RURAL ECONOMY AND CONNECTIVITY COMMITTEE

SALMON FARMING IN SCOTLAND

SUBMISSION FROM MICHAEL WIGAN

Whilst it is often stated that salmon farming is of great economic importance to Scotland no-one has come up with detailed evidence that this is so. The Inquiry’s 18th April meeting of the RECC makes it clear that no-one can back up this assertion with figures. The gross annual wholesale value of salmon production is not the same as the basis for receipts to Revenue Scotland.

The majority of the salmon farm industry is located in Bergen, Norway. Companies are mostly listed on the Oslo stock exchange. They are not UK-listed. As it happens the majority of shareholders are not Norwegian.

To consider the economic facts:

The corporation tax receipts, the largest figure, go to HMRC not directly to Scotland. What this figure amounts to is the subject presently of an FOI enquiry. At time of writing no figure is known.

The PAYE and NI receipts from employment generated by the industry also go to HMRC.

Direct payments to Scotland’s economy amount to:

Compulsory pension contributions by salmon farm workers, assuming such schemes are in place.

Tax on the workforce wages. There are approximately 2,000 workers. Processing workers are mostly East European and their wages are unknown. However, in the Highlands salmon farm workers are not known for being highly-paid. Income tax payments may be small.

As far as can be ascertained, there is no training undertaken by these workers as is normal for other food-production workers, eg certifications in the use of herbicides, chemicals, rodenticides etc. So there is no revenue from Scotland’s accreditation courses.

There are small amounts of tax under Land and Buildings Transaction Tax (LBTT) and the Scottish Landfill Tax (SLfT), although the disposal of diseased dead salmon is mainly in England, so this amount too will be small.

There are payments to landowners in leases for quays, buildings etc., on which landowners will pay tax, but these will be insignificant.
There is income from leases to the Crown Estate.

Payments to SEPA for seawater water-quality testing have stopped since 2005 when this requirement was dropped. There will be some small charges to SEPA for the use of freshwater in processing.

Meantime on the deficit side very considerable revenues are paid out annually by Marine Scotland for research into solutions to problems which the salmon farm industry has brought upon itself, eg how to reproduce wrasse used to clean sea-lice in salmon cages, research into the natural reproductive rates of wrasse, etc. MS grant-aids the industry to find solutions to some of the disease and parasite problems. £22 million has been produced for the Scottish Aquaculture Innovation Centre. £576,000 has been spent examining the dropdown residues and waste products from excreting salmon. More funds have been spent in the Scottish Aquaculture Research Forum to measure the effects of salmon farm sealice. Government research programmes into problems of the salmon farm industry’s own makings are considerable. Direct public support of the industry is never accounted.

Marine Scotland does not charge the industry for all of the regulatory burdens it carries out.

If the salmon farm industry was subjected to a scrupulous cost-accounting the economic benefits to Scotland might well be negative. Far from being a pillar of the economy this industry may be a costly cul-de-sac. That is before any costs of the clean-up which will be needed when net-pen cages are removed from sea-locks and Scottish authorities are obliged to restore lost and polluted habitats. That is also before consideration of the small businesses which have been forced to close, as evidenced in the submissions for example from Skye in the first committee hearings, are taken into account.

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