RURAL DEVELOPMENT COMMITTEE

Tuesday 21 January 2003
(*Afternoon*)

Session 1

£5.00

Produced and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by The Stationery Office Ltd.

Her Majesty's Stationery Office is independent of and separate from the company now trading as The Stationery Office Ltd, which is responsible for printing and publishing Scottish Parliamentary Corporate Body publications.

CONTENTS

Tuesday 21 January 2003

RURAL DEVELOPMENT COMMITTEE
3rd Meeting 2003, Session 1

CONVENER

*Alex Fergusson (South of Scotland) (Con)

DEPUTY CONVENER

*Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP)

COMMITTEE MEMBERS

*Rhoda Grant (Highlands and Islands) (Lab)
*Richard Lochhead (North-East Scotland) (SNP)
*Mr Jamie McGrigor (Highlands and Islands) (Con)
*Mr Alasdair Morrison (Western Isles) (Lab)
John Farquhar Munro (Ross, Skye and Inverness West) (LD)
Irene Oldfather (Cunninghame South) (Lab)
*Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD)
*Elaine Smith (Coatbridge and Chryston) (Lab)
*Stewart Stevenson (Banff and Buchan) (SNP)

COMMITTEE SUBSTITUTES

*Nora Radcliffe (Gordon) (LD)
*Mr John McAllion (Dundee East) (Lab)
Alasdair Morgan (Galloway and Upper Nithsdale) (SNP)
John Scott (Ayr) (Con)

*attended

THE FOLLOWING ALSO ATTENDED:

Allan Wilson (Deputy Minister for Environment and Rural Development)

CLERK TO THE COMMITTEE

Tracey Hawe

SENIOR ASSISTANT CLERK

Mark Brough

ASSISTANT CLERK

Catherine Johnstone

LOCATION

Committee Room 1

Scottish Parliament

Rural Development Committee

Tuesday 21 January 2003

(*Afternoon*)

[THE CONVENER *opened the meeting at 14:03*]

The Convener (Alex Fergusson): Good afternoon, ladies and gentlemen. We have a deal to get through this afternoon, so we will move straight to business. I welcome committee members, members of the public, and the Deputy Minister for Environment and Rural Development to this meeting of the Rural Development Committee. I issue my normal stricture that all mobile phones be turned off, please.

Item in Private

The Convener: Under agenda item 1, I invite the committee to consider whether to take item 4—consideration of our future work programme, which involves housekeeping issues and the names of potential witnesses—in private, as is our custom. Is the committee agreeable to that?

Members *indicated agreement*.

Agricultural Holdings (Scotland) Bill: Stage 2

The Convener: Agenda item 2 is continued stage 2 consideration of the Agricultural Holdings (Scotland) Bill. As is customary, I declare my registered interest as a partner in a limited partnership agreement at a farm in South Ayrshire. I invite other members to declare their interests.

Mr Jamie McGrigor (Highlands and Islands) (Con): I am the owner of a hill farm in Argyllshire. I have no tenancies.

Stewart Stevenson (Banff and Buchan) (SNP): I have a three-acre field that is let to a farmer for no consideration.

Mr Alasdair Morrison (Western Isles) (Lab): I declare a croft on the island of Lewis.

The Convener: Thank you. I welcome Allan Wilson, the Deputy Minister for Environment and Rural Development, who is addressing stage 2 from the Executive's perspective.

I record my disappointment and concern that amendments in the name of the Minister for Environment and Rural Development were not lodged until within an hour of the deadline on Friday. I say that with the understanding and knowledge that a lot of work is going on behind the scenes to reach consensus, which I welcome. Nonetheless, the amendments that are before us could not be published until the publication of the business bulletin on Monday—yesterday—which gave members very little time to consider them.

I also consider it unsatisfactory that the Executive's purpose and effect notes were not available to members until after lunch today. That is unhelpful if members are to get a grip on exactly what the Executive is trying to achieve. I express the hope that late lodging of amendments, by either the Executive or members, will not be repeated for further days of stage 2 consideration. I urge all members to lodge their amendments as early as possible. We are dealing with substantial issues, and it is helpful to be able to see amendments as far in advance as possible.

I explained the stage 2 procedures last week, and I do not intend to go through them again—that will be a matter of great relief to members present. Members should have with them a copy of the Agricultural Holdings (Scotland) Bill, the second marshalled list of amendments, which was published yesterday, and the second groupings paper.

