RICS professionals have local, national and international expertise across the land, property and construction sectors. Our goal as a professional institution is to deliver a healthy and vibrant property sector as a key pillar of a thriving economy, and we work to develop effective policy proposals and solutions for Government. We are not a trade body; we do not represent any sectional interest and under the terms of our Royal Charter the advice we offer is always in the public interest as a whole.

2. As the international professional body for chartered surveyors, that is headquartered in the UK, we are observing the implications and potential impact of the UK’s exit from the EU from an international perspective - looking inward and outward – considering the global world and what it needs.

3. Our aim is to create consistent global standards, delivered by qualified professionals that give markets confidence, which is more relevant now than ever.

4. Our Royal Charter requires us to serve the public interest by engaging with government and in national debates, to provide critical insights based on the knowledge of chartered surveyors.

5. In line with the Charter, RICS produced a balanced and politically neutral policy paper – informed by the profession – analysing the relative impacts of both remain and leave scenarios. This analysis did not, in any way, provide a “remain or leave” steer on which way to vote.

6. The paper, which can be downloaded at www.rics.org/euref, looked at the impacts for investment, development and occupation – as well as for the construction, commercial, housing and rural sectors. It provides some guidance on what may now happen over the next two years.

7. RICS has an international reputation and we guard it closely. The uncertainty around the next steps of the exit negotiations is likely to continue in the short-term. However, RICS will hold to the politically neutral course demanded by our Royal Charter, and our obligation to the public interest.

**Action on Brexit**

8. The UK and devolved Governments must focus on providing stable administrations, and ensure that they do not lose track of key domestic challenges such as housing supply and infrastructure.

9. Projects or property transactions which were delayed, shelved or postponed due to the uncertainty surrounding the referendum must be provided with the confidence and security to begin to move again.
10. Uncertainty over the UK’s future relationship with the EU must be minimised by laying out a clear timeline and set of ambitions – a role for all Cabinet Secretaries and Ministers in both UK and Scottish Government - whose remit covers relations with Europe. This will provide the stability, clarity and certainty required for property and construction to continue their pivotal contribution to the wider economy.

11. Governments need to ensure that the right conditions are created and maintained, including access to a skilled workforce, to ensure UK property, construction and infrastructure continue to be seen as favourable investment options. Workforce migration, being particularly important, must be addressed as a priority to ensure major corporates and industrial occupiers want to do business in the UK.

12. We would urge the impacts and requirements from all parts of the UK are considered in these negotiations. Establishing a timeframe will help create the stability required for effective and fluent land and property markets.

**Markets Impact, Analyses and Opportunities**

13. On a regular basis, RICS issues market surveys on key sectors to ascertain sentiment from the profession, garner market insight, and provide stakeholders with an indication of sector conditions.

14. This submission highlights key findings from our most recent residential, commercial, and construction market surveys in Scotland.

15. Respondents to all recent surveys were understandably cautious, but with interest rates and sterling having dropped, it remains to be seen whether the concerns about a possible stalling in both corporate investment and recruitment are justified.

16. The results of the surveys, however, are not unexpected as national events, such as elections and referendums, typically unsettle markets. It is therefore no surprise that the EU referendum, and result, has been associated with a downturn in activity.

17. It is imperative that readers of submission acknowledge that the results of this survey were taken in the immediate aftermath of the Brexit result. This would have an effect on the profession’s sentiment, and recent, anecdotal evidence, has provided a more positive outlook.

18. RICS will continue to monitor the impact that Brexit is having on the land, property and construction sectors through our market surveys, and will share these with the committee when they are published.

**Residential – Impact**

19. There was clear evidence from RICS' Scottish Residential Market Survey in June (the data of which was taken prior to the EU referendum) that uncertainty, fuelled by the Referendum, led to a marked drop in housing market activity.
20. Other key findings include:

i. *Buyer enquiries fell for second consecutive month in Scotland*

21. New buyer enquiries declined significantly across Scotland in June 2016, with more chartered surveyors reporting a fall in interest in Scotland (as they did across the UK) - this was the sharpest decline since 2012. Anecdotal evidence suggests both the EU referendum result and the tax changes had an impact on sentiment.

