migration from the river. There is a good amount of work on disease being done in the companies. In areas where there are multiple companies working, they come together and agree when the area will be stocked, when it will be fallow and what will happen in the event that a company notifies a disease, so that the information can be shared and everyone can work towards finding a common solution.

Our responsibility is to be transparent, to convey information honestly and—because it is technical—in a straightforward way, and to minimise risk and hazard. I would like there to be more collaborative working with the wild fish groups to address the issues there. That is something that should be mined much harder, in my view.

**Peter Chapman:** Does Craig Anderson have anything to add to that? Are you of the same opinion?

**Craig Anderson:** I am of the same opinion. We work collectively as an industry. Marine Harvest and Scottish Sea Farms share some sea lochs. We share information and we fallow at the same time for improvement overall. We talk to our neighbours to ensure, as far as possible, that we share information. We want to continue to improve in that respect into the future, through the greater transparency that all the companies have signed up to and agreed to. We support there being more collaboration on research with the Wild Trout Trust and other associations.

**Peter Chapman:** A new farmed fish health framework is being developed by the industry in partnership with the Scottish Government. Will it be voluntary or have a statutory basis? What do you think it will achieve in health terms for the whole industry?

**Ben Hadfield:** I suppose that I should answer first, because I am co-chair of the group. Mortality, growth and biological performance are core to any salmon business and have everything to do with profitability. In this period, when we have had a tough time and things have been difficult, vast

resources have been thrown at the issue and there has been a lot of innovation.

The farmed fish health and welfare working group asked what it would look like if Government, scientists and regulators all sat down and decided what steps could be added on top of that to take things further. The discussion has been about improving transparency and communication flow, and there are workstreams relating to understanding amoebic gill disease, gill health, how sea lice move around farms and how farms are connected. That is to inform what the industry should do in partnership with Government and regulators, and what changes to regulations could be made to develop the environmental key performance indicators for salmon farming more quickly and in the right ways. I hope that that answers your question.

**Peter Chapman:** Will the framework be voluntary or will it have a statutory basis? As I understand it, you are still working the framework up, and it is likely to become more transparent. Can you comment on that?

**Ben Hadfield:** If we boil matters down, there are about 20 recommendations to improve regulation and co-working beyond what the industry is already doing. Those recommendations will need to be worked on over the next 10 years; it will take that length of time. I think that that will be very good.

The framework will be predominantly voluntary, because we all want healthier fish and better growing fish. Where something is needed that cannot be achieved voluntarily, I imagine that that would move into regulation and policy within the regulators.

**Jamie Greene:** My question is about notifications or alerts when a producer discovers a disease. In agricultural farming, strict mechanisms operate under environmental protection agencies to notify farms and put in place protocols when diseases are discovered. What statutory or mandatory procedures do you have to follow when disease is discovered on a salmon farm? Has a cultural shift taken place away from farms not wanting to say that they are the root cause of a problem or that they have a problem, to a more transparent approach being taken in letting those in the wider environment know about aquacultural problems?

**The Convener:** Who would like to respond? Ben Hadfield seems to be volunteering to answer all the difficult questions. I am mindful that we have a lot of questions to get through, so please give a short answer.

**Ben Hadfield:** I will try to be brief. We are subject to the same statutory requirement to notify diseases as agriculture; for example, we are under

a legal requirement to give notification of a positive finding of infectious salmon anaemia on a site.

As an industry, and through the farmed fish health framework working group, we are pushing for a gold standard of transparency, under which all diseases and all lice levels will be published by farm. We need to make that cultural shift, which has been difficult.

I can explain quickly why it has been difficult. We are constantly attacked because of such matters. We have matured our thinking to the point of putting all the information out there, being open about the problem and what we are doing to address it, having the debate and fostering a greater culture of managing the disease challenges.

**The Convener:** We will move on to sea lice. I would be grateful if somebody would explain the position on the publication of sea lice data, which has fundamentally changed since the ECCLR Committee reported. We have had correspondence on that. Is Scott Landsburgh comfortable with explaining that, so that we understand where the industry is going on sea lice?

**Scott Landsburgh:** I will try to do that. The SSPO has for a number of years reported average sea lice numbers for 30 areas. That information is in the public domain—the figures are published on our website quarterly. They are based on the fishery board areas to allow analysis of our sea lice performance.

