

Dear Mark,

RAINE Additional Evidence

In response to your email after I had appeared before the Committee on Aquaculture below is what I have managed to find which should answer the two additional points that were raised at the meeting which I said I would come back to you on.

Sections 1 and 2 below along with Tables 1-5 set out the reply in terms of Timing and Statutory Obligations which come from a mixture of Scottish Government and Industry in terms of what the statutory obligations are as well as numbers of applications and performance against one parameter. The response to the Norwegian method of charging is set out below that and is as up to date as I can make it.

Timing within Statutory Obligations

Section 1

The tables below set out what is expected of each body involved in the regulatory process. As you can see from Section 2 those timescales are rarely if ever met.

Table 1 Statutory Timescales

Permission/Licence	Statutory Timescale
Planning Permission	16 weeks (major developments) 8 weeks (local developments) EIA (if required) 16 weeks from the date of receipt of the environmental statement
Controlled Activities Regulations (CAR)	4 months from validation of application Up to 56 days (~2 months) are required for public consultation and are not included in this time.
Marine Licence	No Statutory timeline Non-statutory target is 14 weeks
Aquaculture Production Business (APB)	90 days (12 weeks)

Table 2 Planning

Planning permission for local fish farm developments by local authority, 2020-21 (Additionally, there was one major marine fish farm development in 2020/21 in Scotland (North Ayrshire) and it was managed within agreed timescales):

Planning Authority	Applications not subject to processing agreements					
	Freshwater Fish	Marine Finfish	Marine Shellfish	Total Number of applications	Percent Under 2 Months	Overall Average Time (weeks)
Argyll and Bute	0	4	2	6	33.3%	8.8
Highland	3	7	4	14	21.4%	18.9
Na h-Eileanan Siar ²	0	5	3	8	0.0%	17.9
Orkney Islands	0	2	1	3	0.0%	19.6
Shetland Islands	0	7	4	11	81.8%	8.4
SCOTLAND¹	3	25	14	42	33.3%	14.6

Table 3 Aquaculture Production Business authorisations

The MS Fish Health team manage APB authorisations and have provided evidence that they achieve the 90-day statutory turnaround time in the vast majority of cases. I have summarised 2021 statistics for you below. Only one of the 95 applications took more than 90 days to process. The team also note that the “clock stops” on an application where an applicant needs to provide further information (which could have been the case in the single outlier, though we don’t have that information).

2021	Total number of applications	Min. no of days	Max. no of days	Average no. of days completed	% within 90 days
New sites	12	4	15	9	100
New authorisation	7	5	22	13	100
Site details change	42	1	39	10	100
Authorised business details change	15	0	140	26	93
Site transfer between businesses	19	0	52	22	100
Total	95			15	99

Section 2

Planning and Consenting Performance Analysis 09/06/2022

Below is a breakdown of the timeframes currently being experienced in the planning system and an evaluation of the process currently being used to consent fish farms in Scotland. This data comes from industry who have been collecting and collating these numbers for some time now.

Since 2018, on average a salmon farm application in Scotland has waited **607 days in total, which is 257 days over the statutory deadline of 350** (with the removal of “stop the clock” days).

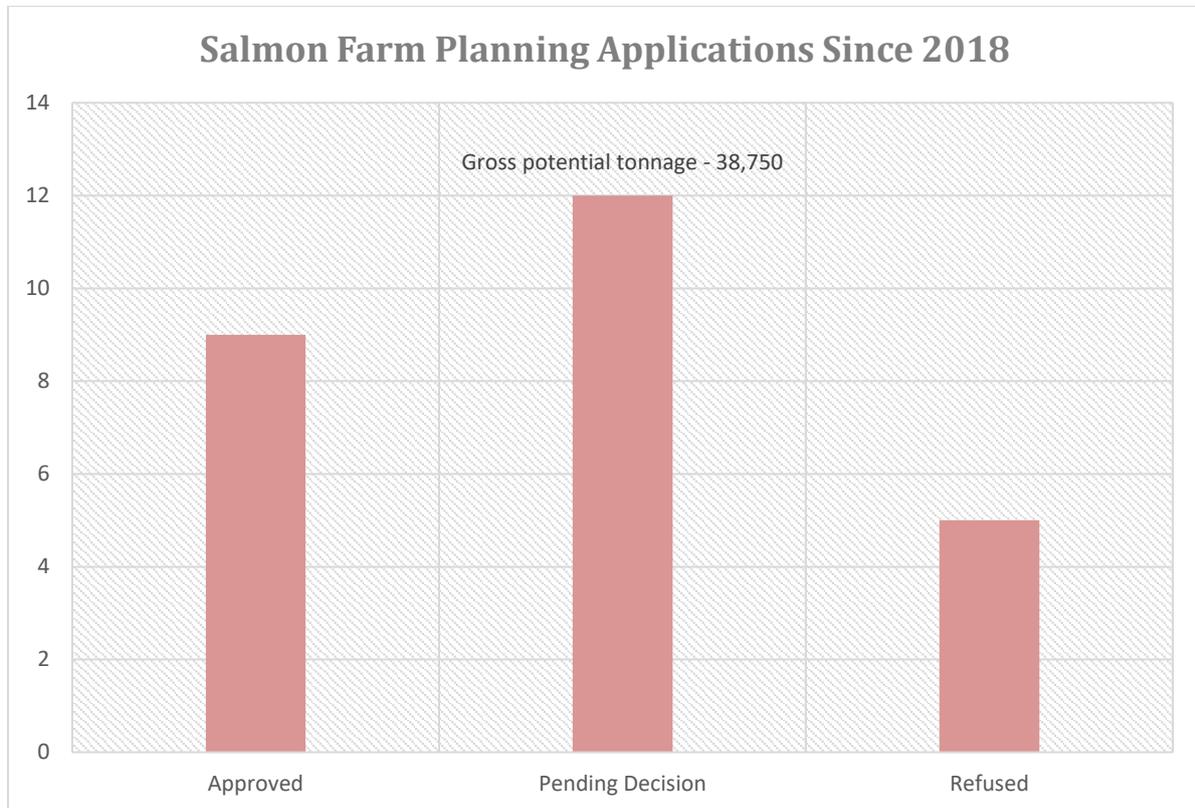
The worst example in the past 3 years being Chambers Hope application from Cooke which took **761** to be fully consented.