22. In the June survey, there was also a further fall in the supply of properties coming on to the Scottish housing market, highlighting the continued challenge presented by the lack of stock.

ii. *Agreed sales fell across Scotland, with further drop expected in the short term*

23. The market also witnessed a further decline in sales with a second successive monthly drop in activity across Scotland. Contributors expect this trend to continue across the Scotland over the next three months.

24. This is the first time the sales expectations series for Scotland has turned negative since January 2013.

iii. *Continued dip in supply of new properties coming on to the market*

25. Sales are now projected to fall over the next 12 months across UK.

26. Whilst Scottish house prices continue to rise, short term expectations have turned downbeat, with survey respondents predicting a drop in house prices over the next three months.

27. Near term price expectations are also now in negative territory across the whole of the UK, with more respondents expecting to see prices fall rather than rise over the next three months.

28. Rent expectations, however, over the same time period remain more resilient and are still broadly consistent with increases expected.

29. We also noticed similar trends from the post-Brexit referendum market survey in July, with the results producing a clear indication that Scottish housing market activity softened as sales and interest from new buyers continued to decline.

30. Other key trends included:

i. *House prices edged up only slightly in July but near term expectations remained negative;*

31. The Scottish house price measure in the survey remained in positive territory, albeit marginally; but key indicators covering price expectations, buyer enquiries, agreed sales and new instructions all remained negative.
32. As price growth slowed in Scotland, near term price expectations across the UK were negative for the third month in succession with more respondents predicting a decline in house prices over the next three months.

ii. *Sales and enquiries dropped - although expectations pointed to a more stable picture in the coming months, which differed from June’s sentiment;*

33. As activity falters, interest from new buyers in Scotland also continued to decline, with the results showing a third consecutive month of falling demand.

iii. *Property coming onto the Scottish market also failed to pick up*

34. The shortage of housing stock in Scotland is recognised across the sector, but new instructions fell again in the month of July. More respondents to the survey have seen a fall in new instructions, and supply is close to record low levels.

35. In line with the dip in demand and the worsening supply position, sales declined sharply, with our survey also reporting a fall in transactions.

36. This reflects the continuation of a trend that started back in April following the implementation of the tax surcharge on buy-to-let (BTL) investment purchases. Anecdotal reports from contributors to the survey suggest both the tax change and the ongoing fall-out from the EU referendum are contributing to the current mood in the market.

37. In keeping on the investment theme, the committee may also wish to consider the impact that Brexit could have institutional investment in the private rented sector (PRS).

38. The PRS is becoming a very popular housing option, is growing at a significant pace, and houses a significant number of EU and non-EU nationals, as well as attracting non-domestic investors.

39. Whilst there is no data available on the impact on investment in PRS accommodation, due consideration should be given as to what can be done to ensure this sector is seen as a viable investment and development option.

Residential – Analysis

40. Whilst the housing market across the UK is facing a mixed economic outlook, the interest rate cut could potentially lower the cost of mortgage financing which should increase house buying potential and capacity.

41. It could be that whilst short term activity measures remain relatively flat, key twelve month indicators in the July survey suggest a rebound, with confidence remaining more resilient than might have been anticipated.

42. Our data suggests a persistent, softer tone to the market over the coming months, but moving forward the critical influence is how the economy performs in the wake of the uncertainty trigger by the vote to leave.
43. Interestingly, even without the build up to the vote, and subsequent decision in favour of Brexit, it is likely that the housing numbers would have slowed during the second quarter of the year. This is due to a surge in activity from BTL investors to secure purchases ahead of the introduction of the 3% Additional Home Supplement (AHS).

44. This notion is evidenced by data held by the Registers of Scotland, which indicates a surge in sales in March 2016.

45. Worryingly, an article in the Financial Times\(^1\) used Ipsos Mori Issues Index data from August to highlight that more people are concerned about housing than at any point since October 1974 - higher than the levels before the 2007 recession.

46. Similarly, RICS, as well as key stakeholders in Scotland's housebuilding industry, has expressed concern over the impact of that the land and buildings transaction tax (LBTT) following its introduction in April 2015.