We have now gone to a more granular reporting base. It has been difficult to ensure that we have absolutely accurate information; there is no point in putting information out there that has to be withdrawn and reset. I think that some members have already received a copy of the information that is on our website as of today—a sea lice report by farm site. There is a three-month lag in the information, which is because we ensure that we have the right data: the data is checked and double checked to ensure that it is accurate.

From now on, the report by farm site will be produced monthly, with a three-month lag. It will be on our website and it will be sent in advance to Marine Scotland scientists, who are also still keen to receive the area report because they think—believe it or not—that it tells them more from an analytical point of view. That is where we are with sea lice reporting.

**The Convener:** I do not want to always hold out Norway as the best model, but it is possible to click on the name of a Norwegian farm on a website and get a report on anything to do with that farm. I have a report in front of me—I will not even try to pronounce the farm's name. It refers to 0.12 female lice per fish and, on the back of the

report, I have all the details of the number of lice per fish, medicament treatments, mechanical removal of lice, the sea temperature, fish disease and escape incidents.

The report is pretty clear to me. The Scottish Parliament Information centre researchers did it for us yesterday and what they have pulled out, which seems fairly accurate, covers 16 to 22 April, which is barely two weeks behind, rather than three months. Is that where you want to be? I know that Ben Hadfield is bound to agree, because his company probably owns those farms. Is that good practice, Scott Landsburgh, and would you like to see it go to that level?

**Scott Landsburgh:** Much of the information that you describe is in the public domain.

**The Convener:** On a farm-by-farm basis?

**Scott Landsburgh:** You can look at information on a farm-by-farm basis.

**The Convener:** Is it a one-click stop?

**Scott Landsburgh:** Much of it is there on Scotland's Aquaculture website and in the SEPA report on compliance assessment scheme data. However, I take your point that it would be a good step for data on performance to be nearer to real time. However, it requires a lot of resource to do that. Let us go one step at a time. We took a very considered step to get to where we are on reporting. There is no doubt that we will keep enhancing that.

**The Convener:** Ben Hadfield, you are obviously going to tell me that it is excellent—although I will not say that it is definitely a Marine Harvest farm.

**Ben Hadfield:** I am very impressed that you have managed to get that information off the website, convener, because it has a nasty habit of showing that it is available in English and then reverting to Norwegian.

**The Convener:** It is definitely in English.

**Ben Hadfield:** It is a good website. That is where we would like to get to and the steps that we have taken recently reflect that. It is an area in which Norway is better than Scotland—although having lived and worked in Norway for some years, I can assure you that there are many areas in which Scotland is better than Norway.

Norway's culture is also more supportive of marine farming and using the sea. That approach to the sea, from access to fishing to fish farms, is ingrained in Norwegian culture. What we would not want is to have similarly full disclosure but continued criticism that goes beyond the evidence—there is quite a lot of that in Scotland. The ideal would be for the industry to move forward and mirror the Norwegian level of granularity in its publications, and for us all to

come together to create a solution-focused culture in which we can develop the industry in a sustainable way. I strongly advocate that that is the right way to go.

**The Convener:** I will park that there, because there is a series of questions that lead on from that.

**Colin Smyth:** I will follow on from the questions on the publication of data on sea lice and mortality. Would you have any objections to making it compulsory to publish that data for all salmon farms in Scotland?

**Stewart Graham:** I have a small point to contribute that may be more difficult for producers to make because it might appear defensive. Ben Hadfield touched on the subject of Norway having a much more pragmatic valuation of the use of the marine environment. The risk of right up-to-date, full disclosure of data is that there will be malicious attacks on a commercial basis and personal attacks on the back of the data. We need to be aware of that risk in making decisions about what we disclose and, in particular, when.

**Grant Cumming:** In an ideal world it would be voluntary. However, if there was a feeling that the voluntary information was not suitable and MSPs decided that regulation was the way to go, that would be okay.