Table 4 Actual performance

	Average No. of Days for Decision	Statutory deadline for Decision	% Of applications over deadline	% Of applications over by >150 days
SEPA CAR License	232	112	75%	33%
Marine Scotland License	203	98	88%	58%
Planning Application	172	140	71%	18%
Total Average	607	350		

Table 5

Average number of days for decision is taken from the submission of application for CAR and MS-Lot to the decision date (Minus stop the clock days for CAR License) and from the validation of a planning application to the decision date (Minus the stop the clock days).



Axis is actual number of applications.

References:

[Shetland Islands Council Coastal Development Planning](#)

[Orkney Islands Council Marine Planning](#)

[Western Isles Council](#)

[Argyll & Bute Council](#)

[Highland Council](#)

SEPA and Marine Scotland Licenses – Internal developer info

Norwegian Funding Model

The Norwegian funding model is split across two levels: Charges that are generated at a company-level, focused on overall production and total allowable biomass companies can place in the water; and charges at a site-level to regulators to cover the administrative costs of gaining a permit and environmental monitoring at a specific location. These are described in more detail below. Figure X shows a diagram of Norwegian funding model that applies from 2021/22 onwards.

1) The Auctioning of Company Biomass Permits

The total allowable growth of the Norwegian fish farming industry is set at a national level, and companies must purchase biomass permits through auction as a first step to setting up a fish farm. The growth of the industry overall is set to a maximum of 6% per year (understood to be a restriction to protect industry from boom-bust cycles) and further restricted regionally by the a Sea-Lice traffic-light based zoning system Norway has. This will only allow growth in areas where sea-lice levels have been sufficiently controlled, and in areas where sea-lice have reached a specific threshold biomass level may also need to be reduced. This national/regional restriction on growth, combined with a large number of companies competing for space, creates a high demand for biomass generating significant revenue. Biomass auctions were introduced in 2018 and have generated significant revenues, with permits sold at around £19,000 per tonne on average, with an overall revenue nationally of ~£250-500 million that is shared between the state, and through the Aquaculture Fund with regional councils and local municipalities. This is an upfront cost payable for new biomass only. Companies that have purchased biomass permits can then allocate these to a specific site, which further requires locational permits, tied to a specific location, that invite further charges (see 3) and 4)). Companies are also able to buy and sell these permits as intangible assets and they can be used anywhere as long as they remain within the regional bounds set by the traffic-light system.

2) Production Tax

From this year (2022) Norway has also introduced a tax on production, set at a rate of NOK 0.40 (3.3pence) per kg of fish produced that will supplement the fees raised through auction of new consents. The tax is expected to raise NOK £500m annually and will also be distributed to local councils and municipalities through the Aquaculture Fund.

3) MTB permits – Processing Fee

Where farms apply for a locational permit for a specific site, an administrative fee is charged for processing aquaculture applications, set at 24000 NOK (~£2000) per biomass permit of ~780 tonnes. Usually around 3-6 permits are required for a single farm (payments of ~£6-12k per site).

4) Control and Supervision Tax

Each site will also be expected to pay a 'control and supervision tax' that covers costs of government inspections. This depends on the biomass and type of site as comes to roughly 20-40,000 NOK (£1600-3300) per site per year. In addition, companies are expected to pay for the costs of analyses of the seabed etc. that are required for environmental monitoring.