47. In our recent submission on LBTT to the Finance Committee, RICS highlighted the cavity that the current LBTT structure has produced in terms of revenue generation. The table, illustrated overleaf, shows that whilst house sales went up, revenue reduced.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total transactions</th>
<th>Revenue (£)</th>
<th>Average Tax Paid (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013-14 (SDLT)</td>
<td>89,150</td>
<td>215m</td>
<td>2,412</td>
</tr>
<tr>
<td>2014-15 (SDLT)(^2)</td>
<td>94,650</td>
<td>270m</td>
<td>2,853</td>
</tr>
<tr>
<td>2015-16 (LBTT)</td>
<td>104,520</td>
<td>201.9m</td>
<td>1,931</td>
</tr>
</tbody>
</table>

48. The Registers of Scotland Quarterly House Statistics for April - June in 2013 - 2016 are outlined in the table below, and may shed light on this discrepancy:

\(^1\) [http://www.ft.com/cms/s/0/b87b7cb0-6f7e-11e6-a0c9-1365ce54b926.html?FTCamp=engage/CAPI/webapp/Channel_Moreover//B2B#axzz4lv3kTzW](http://www.ft.com/cms/s/0/b87b7cb0-6f7e-11e6-a0c9-1365ce54b926.html?FTCamp=engage/CAPI/webapp/Channel_Moreover//B2B#axzz4lv3kTzW)

\(^2\) The SDLT slab structure was in operation from April 2014 to December 2014. The current SDLT structure used by the rest of the UK was in force in Scotland from December 2014 to March 2015.
### Average Sold House Price

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (£)</th>
<th>Tax Liable (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>164,326</td>
<td>386</td>
</tr>
<tr>
<td>2015</td>
<td>168,119</td>
<td>462</td>
</tr>
<tr>
<td>2014</td>
<td>162,122</td>
<td>1621</td>
</tr>
<tr>
<td>2013</td>
<td>153,025</td>
<td>1530</td>
</tr>
</tbody>
</table>

49. This indicates that the majority of sales are liable for a lower level of LBTT in comparison to SDLT, which explains the reduction on revenue generation via this tax.

50. The Scottish Government has used LBTT to increase opportunity for first time buyers (FTBs) and support the lower end on the market, but this is having a detrimental effect at the middle to higher end of the market. Those wishing to upsize must pay proportionately more LBTT for homes worth more than £325,000. This has affected sales, revenue, and market activity.

**Residential - Opportunity**

51. Continued lower and middle end activity: The lower and middle priced housing market is dominated by domestic participants i.e. UK national buying from UK national. This would suggest that the EU referendum and result has had less of an impact on demand and prices at this end of the market. The Scottish Government should look to enhance activity in both the market sectors.

52. Reduced higher-end prices: It is the higher end of the property market where the impact has been felt. More higher-end properties are bought by EU and non-EU nationals, and Brexit could see less demand for these properties. This could cause a reprieve in demand at this end of market, which could serve to prevent overheating of this market arena and the more desirable housing locations in Scotland.

53. House price ripple effect: LBTT changes aside, a cooler higher-end property market in Scotland could have a positive ripple effect down the house price ladder; certainly in the short term. Whilst the recovery of Scotland’s prime housing markets may have a slowed, they still offer good value for money.

54. A positive forecast: Looking to the long term, key RICS indicators for the whole UK are up in July from June, and show both sales and price expectations at the twelve month time horizon returning to positive territory, albeit relatively modestly.

55. This is a significant finding which indicates resilience of the UK housing market and attractiveness for living.
Commercial – Impact

56. The RICS Q2 Commercial Market Survey sample was collected between 24 June and 12 July, meaning all responses were gathered after the referendum outcome was known.

57. In addition to the stipulations outlined in paragraphs 17 and 18, it is important to note that June to August are, historically, relatively quiet times for commercial activity, which could have a bearing on the survey results.

58. There were three key findings in July’s Commercial Market Survey:

   i. *Investment demand slowed across Scotland in the immediacy after the Brexit vote*

59. The Scottish commercial property market saw a significant drop in confidence and investor demand following the Brexit vote.

60. Both the investment and occupier sides of the market have been affected by the change in sentiment, and both rent and capital value expectations have been found to be in negative territory.

   ii. *Increasing share of respondents across the UK now feel the market is in an early downturn phase*

61. Whilst sentiment from our professionals is mixed, the largest share of respondents across the UK felt the market is now in the early stages of a downturn, which is unsettling, with London exhibiting the highest proportion.