**The Convener:** Colin Smyth has a series of questions to feed in and perhaps everyone can get a chance to answer.

**Colin Smyth:** There are a number of questions about regulation and so on. We have touched on the impact that sea lice in farmed fish have on wild fish. I am keen to know the extent to which that issue is taken into account by the work that you do in planning your farms. Is that a key issue for you or is it someone else's priority, and if so, whose priority is it?

**Ben Hadfield:** It is a key issue that we take very seriously. The primary action that we take is to minimise any discharge of farm-derived lice during the sensitive period for wild smolts, when they are exiting sea lochs. Our policy is for expansion in areas that are away from rivers. It has been predominantly in the Western Isles and the small isles, such as Barra, Muck and Rum, where there are no concentrations of wild fish. The issue is high up there.

11:30

**Stewart Stevenson:** I read a book by Martin Jaffa on the wild sea trout, which is a different salmonid but essentially in the same territory. He draws research from all over the place but does not do it himself.

He particularly refers to Loch Carron, where there are three rivers and a farm. The river that is adjacent to the farm has seen no reduction in the number of sea trout, while those that are more distant from the farm have. Jaffa posits, but does not conclude, that there is quite a wide variety of interactions between the wild sea trout and the environment—reduced salinity, warmer waters and lice. Is that evidence something that you associate with? Lice are a problem, but the future health of wild salmonid populations ain't just about lice.

**The Convener:** I will bring in Grant Cumming. If you think that there is a difference between salmon and sea trout and the effects of lice on either, it would help the committee if you mentioned it.

**Grant Cumming:** There is a difference. I am not an expert in the field but my understanding is that salmon run out of the rivers and go to the deep sea, so although they have to pass the salmon farms they are not necessarily near them for a long time. Sea trout live much more locally and might come into contact with sea farms more regularly.

There is no question but that there is a huge number of issues facing our wild salmon populations, not just in the UK but right across Europe. Sea lice is one of those problems and there is no question but that sea lice are bad for farmed fish and wild fish. The industry has to do everything that it can to make sure that our sea lice numbers are at a minimum.

It is important to note that salmonids are struggling in areas in which there are no farmed salmon, particularly in the southern regions. In England, Wales and France, for example, salmonid populations are suffering much worse than they are in Scotland and Norway, which obviously have much more in the way of sea farming.

That is not to say that there is not a connection between mortalities in sea trout and farmed salmon. There might well be, and we need to do everything that we can to bring that down. However, it is clearly not the only thing that is at play.

**Ben Hadfield:** As a company, and increasingly as an industry, we start with the view that excessive levels of farm-derived lice retained within a sea loch or any contained water body pose a hazard to wild fish. It could put additional strains on them. Salmon and sea trout are different. Sea trout smolts are generally larger, but they spend more time in coastal waters, so their exposure to that hazard will be different.

I suggest that the way forward for the industry is a gold standard of transparency and then to

minimise lice levels and the farming presence in sensitive areas over time. We need to grow in areas that are away from migratory fish systems.

In Scotland, we suffer from a continual overstatement of the effect that farm-derived lice have on wild fish and it is important not to overreact to that. Salmon and sea trout are under pressure because of climatic factors, higher levels of predation, and many other things. I do not believe that it is correct to say that the primary impact on the west coast is coming from salmon aquaculture. However, we are using a shared space and having the environment assimilate our waste, and especially between 2013 and 2015, there was a higher burden of sea lice on some farms. It is incumbent on the industry to address that problem—to work with the wild fish, minimise the hazard and try to research the scale of the effect—but it is very important not to overstate it.

**Colin Smyth:** If it is not as big an issue as some people suggest, what is the driver for the action that is being taken by the industry? Is the industry doing enough to tackle the problem of sea lice? To what extent has the practice been impacted by Marine Scotland's new sea lice regulations, and what further regulation is needed to drive that work forward?

**Craig Anderson:** The SSC has invested heavily in research and training and in new ships to better understand exactly what is happening with sea lice—how to clean the fish and keep them healthy with minimum handling, because every time a fish is handled it can be affected. Of course, when we are cleaning we work in farm management areas, and having larger cages in specific areas helps as well—proper planning is needed. We are looking into that, as an industry and as a company.

