Written submission from BASC Scotland

BASC Scotland is pleased to submit this evidence on the Land (Reform) Scotland Bill to the Rural Affairs, Climate Change and Environment Committee. We have chosen to restrict these comments to those areas of the Bill directly affecting our interests in shooting (including stalking) and conservation. These build upon the comments that we made in our response to the Consultation on the Future of Land Reform in Scotland in February 2015.

Part 1 Land rights and responsibilities statement

We appreciate the clarity of policy that such a statement could provide.

Part 2 The Scottish Land Commission

We find it confusing that in Section 20 the functions of the Land Commissioners relate to “any matter relating to land in Scotland” and that this includes “management of land” and “use of land”. “Land management” is not included in the areas of expertise or experience seen as desirable for appointment as a Land Commissioner (Section 9).

We consider it essential that the Commission should have adequate representation from those who understand and have practiced sustainable land management.

Part 3 Information about control of land

No comment.

Part 4 Engaging communities in decisions relating to land

We recognise that the guidance must be clear about the types of decision relating to land, and land management, which would require community engagement. Day to day management decisions should not require community involvement or approval.

Part 5 Right to buy land to further sustainable development

We would wish to see clarity about the definition of terms such as “significant benefit to the relevant community” (Section 47 (2) (c) (i)) and “environmental wellbeing” (Section 47 (10)).

Part 6 Entry in valuation roll of shootings and deer forests

1. Recent independent research into Scottish country sports tourism revealed that 88% of shooting and stalking providers surveyed said that their shoot roughly broke even, or ran at a loss (PACEC, 2015). Only 12% of providers reported that their shoots were self-financing and profitable. It is therefore clear that while shooting and stalking are important contributors to rural economies (£200 million in Gross Value Added (GVA) to the Scottish economy each year) and provide for the equivalent of 8,800 FTES (PACEC,
2014), they are only rarely profitable. They are not normally run as profit-making enterprises. Consequently they should not be considered as comparable to other rural businesses, such as hotels, filling stations or shops that are run as profit-making businesses.

2. Agriculture and crofting, and forestry, remain exempt from non-domestic rates. Agriculture was recently described as follows:

“Agriculture is one of Scotland’s defining industries. Not only is it the foundation stone of our thriving food and drink sector, it strengthens the social fabric of our rural communities and provides essential services that all of Scotland benefits from including flood protection, clean air and water, and a rich and varied wildlife.” (Scottish Government, 2015)

This is a clear justification as to why agriculture should remain exempt from non-domestic rates. The same must logically be argued for shooting and stalking: both contribute to our thriving food sector through the provision of game and venison, they clearly strengthen the social fabric of rural communities, provide essential services and Natural Capital and contribute to Scotland’s biodiversity through the equivalent of 3,900 FTEs employed in conservation. Shooting and stalking cannot and should not be regarded as the same as other rural businesses due to the widespread benefits that they bring to the 4,500,000 hectares of Scotland (70%) that they influence. Shooting and stalking are more comparable to agriculture and forestry, currently exempt from non-domestic rates.

3. Agriculture (including crofting) influences a considerable area of rural Scotland (75% of the land mass (NFUS, 2015). Forestry and woodland covers 17% of Scotland’s land area (Forestry Commission, 2011).

Agriculture and forestry benefit from a considerable public subsidy and exemption from non-domestic taxation. Shooting and stalking enjoy little, if any, public subsidy but deliver significant public benefit. If the input into wildlife management by shooting and stalking interests was to be reduced because of, or due to, additional taxation then there is an inevitability that government funding would be required to address the deficit, or legislation (such as the Deer (Scotland) Act 1996) utilised to compel owners and occupiers to carry out management. This is clearly apparent in deer management, less so in the wider management of common pest species currently controlled by those with shooting interests. Control of foxes, crows, Mustelids (including mink), other invasive non-natives (including grey squirrel), geese, rabbits, rats and pigeons is largely undertaken by the private shooting sector either for gamekeeping purposes or as a service to farmers and crofters.
4. The original exclusion of shootings and deer forests from the valuation role came about in 1995. While some argue that this was politically motivated another argument is that this was a pragmatic move supported by local authorities who found that the actual cost of collecting and administering “sporting rates” exceeded the income which, at the time, was estimated to be £2 million. It has been estimated that, in 2017, the total gross liability from shootings and deer forests will be £4 million, but subject to considerable relief. There will be unintended consequences of this, if it proceeds, and these are summarised in the BASC paper that is appended to this submission. These negative unintended consequences include:

- Up to 58% equivalent increase in employers’ tax burden on those employed through the expenditure of visitors on shooting and deer stalking in Scotland.
- Shoot viability and employment threatened
- Damage to rural communities
- Diminished investment and effort into land management. (Shooting and stalking currently supports the equivalent labour of 3,900 full time conservation jobs in Scotland, shoot providers spending £35 million on conservation annually (PACEC, 2014).