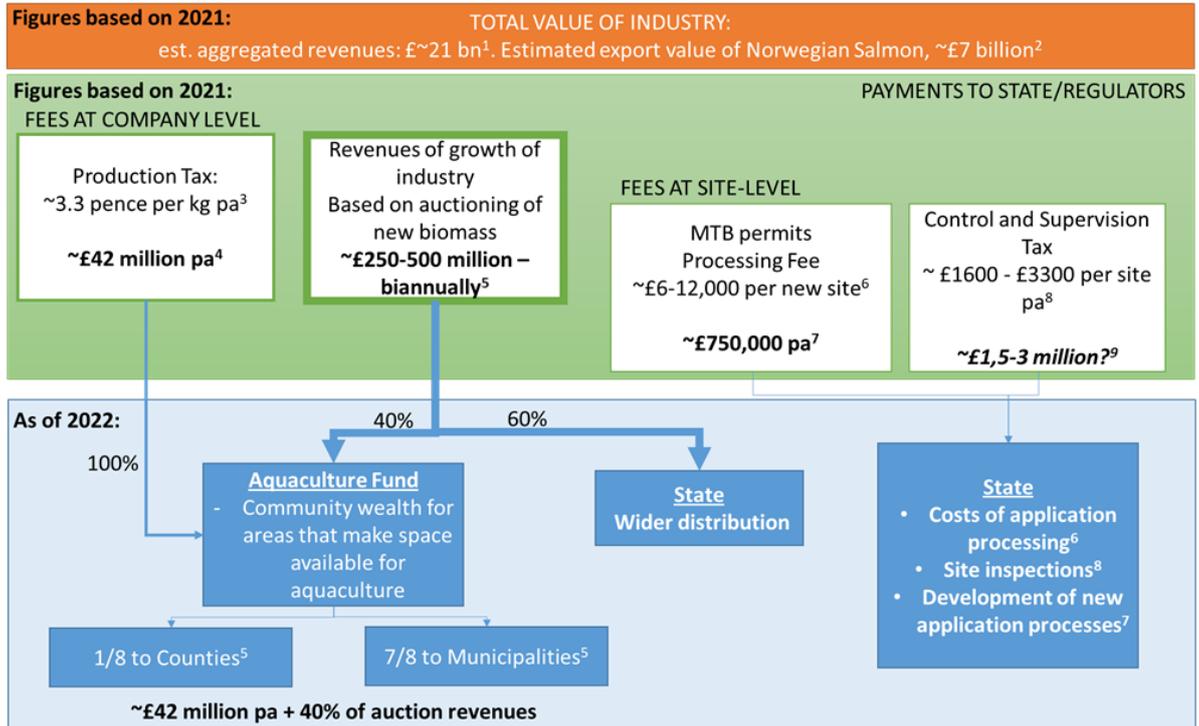
5. Distribution of Funds

The funds raised through auction fees are shared between the state treasury for national spending and The Aquaculture Fund, a fund set up in 2016 to ensure money reaches those communities that have made space available for aquaculture. Until this year, 80% of auction revenues were sent to the aquaculture fund, and 20% to the treasury, but from 2022 the split will be 40% to the fund and 60% to the state, with the new production tax income substituting for some of the lost income of the Aquaculture Fund.

The Aquaculture Fund is allocated according to the total biomass made available by each area, with 1/8 of the fund allocated to larger regional councils, and 7/8 to smaller municipalities.

Locational MTB permits fees are processing payments that are paid to the state (fisheries directorate) to cover the 'One-stop-shop' co-ordination of consents, and to contribute to resource and spending requirements of the regulators involved in providing permissions. The Directorate website also notes that income from these fees will be used to update the licensing process to create a new digital platform for applications. Control and Supervision tax is also charged by the fisheries directorate to cover costs of inspections and administrative costs.

Norwegian aquaculture financing – GBP conversion based on 1NOK = 0.083 Pound sterling



References:

- 1: Norwegian [Aquaculture Analysis 2021](#), p.7
- 2: [Norway: export value of salmon 2021 | Statista](#)
- 3: CES aquaculture review report 2022, p.57 ([crownstatescotland.com](#)) ; [Tax on fish production - The Norwegian Tax Administration \(skatteetaten.no\)](#)
- 4: [Aquaculture Fund \(fiskeridir.no\)](#)
- 5: Auction revenues of 2018: ~3bn, and 2020: ~6bn: [Auction of production capacity \(fiskeridir.no\)](#)
- 6: Based on assumption that one site will require 3-6 MBT licences, licence costs from: [Aquaculture applications - case processing fees \(fiskeridir.no\)](#)
- 7: [New application portal for permits for farming \(fiskeridir.no\)](#)
- 8: [Aquaculture - annual fee for supervision and control \(fiskeridir.no\)](#) ; Details of fees and regulations: [Forskrift om gebyr og avgift i forbindelse med akvakulturvirksomhet – Lovdata](#)
- 9: **NB Estimated by calculation based on the number of active sites (1069) and range of payments for supervision and control.

I trust the above answers the questions that you asked me to respond on but I am happy to supply more information should that be necessary.

Yours sincerely



Russel Griggs OBE