

Alternative Strategies for Shellfish Aquaculture Development A Crown Estate Perspective

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Introduction

This is about a concept – applicable to both finfish and shellfish sectors, albeit with particular aims and outcomes for each

It represents one potential future direction for aquaculture businesses in Scotland – as they currently manifest themselves - for economic and political development

The strategy is based around greater collaboration as a single sector

The rationale is stewardship

The Crown Estate

- Invests in and manages urban, rural and marine interests; no regulatory role
- Is not part of Government - work closely with Government, devolved administrations, statutory national, regional and community bodies, NGOs, industry, etc
- Has a UK-wide remit; all revenue profit goes to UK Govt
- Governed by The Crown Estate Act 1961, the key feature of which is that

“It shall be the general duty of the Commissioners, while maintaining the Crown Estate ... to ... enhance its value and the return obtained from it, but with due regard to the requirements of good management”

Marine Assets

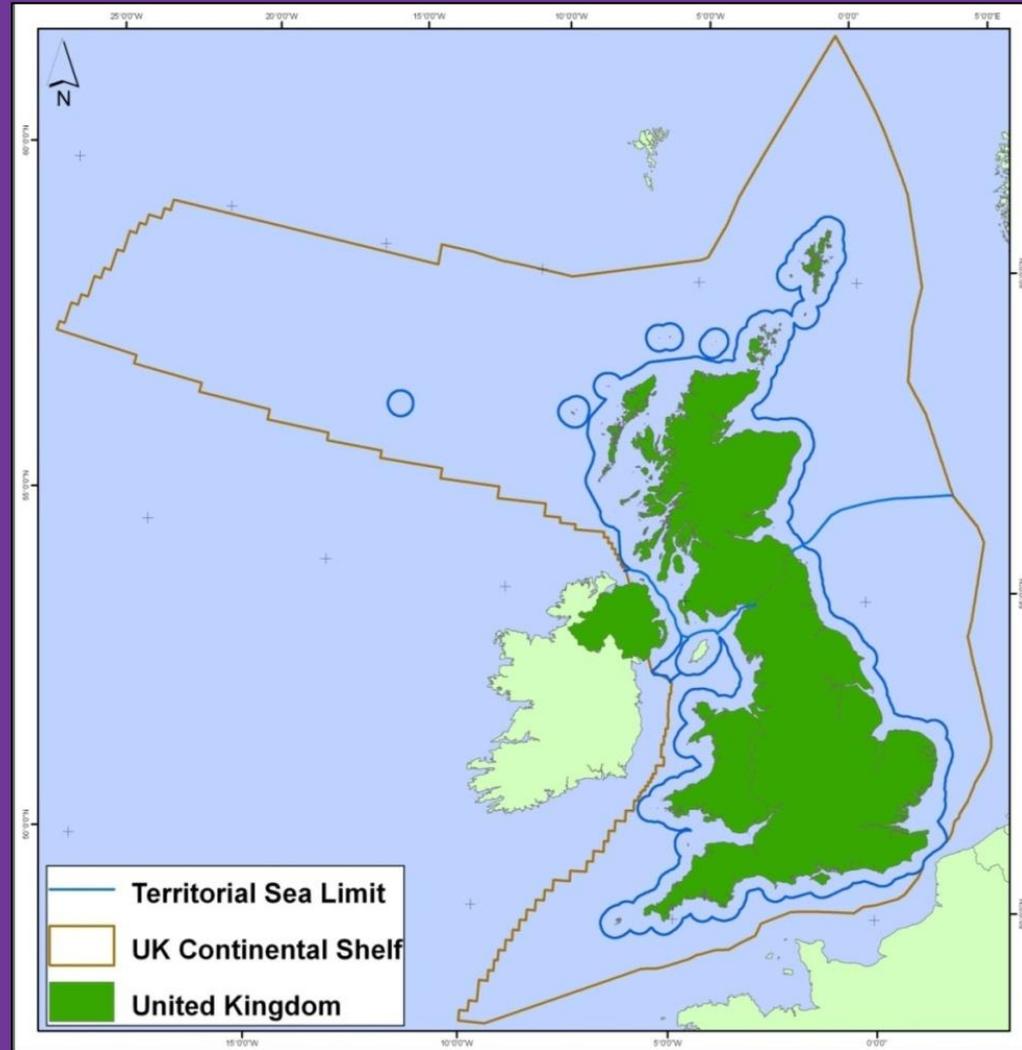
Approx. 18,000km of coastline
(equates to roughly 55%)

Territorial seabed to 12nm

The Energy Act 2004 provides:

- Rights to issue leases for renewable energy beyond the territorial limit within Renewable Energy Zones (REZ) out to 200 nm
- Rights to lease areas for CCS/gas storage

Excludes hydrocarbons - DECC



Farming & Stewardship

- Investment in the management and preservation of the quality of the environment and its resources and services that sustain viable farming business
- Ecosystem Based Management ~ ‘Stewardship’
- The concept has long been evident in agriculture - farmers are acknowledged as stewards of our rural landscape - a recognised and valued investment, and expectation for doing so
- The principle and practice is no different for aquaculture in the shared marine environment
- Optimising use of the available resource
 - Environmentally
 - Economically