62. During Q2 2016, investment enquiries fell sharply across Scotland. Moreover, all sectors covered by this survey suffered a drop in investor demand, and foreign investor appetite in Scottish commercial property also declined in the run up to the referendum.

63. However, anecdotally, there are still a number of large transactions going through, and sentiments received from the profession suggests that previous contracts that contained *Brexit clause* have been reignited, following a reprice, and are progressing.

64. It is important to note that many participants have noted a reappraisal, and that the lower Sterling is providing an unanticipated boost activity.

   iii. *A softening of twelve month capital value and rental projections*

65. As a result of investment demand falling right across the UK, capital values are expected to decline, albeit moderately, over the year ahead in almost all areas of the market.

66. Values in the secondary retail and office segments are expected to see the most visible decline.
67. Occupier demand within the quarter dropped for the first time since 2014, and sentiment from the profession also suggested the cautious approach is producing significantly weaker rental projections across the board; particularly in shorter term.

68. However, sentiment from the profession suggests this differs across the regions, with the low oil and gas price having more of an impact on Aberdeen (and Aberdeenshire) values and projections, than different issues are affecting Edinburgh and Glasgow.

69. The office and retail sectors experienced the steepest decline in rental projections with the reading for both now well in negative territory.

Commercial - Analysis:

70. There is sufficient evidence and sentiment from the profession to suggest that the political and economic uncertainty has dampened outlooks in the commercial property market. Whilst this impact is widespread across the UK, the drop in confidence has been most pronounced in Scotland and London.

71. However, there are other issues that may be having an impact on this result, outwith the Brexit result; such as the Business Rates review, the 2017 revaluation, oil and gas prices (and the effect on Aberdeen), and uncertainty over a possible second independence referendum.

72. However, despite several years of strong capital value and rental gains, the momentum had already begun to slow.

73. In the immediacy, it is difficult to deduce whether the deterioration of confidence in the commercial market survey results are a kneejerk reaction that will alleviate as the result is digested, or the start of a market sector reappraisal.

74. As such, there is a need for clarity for the ability of financial services, headquartered in the UK, to do business in the EU which will affect demand for office space, especially in the cities of Edinburgh and London.

75. Similarly, access to the single market or potential tariff barriers will be key in the longer term for some industrial occupiers and exporters.

76. Looking to immigration, the construction sector is becoming more and more dependent on skilled workers from abroad. As such, future immigration policy could well affect the future supply of new commercial space onto the market through construction starts, as well as occupation rates.

77. Accordingly, the Scottish Government must play their part in providing reassurance for property markets – assisting the UK Government in working towards a clear timeline and set of ambitions for negotiating the Brexit package, and our future immigration and trade relationships.

78. Likewise, the UK Government must afford the opportunity for devolved Governments to make their contribution negotiations.
Commercial – Opportunities

79. A resilient economy: It is important to note that despite the uncertainty, occupation and investment rates have not frozen, which indicates a subdued appetite. We can therefore suggest that there is confidence in the Scottish economy’s resilience, and in Scotland as a good place to do business. The Scottish Government should look to capitalise on this notion.

80. Continued occupation of space: Occupier agreements are designed to withstand market volatility, evidenced by average contracts for office space lasting for seven years. It is therefore hard to envision a mass exodus from office space in Scotland in the short term, allowing more time for the consolidation of the Scottish economy.

81. Reduced rent increases: If the market remains uncertain, a result of the dampened market is slower rises in business rents, which could lead to more favourable conditions for business entry and growth. This could be why our market survey data also predicted steady growth across the built environment in the longer term, with increases in the value of land and property assets, albeit at a marginally slower rate.

Construction - Impact

82. The RICS Q2 Construction Market Survey sample was collected between 24 June and 12 July, meaning all responses were gathered after the referendum outcome was known.

83. In addition to the stipulations outlined in paragraphs 17 and 18, it is important to note that June to August are, historically, relatively quiet times for construction activity, which could have a bearing on the survey results.

84. Key findings include:

   i. Construction workloads in Scotland fail to rise for the first time since 2013.

85. The Q2 RICS Construction Market Survey showed a further slowdown in the pace of activity with workload growth slowing across all sectors as EU uncertainty has delayed investment.