As I said earlier, it is not a matter of spending money. We spend an awful lot of money now—it is well spent and for the future—but we want to go further and better understand the situation and to clean the fish. Lice are a worldwide phenomenon at the moment. They have been around for thousands of years and we are only now on that learning curve. As a company and as an industry, we are going through a progression of improvements that we do not want to stop.

**Stewart Graham:** The question was about the effect of sea lice on wild fish. I am not a scientist, but I have been closely involved in this industry and the fishing industry for 35 years. For years, we had very strong and aggressive commercial salmon fisheries in waters around Scotland and Northern Ireland; we have recorded ducks, for example, taking large numbers of the smolts that were coming downstream and returning to sea; we have exploding seal populations in various areas around the country; we have climate change; and there is huge growth in pelagic stocks that feed off

similar food supplies to those of the salmon in the sea. My point is that there are many other things that may be contributing to the reduction in wild fish numbers over long periods of time. We need some science around that, and to study all of those causes on an equal basis.

**Ben Hadfield:** I recognise all the things that Stewart Graham said about the pressures on wild fish, but our responsibility as a major industry in Scotland that could cause hazard to wild fish is to minimise that hazard and communicate how we do that. The production plan reflects the needs of the farmed fish but also any potential hazards on wild fish. We have a lice management plan, which has moved from a more medicinal strategy to a holistic strategy that includes biological controls with cleaner fish, fresh water treatments, and in some cases shorter cycles with larger smolts. That is geared towards lice minimisation.

The hazard exists and is present in how fish farm operations are managed. I would like to see the situation develop further by being definitive about the level of impact on wild fish. That takes a lot of energy and research, and, in my view, the industry should take part in that and support it both technically and financially. It would be good to end up in a situation in which salmon aquaculture provides more of the solution than the hazard. Salmon is an iconic species for Scotland, both farmed and wild, and we have a duty to work with the wild sector to make sure that it is as healthy as possible. We need more projects on things such as habitat enhancement and restoration.

**Colin Smyth:** We have heard some interesting points on the need for research and on the collaborative work that is being done. Is there any need for changes to the way in which the tackling of sea lice is regulated? We touched on regulation earlier and it was suggested that there should be some changes.

**The Convener:** I am mindful of the time. I am happy to let one person come in.

**Grant Cumming:** One area that would be interesting to explore is integrated pest management. That has pushed our sea lice figures down over the past year. We have used a number of factors, rather than relying too much on medicines. Medicine usage has gone down, and a number of alternative methods of reducing settlement and of dealing with sea lice once they are on the fish have been used. We have made a lot of progress.

Perhaps it would be useful to consider how we integrate pest management into the regulations. It is important, however, that it does not become too hard and fast. It would be easy to say that people must do X, Y and Z but, as time moves on, A, B and C may prove to be better options. It is perhaps

not a bad idea to consider regulations on integrated pest management.

**The Convener:** I have a further quick question before we move on from that. I think that I am right in saying that Norway has lower targets for female lice limits per fish before treatment, compared with Scotland. Is that right? Do you think that Norway's levels are an aspiration that we should seek to achieve? You can just answer yes or no if you like.

**Ben Hadfield:** Yes. I think that we should seek to achieve those levels. Norway is colder, however. It is harder to control lice in Scotland, and it is harder to control lice in Ireland than it is in Scotland. The targets are very arbitrary, but people get fixated with them. A target that is acceptable for one water body is not acceptable for another. More collaborative research is required between the parties.

**The Convener:** That was not quite a yes or no answer. Grant, I am really sorry—I think that Ben has given quite a good answer for all of you. Richard Lyle has the next question, and I would like to push on with that.

**Richard Lyle:** On the capture and beneficial use of waste, Ben, you wrote to Graeme Dey regarding the Environment, Climate Change and Land Reform Committee report. I am a member of that committee. You wrote:

“The National Trust for Scotland (NTS), quite properly, was asked to give evidence to both the ECCLR and REC hearings. We felt, however, that some of their evidence did not engender fair comparisons or contextualised criticism.

For instance, the comparison made in the most recent REC hearings by the NTS between human sewage and the discharge from farmed salmon is misplaced.”

Why is it “misplaced”? Is it not correct that

“the volume of waste (and untreated waste) discharged from fish farms into the marine environment is half the volume of human (treated) effluent of Scotland”,

which is something that I find quite disturbing?