5. While the actual basis upon which each shooting or deer forest will be evaluated has still to be determined, it is clear that this will be based upon the provisions of the Lands Valuation (Scotland) Act 1854 and the Sporting Lands (Rating) Scotland Bill, 1886. These use the “yearly Rent or Value”. If the land is rented then the value of the rent should or could be known. However, if the land is not rented and shooting or stalking opportunity is let on a daily basis, either to individuals or groups of shooters, or provided without charge, then the value may be much harder to determine. In addition, local authorities will be under little incentive to maximise revenue from sporting rates since the receipts from ratepayers will accrue to local authorities and will be accounted for as receipts to the Scottish Consolidated Fund. This will effect a corresponding reduction to the general revenue grant thereby allowing equivalent funding to be directed elsewhere within the Scottish Government’s budget i.e. the Community Land Fund. If a local authority raised no revenue it would not be financially penalised. If another local authority invested in employing Assessors and raised a large amount of revenue it would not benefit. In fact, it would have to carry the addition cost of the Assessors.

6. The Financial Memorandum states that there will be a high level of eligibility for relief under the Small Business Bonus Scheme. Since this gives 100% relief up to £10,000 this is welcome, since the vast majority of small shoots will probably not pay anything like this for their “yearly Rent or Value”.
However, if the liability is calculated differently from the rental value this could expose many to non-domestic rates.

**Part 7 Common good land**

No comment.

**Part 8 Deer management**

These new powers add to the existing powers of SNH with respect to deer panels and deer management planning. They do not appear to add any considerable weight to existing powers (including the Code of Practice on Deer Management) and we accept that in some situations, where deer are causing damage and where this can be prevented, the preparation of a deer management plan is appropriate, as may be the intervention of an agency like SNH.

We do agree with others, however, that the raising the penalty level for those failing to comply with a control scheme to £40,000 appears excessive, especially when the power still exists for SNH to undertake the management required.

**Part 9 Access rights**

No comment.

**Part 10 Agricultural holdings**

No comment.

**Part 11 General and miscellaneous**

No comment.


Land Reform (Scotland) Bill: Negative unintended consequences of the non-domestic tax rate for shoots

1. Background
“Shootings” and “deer forests” have been exempt from non-domestic rates since 1 April 1995. In 1994, the last year in which non-domestic rates applied to shooting and deer forests, Scottish local authorities estimated that they raised an income of £2 million. The Land Reform (Scotland) Bill proposes the reintroduction of non-domestic rates for shoots in Scotland - the reintroduction of sporting rates. This change could lead to further costs for many shooting estates, and other shoots, in Scotland, potentially affecting their commercial viability resulting in a host of far-reaching and negative unintended consequences.

Evidence based policy works both ways: evidence can support a decision, or go against it. The Scottish Government is aware of the negative impacts this change could have – not least significant job losses in rural areas, reduced tourism, and a dramatic reduction in the amount of private investment made to land management. However it has cited lack of evidence of negative consequences as a reason to reintroduce non-domestic rates. Conversely however, there is no evidence that this decision would not have negative repercussions for rural livelihoods, jobs and tourism. This briefing lays out the evidence against the reintroduction of non-domestic rates for shoots in Scotland.

2. A tax on people, not land: up to a 58% increase on employers’ tax burden at the national average annual salary
Recent independent research showed that in 2012/13, 2,600 paid Full Time Equivalent (FTE) jobs were supported by the expenditure of visitors on shooting and deer stalking in Scotland. The Land Reform (Scotland) Bill Financial Memorandum estimates the total gross annual liability (before relief) at £4 million, subject to ‘considerable rates relief’. In 1994, the last year in which non-domestic rates applied, estimated income of £2 million was generated. The estimate of £4 million is based on forward projection, and is in line with the overall rise in Scottish non-domestic rates income since 1994. This means that, exclusive of rates relief, the non-domestic tax rate burden per FTE job supported by visitors spending on shooting and deer stalking in Scotland is over £1,500.

Furthermore the average (median) annual pay for full time employees in Scotland was around £26,472 at the end of 2013 and in 2014, average salaries in Scotland ranged from £27,083 to £32,095 dependant on city. In the UK employers pay 13.8% toward their employees’ national insurance contributions for the 2015 to 2016 tax year. The threshold under which employers do not pay national insurance contributions is £76 per month, so over the year £8,112 is exempt from employer contributions and of the average annual salary (rounded to £27,000), £18,888 requires employer contributions. At the rate of 13.8%, £2,606 is therefore contributed by employers annually per job.

This contribution to national insurance, coupled with the additional non-domestic tax rate burden (£1,500, based on jobs supported by visitor spend on shooting and deer stalking in Scotland), increases the employer tax burden from £2,600 to £4,100, which represents an increase of up to 58% on employment-related tax burdens.