Mr Mike Rumbles (West Aberdeenshire and Kincardine) (LD): I wish to apologise on behalf of John Farquhar Munro. He is unavoidably delayed at another committee meeting, which he has to

attend. Nora Radcliffe, who is substituting for him, is on the way to this meeting as we speak.

The Convener: Thank you. I should have notified members of apologies at the start. Irene Oldfather has sent an apology, and I welcome John McAllion, who is substituting for her.

Members are reminded that, although amendments have been grouped to facilitate debate, all amendments will be called in strict order according to the marshalled list. The target that we have agreed for today is to complete consideration of parts 4 and 5 of the bill, and I very much hope that we will be able to achieve that.

I repeat what I said last week: if I am called upon to use my casting vote, I will use it in favour of the status quo. By common agreement, the status quo in such situations is the bill as published. If I have to do so, I will therefore use my casting vote against any amendment.

Section 37—Agreements as to compensation

The Convener: In the first group, amendment 50 is grouped with amendments 54, 56, 57 and 59.

The Deputy Minister for Environment and Rural Development (Allan Wilson): I appreciate the strictures that the convener outlined with respect to the timeous submission of amendments in time for the committee's consideration. As I said last week, I assure you that we strive to comply with protocol in that regard, as well as with the requisite time limits.

The amendments in this first group are the product of extensive and continuing consultation with the industry. Indeed, that applies to most of the amendments that I will speak to this afternoon. They reflect the outcome of a substantial body of work, which has been conducted over the past few weeks between industry representatives, Ross Finnie, myself and the substantial team of officials whom you see before you. In that context, it is appropriate for me to record my appreciation to the parties concerned, including the National Farmers Union of Scotland, the Scottish Landowners Federation, the Scottish Tenant Farmers Action Group, the Scottish estates business group, the Royal Institution of Chartered Surveyors in Scotland—indeed, to all the parties and players in the process—for their commitment to work together to find solutions to future concerns and to address the present concerns of tenants and others.

That process has, of necessity, been prolonged. For instance, much of what we are debating today was under discussion by that group last Wednesday. In terms of lodging complex textual amendments by the Friday deadline, that did not give officials a tremendous amount of scope to comply with the protocol. I know that the convener and colleagues understand that. It should be understood that we are striving to apply protocol as well as to meet statutory deadlines.

I am delighted that the industry has been able to reach consensus on four of the five issues that we identified at an early stage. We have been happy to provide for all those recommendations in the amendments that I will move today. I regret that it was not possible to lodge the amendments earlier but, as I said, I hope that the committee appreciates that all sides worked extremely hard up to the middle of last week to achieve what, ultimately, will be a valuable outcome.

The first group of amendments addresses two of the concerns that have been highlighted, principally by tenants' representatives, and which we have been working with the industry to address. Part IV of the Agricultural Holdings (Scotland) Act 1991 requires the landlord to pay compensation to the tenant for improvements that are made by the tenant to the holding. That compensation should reflect any increase in the value of the holding to an incoming tenant that arises from the tenant's improvements. However, the parties can agree another compensation value if they so wish, provided that the figure is not zero. The practice has developed whereby landlords and tenants enter into agreements that write down the value of the improvement, typically to £1, within an accelerated time scale that does not reflect the useful life of the improvement. The industry concluded that that arrangement should not continue, and I am happy to say that we agree.

We also agree with the industry's recommendation that tenants who have already made certain improvements to the land should be eligible to receive compensation based on the statutory formula of value to an incoming tenant, notwithstanding the terms of any write-down agreement to the contrary or the tenant's failure to serve the landlord with proper notification of their intention to carry out the improvement. The improvements concerned are those that section 5(2) places responsibility upon the landlord to undertake. Those responsibilities are: to put the fixed equipment on the holding into a thorough state of repair at the commencement of the tenancy or as soon as practicably possible thereafter; to provide such buildings and fixed equipment as an occupier might reasonably require to maintain efficient production on the holding; and to replace and renew buildings and other fixed equipment as necessary due to natural decay or fair wear and tear.

Amendment 50 will insert new section 33A and new section 38(2A) into the Agricultural Holdings (Scotland) Act 1991. Those sections will provide that tenants who have carried out such

improvements have the right to receive compensation at waygo, calculated according to the statutory formula.

