

## **Written evidence from NFUS**

NFUS welcomes the opportunity to provide comment on the final report of the Land Reform Review Group. An invitation was previously extended to meet with the group, however this late stage is the first opportunity that NFUS has had to engage fully with the process. As a result, NFUS has concerns that farming interest have not been provided with the desired level of consultation, and as a result this risks undermining the validity of the final report.

NFUS believes that the solutions to some of the recommendations are based on collaborative and interactive working practices. In identified areas of failure there is the opportunity to provide some solutions, however it is preferable that these are not draconian in nature but operated through a series of opportunities and regulated by appropriate sanctions. It is important that any strategies implemented in relation to land use examine indirect as well as direct economic impacts.

The rural sector is one which is currently high profile and with some notable areas of friction. NFUS considers that a Lands Commission could go some way to overseeing some of the areas of friction within the rural sector.

### **SECTION 6- SUCCESSION LAW**

NFUS has serious concerns regarding the recommendation to remove the distinction between heritable and movable property. The current situation ensures that land is not able to be subject to a legal rights claim when it is bequeathed in a will. This distinction is vital to ensuring that farming assets can be transferred between generations without breaking up of a farm business, and facilitates a level of continuity and security that is vital to the viability of farming entities and food security.

It is much harder for small farming businesses to remain viable, and any measure which would fragment units must be avoided where possible. The ramifications of division of holdings can be seen clearly in countries such as France and Portugal, where there are many subdivided small landholdings which struggle to remain viable.

### **SECTION 13- NATIONAL FOREST ESTATE**

NFUS does not agree with the recommendation that there should be more ambitious targets for land acquisition for forestry by Scottish Government and Forestry Commission. Further purchase of extremely productive permanent grassland would have serious ramifications for the agricultural sector in the context. In order to meet ambitious food production requirements, it is vital that such farmland is safeguarded.

NFUS is also concerned about the potential knock on effect of the purchase of units which would make ideal first time or starter units for the new generation trying to gain a foothold on the farming ladder. NFUS suggests that it is also possible to foresee a negative impact on communities on the locality, due to the intrinsic links between farming and local communities.

## **SECTION 17- LOCAL COMMUNITY LAND RIGHTS**

NFUS notes the proposal made to provide local communities with the ability to request enactment of a Compulsory Purchase over land. NFUS considers that it would be far preferable to see a situation where negotiation and compromise was encouraged, rather than the acquisition of land through forceful means. Those who own land will often have genuine reasons for retaining a particular parcel, and it is important that it is not possible to jeopardise farming operations in order to meet targets on Community ownership.

NFUS notes the proposal relating to community pre-emption over land, and can recognise that this may have some value. This is on the proviso that it does not detrimentally affect the land owning interest in the land. However, NFUS questions why the draconian method of Compulsory Purchase is sought as an option. In addition, physical level of ownership as a measure of success seems arbitrary and NFUS suggests that a smaller number of flourishing projects would be a greater success in the wider context. NFUS is disappointed that the report does not appear to consider those who own land as part of the rural community, and as a result fails to see the greater potential in a collaborative approach as opposed to one dominated by the threat of an enactment of Compulsory Purchase.

NFUS also notes that there is very little thought given to how communities will fund and manage land in the longer term in the proposals outlined. NFUS considers that it is vital that, where they occur, community projects are structured in such a way so as to ensure success. NFUS suggests that this requires further consideration if it is a proposal which is to be progressed.

## **SECTION 25- LAND TAXATION, PAYMENTS AND MARKETS**

In relation to taxation, NFUS notes that Scottish Government recently stated that there were no plans for a review of non-domestic rates for farm buildings.

NFUS considers that it is vital that Agricultural Property Relief is maintained in order to ensure that family farms are safeguarded, and can be transferred from one generation to the next with a level of continuity. Any compromise of the ability to do so would do nothing to encourage farming businesses to invest for the longer term. This is something which is vital for efficient food production.

Current reliefs against Capital Gains and Inheritance Tax could lead to a reduction in land being made available to let. NFUS believes that this could impound further the current situation within the industry, where the next generation are struggling to gain a foothold.

The introduction of a Land Value Tax could achieve the aim of breaking up larger land holdings. However, there would also be significant ramifications for owner occupied farm businesses. At a time where farm businesses face a level of uncertainty over CAP reform, coupled with reduced profitability, the mere mention of such a tax is potentially very damaging.

It is likely that any tax would lead to a significant reduction in land values, which would have implications for those who have borrowed against it. In addition, it would

have the capacity to reduce access to finance for farming businesses, at a time where many lending institutions are reticent to lend to even the most sound of business models.

Both farming and land ownership require long term commitments, and NFUS believes that the recommendations made by the group will affect the ability of farming businesses to react to demands for food production. The concept of wider ownership would be impossible to enact without resulting in smaller units. The fragmentation of units which would result under the recommendations would result in a detrimental impact in the farm business ability to compete with larger farming operations from other European Countries.

### **SECTION 28-TENANT FARMS**

NFUS agrees with the recommendation made by the group in relation to an automatic pre-emption for secure tenants. In line with the submission provided to the Agricultural Holdings Review Group, NFUS believes that this recommendation would remove one of the areas of friction between landlord and tenant within the let sector.

### **SECTION 29- PUBLIC ACCESS**

NFUS notes that the group considers that the Scottish Outdoor Access Code has functioned in a satisfactory manner since its inception in 2003. NFUS considers that it is essential that the opportunity is taken to review the Code. This is something which was due to happen in the years after its inception, but which has still not taken place. A review would allow for deeper discussion relating to the patterns of issues that have resulted from the provision of a statutory right of access to land.