Farming & Stewardship

Interests extend beyond rights

Interests are as important as rights

Critical in the marine environment



 **THE CROWN
ESTATE**

UK Marine Aquaculture

Finfish – overwhelmingly farmed salmon followed by s/w trout



UK Marine Aquaculture

Shellfish – dominated by mussels followed by Pacific oysters



UK Marine Aquaculture

At present these sectors have largely distinct-

- business ownership and operators
- business structures and markets
- environmental interactions and service requirements
- stakeholder and (often) regulatory issues

Consequently quite 'separate' with different strengths and weaknesses, and associated mitigation requirements, but often share

- the same local marine environment and the opportunities offered by its resources and services
- a desire to develop and increase both size and business security
- a desire to address and mitigate issues arising

Stewardship Premise

Can greater opportunity can be identified

- through optimising use of the available aquaculture resource
- ie. working more collaboratively in that shared environment

More specifically, is there scope for aquaculture sectors to use and 'trade' respective environmental and economic characteristics in Scotland to build and strengthen business in local areas

and by so doing , also

- work with authorities for a more 'holistic' approach to planning for aquaculture and its environmental and economic viability
- further develop the recognition of marine farming and its investment in its environment and its value to local coastal economy – like terrestrial agriculture

What are the Characteristics?

Shellfish

- Relatively high number of small operators
- Many with one or two sites
- Limited exclusivity associated with geographical limits

• Potential Strengths/Assets

- Environmental sustainability perceptions ('net uptake')
- Recognised and steady (?) market
- Scope for growth

• Potential Weaknesses/Requirements

- Profitability of current scale/business structure
- Access to finance
- Vulnerabilities – eg. seed supply/water quality/biotoxins
- Critical mass to address vulnerabilities

Finfish

- Relatively few, big operators
- Significant investment in multiple sites
- Distinct business areas where this investment can be exclusive

• Potential Strengths/Assets

- Large well resourced companies (many multi-nationals)
- Profitable in strong, established market
- Economic (& political) prominence

• Potential Weaknesses/Requirements

- Environmental sustainability perceptions ('net outputs')
- Development space/opportunity
- Biosecurity risks (interests vs rights)

The Stewardship Stimulus #1

- Salmon/marine trout producers' bio-security interests extend over entire biological areas, not simply the boundaries of their consents
- The Farm Management/Area Management concepts supports this
- Increased investment in larger sites/increased production increases importance of bio-security to business security
- Evidence indicates that single producer occupancy within a discrete area lends itself to better biological control and so bio-security
- This means improved sustainability – environmental and economic
- Industry development reflects this – increasingly producers seek production exclusivity within biologically discrete areas
- Investment by relatively few but relatively large companies in particular areas becomes significant

The Stewardship Stimulus #2

However risk to this investment can present itself, namely

- Investment in new or consolidated larger sites often means vacating older existing sites for economic viability and/or planning conditions
- Since consented production capacity is likely to remain, an alternative producer may seek to occupy the site
- Control is relinquished
- Bio-security risk potentially rises as a result
- Sustainability is potentially compromised
- This is reflected in a desire for retention of site occupancy, and so control over the area-wide interest and investment
- Continued occupancy in the absence of development/use of statutory consent and capacity presents issues for us, esp. where alternative occupants seek to challenge this.

The Stewardship Solution

- Where finfish operations cease at existing sites , tenants need to use them or have them used if they wish to retain control with its associated benefits
- Converting them for shellfish production presents the optimum solution for both environmental and economic stewardship.
- It doesn't require diversification of a finfish business, but collaboration with existing shellfish business.
- Finfish business retains control of the lease, but shellfish business becomes the operator of the site
- It also offers acknowledged IMTA opportunities/benefits (eg. Danish IMTA requirements & experience)

'What's in it for me?' #1

Shellfish Business

- Provision of consented capacity - removing upfront costs and uncertainty of planning application, and freeing up available capital resource for farming rather than fees.
- Opportunity to collaborate early on optimal site proposal in line with current business as part of a long term commercial agreement that might also include shared infrastructure opportunities, etc.
- A business arrangement offering security over and above the agreed financial terms, even without direct seabed rights (and obligations)
- Presence of additional capacity and infrastructure may also restore viability for previously unused local sites – eg. spat collection or further consolidation?
- Reported yield benefits of finfish neighbours

'What's in it for me?' #2

Finfish Business

- Retention of control of finfish bio-security risk through alternative and long-term site utilisation and protection for investment
- Environmental stewardship benefits of IMTA
- Free up CAR biomass availability against any cumulative area limits
- Acknowledged economic stewardship from
 - Optimising use of local economic aquaculture resource
 - Enabling an additional local socio-economic legacy
 - Strengthening a diverse local marine economy
- In effect, recognition of local social licence

'What's in it for me?' #3

Both businesses

- Part of a diverse local aquaculture sector that can collectively offer greater weight and rationale to support further development
- Strategic business relationships that allow both to build secure local business operations
- Greater community recognition and support of aquaculture role in the coastal economy

The Crown Estate

- Stewardship & sustainability are core aspects for our business
- Tenants' business security aligns with ours
- Lease obligations sit with well-resourced tenants

Key Messages

There is potential development opportunity emerging for the current shellfish industry from the characteristics and circumstances of the respective sectors

Shellfish farmers should seek to establish collaborative business relationships with the finfish sector to explore this potential

The marine stewardship credentials of such collaboration will serve to benefit both sectors and support future business ambitions, and

There are representational benefits to being seen as part of an collaborative sustainable Scottish aquaculture sector, rather than separate entities – economically and politically. Eg New Zealand

Thank You