86. The overall workloads indicator turned slightly negative in Scotland for the first time since Q1 2013.

87. Private commercial and industrial sectors have seen the most significant easing in activity, with the outlook for workloads and employment indicating modest growth.

   ii. Private commercial and housing sectors saw most significant slowdown

88. House building declined during the last quarter, with a drop in activity across both the private and public sectors.
89. Significantly, for the second successive quarter, the biggest constraint on output, according to respondents across the UK, is finance. A lack of funding was restricting new developments, and planning and regulatory delays also remain a key issue in constraining growth.

   iii. Longer term outlook is more positive, with workloads and employment projected to increase but more slowly than previously anticipated.

90. Despite an evidenced slowdown in construction activity in Scotland, skills shortages remain a problem with the lack of appropriately skilled labour holding back growth.

91. The more uncertain prospects for the economy have led to a less optimistic outlook for the sector over the year ahead.

92. Interestingly, more Scottish survey contributors expect activity to rise rather than fall over this period compared to the rest of the UK, and expectations for employment growth are steady, although down on previous projections.

**Construction – Analysis**

93. The survey results suggest that Q2 saw a further moderation in the growth which is not surprising given the build-up to the EU referendum.

94. The slowdown that the Scottish construction sector is witnessing has been coming for some time, and the current political and economic uncertainty is unlikely to alleviate this.

95. However, and quite significantly, the biggest issues at the present time, alongside uncertainty, look to be credit constraints, and the skills and materials shortage – very much domestic issues which the Scottish Government can counter.

96. Anecdotal evidence indicates that the UK and Scottish Governments must focus on establishing a new relationship with the EU, otherwise some investment plans in the construction sector could be scaled back.

97. We also have to consider the implications of immigration on the labour force, which is already in short supply, and which is becoming more and more dependent on non-UK nationals. Failure to do so, will result in a dearth of newly built homes, offices and infrastructure that the UK needs to remain globally competitive. A reduction in immigration could lead to increased labour costs which, again, would serve to increase the cost of construction.

98. In addition to developing the next generation of home-grown talent, the UK Government will need to ensure access to skilled labour from abroad is maintained. However, if investment levels continue to fall, there may not be a need for immigrant workers, as there will not be the construction and infrastructure projects that would necessitate an increased workforce.

99. The UK’s decision is also having a negative effect on the cost of construction, with the Federation of Master Builders’ (FMB) State of Trade Survey Q2 indicating
that two-thirds of SME construction firms predict material price inflation. This has not been helped with the drop in value of the Sterling.

100. With the expected drop in activity in the short to medium term, we could see tight tender pricing, and reduced margins. However, anecdotally, some of the larger construction sector participants are being selective in what they are pricing.

101. In turn, this could lead to risk analyses increasing which will put pressure on contractors pricing. This may also be influenced by Legacy Issues on current and previous projects which will influence a firm’s approach to tendering and risk.

102. In the run up to 2020 we may see an upturn in public spending as we approach elections – this, again, could prove to benefit construction activity.

Construction - Opportunity

103. Developing skills: in light of the Brexit vote, now is a pivotal time for the Scottish Government to look to increasing the provision for skills. Time served apprenticeships last 3-4 years, around the same time between now and the UK’s exit from the EU (assuming article 50 won’t be invoked until 2017). This presents time, and an opportunity, for the Scottish Government to invest in home-grown talent that could fill the gap left by migrant workers.

104. Capital Investment: In August, the First Minister announced an economic stimulus package worth £100m to tackle the continued uncertainty affecting business confidence and development. The capital spending on projects will provide confidence to the construction industry through infrastructure funding.

105. Indeed, infrastructure investments are required across Scotland and the UK as a means to pump-prime the economy and jobs, which will feed into confidence and, therefore, boost and support the land, property and construction markets.

106. However, it would be prudent of the Scottish Government to detail where this funding is directed – new projects, or a means to bring forward the delivery of existing projects. RICS professionals have raised concerns as to the time lag of funding reaching projects.

107. It would also be beneficial to the construction sector if the UK Government provided guidance on where the EU contributions would be directed after Brexit; social housing and infrastructure would be sensible recipients.

108. Job Creation: With a growing housing crisis, and concerns around connectivity, both the Scottish and UK Governments must encourage prospective investors to consider infrastructure projects, and maintain Government investment; together these measures will generate the highest economic impact, and will help create and maintain jobs.