**Ben Hadfield:** Well—

**The Convener:** Would you like to come in on that, Ben?

**Ben Hadfield:** Yes, Sorry, convener.

**Richard Lyle:** He wrote the letter.

**Ben Hadfield:** I should try to be a bit more patient—people tell me that frequently.

Yes—I wrote that letter. What frustrated me was that the comparison was between apples and pears. A body such as the NTS should do a bit better, in my view.

First, sewage is treated because it contains faecal coliforms, which are harmful to humans. Fish are ectothermic—they are cold-water

species—and they do not contain faecal coliforms. Secondly, when people make a comparison with a sewage equivalent, they often refer to phosphorus. That is an issue when there is a discharge into a freshwater environment, because of eutrophication. That is not an issue, generally, for a discharge into a marine environment.

In summary, what we do in Scotland goes through regulation with SEPA very thoroughly and scientifically. We balance the discharge of waste from the farm relative to the assimilative capacity of the water column and the sea bed beneath it so that, over time, it is reprocessed and is sustainable.

Coming out with what, in my view, are sensational headlines is a thing of the past, I would argue. There is something about the culture, as we have discussed. We would not hear so much about such things in Norway. People there accept that if the marine environment is used to reprocess waste and it is managed in a good way, that is a good thing. That is what happens in agriculture, and they also have that view about the sea. That is my view—I hope that that is acceptable.

**Richard Lyle:** What work are you doing to capture and use the waste, and to reduce its environmental impact—or is there no impact, as you contend?

11:45

**The Convener:** For balance, I am keen to bring in other producers on that. I am sorry, Ben—I am not trying to shut you out.

**Grant Cumming:** We are certainly looking at that. Technically, it is quite tricky to do, but we are interested in the removal of waste. What limits the sustainable size of a fish farm just now is the environment's ability to assimilate waste. If we can remove waste, we can increase the environment's potential to hold more salmon, which allows us to hit those markets.

It is technically difficult, expensive and energy intensive, but it is not impossible. We have been looking at it recently for sea sites. We are not yet able to make it work commercially but, as time moves on, that might well change. If we can recover the waste, we could not just reduce the impact on the environment and possibly produce more salmon, but have a potential energy source, too. It could be used in anaerobic digestion to produce biogases. We are very interested in that area and we will continue to monitor it.

**Craig Anderson:** The industry should work with the Scottish aquaculture innovation centre to look into that with collaborative research and financial input. For the first time, some serious effort should

be put into it to get it started. It is an area in which we, as an industry, could make a positive move.

**Richard Lyle:** I want to ask a quick question, then I will let others in. It was reported that share prices in salmon companies fell slightly due to Norway, which both licenses and sells sites, considering raising site taxes. I cannot pass up asking you, for the record, what taxes you pay in Norway and in the UK? You might want to send us that information if you do not have it.

**The Convener:** Ben, are you in a position to answer that? You might not be, but you are probably the only witness who could be.

**Ben Hadfield:** I can answer that reasonably well, I hope. We pay corporation tax in the UK and Marine Harvest Norway pays corporation tax on its profits in Norway. When you buy a licence to operate a farm in Norway, it is purchased from the state. When you gain a licence to farm in Scotland, you pay a rental over time to the Crown Estate that is based on the tonnage that is taken from the site. As in Scotland, there is a community gain in Norway, where small payments are paid into community funds.

**Richard Lyle:** Am I right that Norway makes more money from salmon farming than Scotland does?

**Ben Hadfield:** No, that is not correct.

**Gail Ross:** I want to talk about seals. By 2022, there is a chance that we will not be able to export to the US, because it is thinking about banning products from fish farms that continue to shoot seals. What are you doing to get shootings down to zero? Do you use acoustic deterrent devices? If not, why not? Are there any other emerging technologies to reduce predation by seals?

**The Convener:** Witnesses are queueing up to answer.

**Grant Cumming:** We have been working very hard to reduce our impact on seals. Since 2011, when the licensing process came in, we have reduced the number of seals that we shoot by 80 per cent, and we are well on our way to reducing that to zero. We were well on our way with that before the news from the US, but that just adds urgency. We need to reduce the number of seals that we shoot to zero, not just because it allows us access to the US market, but because it is the right thing to do.