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1 Land Reform (Scotland) Bill (2015) Explanatory notes and other accompanying documents
4 £1jobs.com (2014) Scottish Salaries 2014: The Infographic
3. Negative unintended consequences
Negative consequences of this decision apply not just to employers and shoots, employees, rural communities and supply chain businesses – they also apply to the Scottish Government itself.

a. Employers struggle, shoots close and jobs are lost
The increased tax burden placed on employers and shoot businesses could threaten the viability of many shoots in Scotland. Recent independent research into Scottish country sports tourism revealed that 88% of shooting and stalking providers surveyed said either that their shoot roughly broke even, or ran at a loss. Only 12% of providers reported their shoot as self-financing and profitable. An additional tax burden on employers is therefore likely to have dramatic consequences for employers who simply cannot afford to shoulder the extra tax burden – potentially leading to shoot closures and job losses. CKD Galbraith, Scotland’s leading rural consultancy, predicted the removal of a tax break for shoots in Scotland would lead to job losses as many shoots are already run at a loss.

b. Rural communities are damaged
Many shoots are present in upland ‘Less Favoured Areas’ which are already vulnerable in terms of social and economic disadvantage. Job losses in these areas would hit local communities particularly hard. Young people tend to leave upland areas in favour of lower cost housing and higher wages elsewhere but, according to research conducted with local communities in grouse shooting areas, grouse shooting in the Scottish uplands helps encourage young people to stay in local communities by providing jobs and encouraging rural in-migration. Community members also expressed views that the presence of gamekeepers and their families in upland communities actively contributed to the retention of community services such as local primary schools and local businesses.

c. Loss of tourism harms shooting-related and supply chain businesses
Scotland is often the destination of choice for shooters visiting from elsewhere in the UK and abroad. Shooting contributes £200 million in Gross Value Added (GVA) to the Scottish economy. In 2013 a total of 280,000 visitor nights were spent in Scotland for shooting and stalking, and the total expenditure of these visitors was around £69 million. The average group size for shooting and stalking visitors was 3-5. 52% stayed in Scotland for 2-6 nights and 41% stayed from 7-30 nights. 40% of shooting and stalking tourists stayed in hotels, 17% hired a cottage, 21% stayed in a guest house, and 17% at a lodge. In 2015, Public and Corporate Economic Consultants (PACEC) calculated the ‘employment multiplier’ for shooting as 1.58, which allowed them to estimate that for the 2,600 FTE jobs supported by visitor expenditure on shooting and stalking in Scotland, an additional 1,500 FTE jobs were supported in the supply chain, giving a total of 4,100 direct and indirect FTE jobs. The impacts of shoot closures would clearly spread throughout the supply chain, having a negative effect on not just Scottish shooting-related businesses such as game dealers, but also the food and hospitality businesses which are supported, in some cases wholly, by shooting-related tourism.

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7 McMorran, R. (2009) Red grouse and the Tomintoul and Strathdon Communities - The benefits and impacts of the grouse shooting industry from the rural community perspective; a case study of the Strathdon and Tomintoul communities in the Cairngorms National Park
8 PACEC (2014) The economic, environmental and social benefits of shooting sports in the UK
d. Diminished investment and effort into land management
Shoot managers and gamekeepers are in many cases ‘upland custodians’ for many large swathes of land, and it has been estimated that at least 1 million hectares in Scotland are used and managed for grouse shooting alone. From mitigating fire risk to managing one of the world’s rarest habitats in heather moorland, shooting in the uplands helps to sustainably maintain and improve the provision of ecosystem services from which we all benefit – and it is overwhelmingly privately funded, with only a small proportion of investment arising from government approved agri-environment work. Furthermore the biodiversity benefits provided by upland shoots cannot be replicated by agri-environment schemes on their own, without the predator control conducted by shoots. In Scotland shoot providers spend £35 million on conservation annually. The economic value of the conservation work undertaken by shoot providers in Scotland far outweighs the amount which would be levied by the non-domestic tax rate. Essentially the new tax rate would reduce the amount of money Scottish shoots had available to spend on conservation. If shoots close, this private investment of time and money into conservation work would no longer continue, and would be impossible to replace without vast and unaffordable Government expenditure.

e. Reduced availability of low-cost deer stalking opportunity
As with the previous application of non-domestic rates for deer forests, individual local authorities could exempt aspects of shooting or stalking from rating. An example of this would be the management cull of red deer hinds carried out by employed professional stalkers, under an SNH approved management plan. If part of this hind cull was undertaken by paying, visiting guests (as happens on many deer forests) it could be liable for rating purposes. Given that this hind stalking is relatively low-cost (compared to the cost for shooting sporting stags) and of low profitability, many estates may choose to undertake the hind cull only with employed staff. The loss of hind culling opportunity for visiting stalkers may not financially affect deer forests and estates but it would certainly affect many of the local businesses that cater for these visitors during the otherwise quiet months of November to February.

f. Negative impacts for Government
Should shoots close and jobs be lost, in addition to losing income from the new rate of non-domestic tax, Government in general would, for shoot and supply chain businesses lose:

- Income tax from employees
- National insurance from both employers and employees
- VAT from the sale of products – shooting and shooting-related or products in the supply chain

And be obliged to pay more in benefits to those who lose their jobs.

Furthermore, the Scottish Government would potentially have to spend much more on land management to attempt to counter the loss of private investment of time and money into conservation by shoots.

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9 Scottish Land & Estates and the Scottish Moorland Group (2013) Scottish Moorland and Grouse Management Fact Sheet
10 BASC (2015) Grouse shooting and management in the United Kingdom: its value and role in the provision of ecosystem services