109. This will help increase stability during a period of uncertainty and ensure that the UK and Scotland are well-placed to take advantage of growth opportunities in the future.
110. Looking inward: Forestry, quite uniquely, benefitted from the pre-vote uncertainty and weaker sterling. The second half of 2015 saw a strong GBP against the Euro, and this increased the competitiveness of imported timber.

111. The continued uncertainty due to the referendum and vote, and lack of Brexit strategy, will not be conducive to a strengthening of the GBP, so we could see resurgence in domestic timber market – if there is the demand for its produce from the construction sector.

112. There are, however, issues with supply of timber as it is not a commodity that has a quick turn-around from investment to output.

113. Buying British: Exempt from EU legislation and procurement processes following its exit, UK public procurement could look to use UK-based companies, labour and materials – providing support for industries that are evidently worried about future infrastructure investment (due to the loss of EU funding) and development opportunities. However, current EU regulations would need to be replaced by UK created regulations to ensure bribery and corruption (which current EU regulations inhibit) do not rematerialise.

114. Investment in manufacturing: There is opportunity to invest in Scotland’s manufacturing sector to provide materials the construction sector needs as, at present, it is relatively dependent on imported goods. A public procurement model aimed at domestic suppliers, coupled with continued capital investment, could provide the kick-start this investment would need.

115. VAT Cut: EU member states must impose VAT on the consumption of goods and services (with reduced rates for certain items) and cannot vary VAT on a regional basis. In leaving the EU, the UK could devolve VAT to the devolved Governments, or reduce VAT on home maintenance and improvement works. This latter notion would significantly benefit the construction sector and economy by creating 95,000 jobs and a £15.1bn stimulus to the UK economy by 2020.

116. New Trade Deals; new investment: Following Brexit, the UK will have to create new trade deals with global partners. Whilst this could take some time, there is opportunity to open up new investment channels.

Rural - Impact

117. The RICS and Royal Agricultural University (RAU) Rural Land Market Survey H2 2015 saw prices fall in the latter half of 2015, with further decreases expected in 2016.

118. More recently, England and Wales saw a significant drop in demand for rural land across both commercial and mixed-use farmland, with supply continuing to increase – leading to a fall in price expectations across all farm types over the coming year.

119. Anecdotal evidence received from RICS rural practitioners in Scotland suggests a similar pattern, and that there are several combining factors that are dampening sentiment in the market.
120. These include: increased uncertainty due to the EU Referendum, confusion over the future of CAP payments and low commodity prices.

121. Furthermore, whilst there is still activity in the farm selling market, it is at a slower pace. Consequently, the demographics of the farming sector are not shifting as hoped (more youthful participants are not entering the sector). In the long term, this could have a negative effect on rural communities.

Rural – Analysis

122. Prior to the EU referendum the volatility of commodity price was already negatively impacting sentiment in the rural land market, and the outcome of the vote has added further uncertainty.

123. The combination of Brexit uncertainty and lowering commodity prices are having a negative effect on land prices. However, sentiment from the profession suggests that in the long term, farmland is still seen as a safe asset and desirable to investors with rollover money continuing to underpin demand. This presents an opportunity.

124. In early August, the Chancellor announced that the Common Agricultural Policy (CAP) will be upheld until 2020, and this is much needed and welcome. However, as things stand, Government is only offering a two or three year safety net.

Rural – Opportunities

125. Investment in land: lower land values could attract farmland investment from both within Scotland and international buyers. Volatility in bonds and equities means some investors will naturally look to traditional safe havens, one of those being land.

126. Business focus and uptake of technology: With an anticipated restructuring in the sector, recognition that increased unit production through land improvement, and the efficient use of the latest technologies, have the potential to produce rewards for those who have invested in technology and have the requisite business skills to run successful farming enterprises.

127. Exports: Scotland is well-placed to build on its high quality reputation for agricultural production. A weaker sterling, which followed immediately after the referendum result, should improve conditions for Scottish exports, providing further opportunity for food exporters. The need for increased food production, driven by global increases in population, will continue to drive demand.

128. The sector would benefit from knowing how future farming subsidy will be structured post-2020, if it is to continue. This uncertainty will eventually effect financing options for many farmers, which could impact on the maintenance of farms.