Back in 2011, Grieg Seafood did not have a good record on that. We shot 23 seals on one farm, which was not acceptable. Since then, we have worked hard to find alternative ways to control the issue. Since January 2015, we have had to shoot one seal, which is still one too many, in my opinion, but we are working down to zero. I think that it is the same for the whole industry.

On ways to stop seal and salmon interactions, we have invested a lot in physical barriers. There are a lot of different kinds of netting to try and prevent the seals from getting at our salmon. That is our first choice of barrier. We use some acoustic deterrents where we find that necessary, but that is the next step down. We do not want to do that. There is potential for acoustic deterrents to interfere with other marine mammals, so we want to minimise their use as much as possible, but they are probably preferable to having to shoot a seal.

**Craig Anderson:** The Scottish Salmon Company aims to get down to zero, and we have gradually been deploying marksmen less and less. Acoustic deterrents are important and effective, and we use them on most of the sites where we have seals, predominantly in the north-west, the Outer Hebrides and Inner Hebrides, where in the past two years more and more grey seals and common seals have been appearing, sometimes in their thousands. We have third-generation families working for us and they have never seen so many seals in the Outer Hebrides as we get today. It is an issue.

Despatching a marksman is our last resort and is taken very seriously. We use acoustic deterrents, stronger nets, double netting sometimes, and other methods. We need more research into what else we can do to deter the seals from coming, because we have to protect our livestock.

**The Convener:** I suppose the difficulty is how to resolve the situation once a seal gets into the net.

**Stewart Graham:** As a producer of acoustic deterrents, I think that that is an excellent question. I ought to declare an interest.

**Ben Hadfield:** The short answer is that we do not want to have it as an issue. It is negative and embarrassing and is not something that the industry is proud of, but we have a legal requirement to protect our stock as well, so there is a rock-and-a-hard-place element to the issue. The levels have come down enormously and there has been a reduction of about 80 per cent. The way we manage the population is good now. There is a quota system so that we are not reducing too much from any specific area, and the number of seals shot by the industry last year was something like 0.03 per cent of the population, which is very low.

Context is important. In 2017, the capture fisheries sector recorded that 610 seals were killed, compared with the 48 that were killed by the aquaculture industry. Although the industry battles and works hard to reduce its levels to zero, it is important not to beat up the farmed industry too much when it is also an issue for other sectors.

**Gail Ross:** Craig Anderson talked about R and D and how technology is moving on. Will that research be shared across the sector?

**Craig Anderson:** Yes. We talk to the different companies through the Scottish aquaculture innovation centre and information is shared across the sector.

**Peter Chapman:** I want to redress the balance a wee bit. As I have already said, my background is in farming. To suggest to a farmer that he could not shoot a fox would go down very badly indeed, but you guys are very focused on not shooting seals, which are far from being an endangered species, as there are thousands of them out there. I just wonder whether we have got a bit too hooked up on not shooting any seals at all, given that the same principle would go down badly if it was transferred into farming so that a farmer could not shoot a fox. Will you comment on that?

**Grant Cumming:** I can understand that. The level of shooting that we have today is not an ecological problem, but it is a reputational risk problem for us. Seals are an iconic species. People come to Scotland to see the seals, and in some ways it is nice that there are so many for them to see, but I think that the industry needs to get down to zero.

**The Convener:** Let us leave that there and move on to Kate Forbes's questions.

**Kate Forbes:** I would like to ask about the aquaculture industry leadership group, which I believe Stewart Graham co-chairs. My understanding is that the main purpose of the group is to drive the development and delivery of the aquaculture 2030 industry strategy. What is the status of the group and how is it held to account? Is membership of the group voluntary? What kind of accountability do you think that it should have, and to whom?

**Stewart Graham:** The leadership group is an industry leadership group so the important point is that the industry has taken the lead. It is a very collaborative group. Dennis Overton, the chairman of Aquascot, and I are the formative co-chairs of the vision 2030 group, and we took the initiative without any authority to invite stakeholders to a working group to formulate the strategy.

This is quite a small industry so we took some soundings and from that, we assembled what we thought was a representative group of public and private stakeholders to produce the strategy. After producing the strategy, using a database of industry contacts, we held an elective process—entirely voluntary—to elect members of the industry leadership group. We have light-touch and self-imposed governance. I co-chair the group with the managing director of Scottish Sea Farms, and we have two-year overlapping terms. We are



not held to account other than by all the stakeholders. We are transparent and put meetings and minutes on to websites and so on.

**Kate Forbes:** There has been a lot of talk—and we heard it again last week—about partnership and collaboration with regulators, the Government and others in the hope that that might drive change and support the industry. Would the leadership be the group through which that could be done? Is there a role for the leadership group to take a greater strategic oversight of the industry?

**Stewart Graham:** The group is run with no dedicated financial or administrative resources. We all come to the table with the ability to take a work package on. It is the right place for strategic leadership of the industry and that is what we seek to provide. We have just had a review after one year of the group's existence and we feel that the process is working quite well. However, we have had a large number of public sector and government stakeholders around the table and the power of that collaboration has been remarkable. How quickly we were able to get things moving in the right direction was something to behold. It is an interesting model and, although we are only one year in, we feel that it has worked well.

**Kate Forbes:** You talk about getting other stakeholders around the table. There is also a lot of talk about reputational risk for the industry. What does the industry, through the group, want from the Government and regulators in order to be able to demonstrate that it is concerned with meeting relevant environmental standards, in light of the desire to grow in a sustainable way? Does that question make sense? It was a bit waffly.

**Stewart Graham:** All the right stakeholders that can hold the industry to account for delivering the strategy are around the table. The strategy is premised on sustainable growth and an understanding that biology is the number 1 challenge. The group feels about right and I think that we are making good progress. It is the right forum. If we felt that more people could add value, we could look at that. There is general guidance that industry leadership groups should have about 12 members as an optimum, and we are there or thereabouts. It feels to me as though it is working well.

**John Mason:** We have already covered quite a lot of ground on regulation. You might know that we were visiting in Lochaber on Monday. Somebody there told us that they feel that the regulatory system has become less predictable and that, whereas it used to be fairly clear that, if you did certain things, planning and everything else would be approved, now, despite having done what it thought it ought to do, the industry is going into meetings without knowing what the outcome

will be. It would very much depend on which councillors turned up. We were given an example of one meeting in Lochaber at which the four local councillors turned up and opposed the application, but six outsider councillors turned up and supported it, overruling the local councillors. Have things become less predictable over time in that respect, or are there problems with that?

12:00

**Stewart Graham:** There is probably not an issue with regulation per se; the issue is more one of local democracy. Nobody in the AILG would advocate not having local democracy. Cases involving different views from different councillors on any particular committee are simply a function of a democracy—it is a good thing. It is up to us in the industry to inform councillors when decisions are to be made.

**Grant Cumming:** I echo what Stewart Graham has said. There is now a pre-application process for planning; then we have screening and scoping; and then there is the full planning application. That gives the industry a pretty good steer on whether an application is worth pursuing. There will always be some slightly subjective areas, as much as we try to make everything objective and scientifically based, and there is always a risk that a decision will go a different way from what we had imagined, but that is part of the game. That allows for local democracy, which is not a bad thing.

**The Convener:** I have a question that we have shied away from—or rather, I encouraged everyone to shy away from it, because I was hoping that I might get a chance to ask it at the end. It has become evident to me during this inquiry how much the industry has moved from where it was at the start. The industry has developed a different knowledge base.

On our visit to Lochaber earlier this week, there appeared to be agreement that some farms were located in areas where today it would perhaps be thought inappropriate to site them. I have also heard during our evidence session that farms are limited by the mass of fish that they can hold. That was echoed by the evidence that we heard from the wild fish sector.

My question is a general one. As the industry has moved on—whether this is about location in relation to wild fish or other fish, or even about maerl beds, which we heard about at the ECCLR Committee—is there scope for it to consider repositioning farms in less environmentally sensitive areas? Would part of that process be to combine or increase the size of farms in some locations so as to allow other farms to be removed from the industry elsewhere?

Grant Cumming touched on that so, although it is important that all of you have a chance to answer, he can answer first.

**Grant Cumming:** The process is on-going. I mentioned earlier that, back in 2010, we were operating on 33 sites. We are now operating on 17. Most of the sites that we have chosen to shut down are relatively sheltered. The reason why we are moving away from them is that, because they are sheltered, they are less able to sustainably support a large amount of fish, they tend to be areas with worse sea lice issues, and there can be worse problems with gill health, too.

There is another thing that has changed over time. Thanks to Stewart Graham and other people in the supply industry, the equipment that is available now is much more robust than it was previously. As technology moves on, we are able to move out into more and more open waters. The movement away from inshore sites should definitely be encouraged by regulation. That would free up those sites for other water users, and we would move offshore.

The process with the Crown Estate, whereby we are essentially being charged for not using sites, is encouraging us to give up those sites. The same thing is now happening with SEPA. We are not holding on to sites that could be freed up for other purposes. A move to bigger, deeper sites would be beneficial, and it may be worth looking at how marine spatial planning can help us to identify areas that are more suitable for aquaculture and to specify where the industry should move to.

**Craig Anderson:** Our business was made up of seven small farming companies that were put together to form Lighthouse Caledonia and then the Scottish Salmon Company. Those farms were traditionally small and in isolated areas, and the costs for looking after the fish were down. Back then, we had a lot of 700 to 800-tonne sites; today, such sites are minuscule—in Norway now there are 5,000, 6,000 or 7,000-tonne sites. We have been going through a process of closing down the smaller farms and, with new applications already in place, moving them out elsewhere. An example is Greanamul in North Uist, where it is pretty stormy.

We support the proposal to relocate and will look at moving away from our smaller sites, as we have started to do.

**Ben Hadfield:** There is an opportunity here to remove some of the conflicts that exist between the various stakeholders and the industry, particularly between the wild fish sector and the industry. Any relocations should be evidence based. You cannot come to a farm and say that it should be relocated because you presume that it has an impact; evidence needs to be presented if

that farm has been operating for some time legally and in a good way.

A startling fact is that Norway produces about 1.2 million tonnes of salmon and has 250 active farms, while we produce 170,000 tonnes, give or take, and have 207 active farms. Our farms are fundamentally smaller—SEPA policy has kept the farms small. We have farms that produce 2,500 tonnes that could sustain 5,000 or 6,000 tonnes.

If there was consolidation activity to reduce the stakeholder issues while maintaining the social benefits, the value and the wealth that the industry creates in those areas, there could be an environmental gain, too. Although people have that in mind, and many of the companies and the regulators are working towards it, there is not yet a single body in Scotland that has taken hold of the issue and said that we can have a step change in the industry and take it forward.

**The Convener:** Do you want to comment, Scott? You have probably been saving yourself for this question.

**Scott Landsburgh:** I tend to agree with the comments of the other panel members. It is also important to note that part of the AILG's discussion is about how we move forward and make use of greater, more exposed sites. Richard Lyle asked earlier about the fact that we produced 160,000 tonnes in 2002 and produce 177,000 tonnes now. That is fundamentally because we have been self-regulating. I know of a company in the west of Shetland that has consent to produce 30,000 tonnes that it does not use because it considers that doing so would be too much of a biological and environmental risk. That is where we are. In order to optimise the consent that we could have, we should be moving to more appropriate sites.

**Stewart Graham:** I want to add, perhaps uncharacteristically, a note of caution in the use of words such as "offshore" and "open seas". It is perhaps not well understood but easy to say that farm should move offshore and to more open sea environments. There are issues and constraints involved, because those are harsh, hostile and dangerous environments; we must remember that people would have to work there, too.

I encourage the committee not to consider that moving offshore to bigger sites is a panacea. That must be a progressive process—although nowadays we have much more robust equipment, the process must be one of feeling and moving our way slowly forward. It is not a case of unlocking and suddenly moving everything offshore; it is a difficult and challenging environment not just for people but for the fish and their containment and the environmental challenges that can come with that.

**The Convener:** I thank, as I am sure the committee does, Scott Landsburgh, Ben Hadfield, Craig Anderson, Grant Cumming and Stewart Graham for their input. I hope that you all consider that you have had a chance to say all that you needed to.

12:09

*Meeting continued in private until 12:31.*



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