New section 37(2), which will be inserted by amendment 50, and amendment 59 will together strike out provisions in the 1991 act and in the bill that would make the use of write-down agreements permissible in relation to 1991 act tenancies in the future. Existing tenancies will remain valid, unless they are caught by new section 33A of the 1991 act. Amendments 54, 56 and 57 seek to make corresponding changes in relation to short limited duration tenancies and limited duration tenancies.

Amendment 50 will insert new section 37(2), which repeals section 5(3) of the 1991 act and means that landlord and tenant will not be able to agree terms in post-lease agreements that would transfer responsibility for renewing fixed equipment to the tenant. I appreciate that that addresses only half of the second outstanding concern that tenants' representatives have raised about responsibility for such renewals. Unfortunately, in the time available, we were unable to complete our commitment on the second outstanding concern, which was to allow a tenant to revoke such a term in an existing post-lease agreement on rent review and after putting the holding into a reasonable state of repair. However, I assure the committee that we intend to lodge amendments to that effect at stage 3.

In addition, we intend to make modest adjustments to the measure at stage 3 to ensure that a valuer or the Scottish Land Court, in assessing the amount of compensation that is to be paid to the tenant in lieu of an existing write-down agreement, can take into account the fact that the write-down agreement forms part of a wider package of agreed and interrelated measures.

I move amendment 50.

14:15

Fergus Ewing (Inverness East, Nairn and Lochaber) (SNP): I support the amendments in the group, but I have one or two queries. The SNP made it clear at stage 1 that we feel that the tenant gets a bad deal under the Agricultural Holdings (Scotland) Act 1991 and that the current system is a recipe for economic stagnation. Not the least of that is the fact that compensation is denied to secure tenants in a huge variety of circumstances, particularly through the practice of landlords entering into write-down and post-lease agreements. Another problem is the inhibition to tenants diversifying and using the land to the full. The secure tenant is often stuck in a situation from which he cannot extract himself, because there is a disincentive to remove from the steading.

That is why I welcome the introduction of the concessions that the committee sought and which, at stage 1, the minister said would be introduced. Around November last year, the minister gave the first indication that serious concessions would be made to give tenants a better deal. With respect, the minister's advisers have had quite a long time to produce the relevant information. Various people in the industry have met and done a great deal of work, and I pay tribute to the work of the SLF, the NFUS, the RICS and the Scottish Tenant Farmers Action Group in making progress towards securing the aim—which most, if not all, of us want—of tenants having a better deal.

I have one specific query on amendment 50. The amendment refers to schedule 5 to the 1991 act, which classifies three different categories of improvements. Part I of schedule 5 covers improvements for which consent is required; part II covers improvements for which notice is required; and part III covers improvements for which no consent or notice is required. As I see it, amendment 50 will not benefit tenants in respect of improvements under part I. For cases in which the tenant carries out such improvements, amendment 50 will not entitle the tenant to compensation if the landlord has attempted to elide the statutory provisions.

Perhaps there is a simple answer to that problem. Those with direct experience have told me that, in the past, not many improvements under part I of schedule 5 to the 1991 act were carried out. Perhaps it would be helpful if I named some of them for members who may not have studied schedule 5. The eight improvements are:

"Laying down of permanent pasture … Making of water-meadows or works of irrigation … Making of gardens … Planting of orchards or fruit bushes … Warping or weiring of land … Making of embankments and sluices against floods … Making or planting of osier beds … Haulage or other work done by the tenant".

I am told that, although a great many such improvements may not have been carried out in the past, it is reasonable to suggest that many more works—such as works that are designed to protect against floods—may be carried out in the future. In many parts of Scotland that have recently been affected by floods—not least my constituency and the adjoining Moray constituency—there may be a desire to assist tenant farmers to make embankments to protect against floods. I have picked one simple example, but if that happens in such circumstances, will tenants be entitled to the protection that is provided in respect of the costs and value of such improvements, as well as that in parts II and III of the schedule?

Allan Wilson: The short answer is no. That does not form part of the industry agreement, which reflects the essential nature of the

improvements for which notice is required, as dealt with in parts II and III of the schedule to which Mr Ewing refers. Part I of that schedule, which provides for new improvements for which compensation may be payable, deals with improvements for which consent is required. That remains unaltered by the provisions.

Amendment 50 agreed to.

Section 37, as amended, agreed to.

After section 37

The Convener: Amendment 51 is grouped with amendment 55.

Richard Lochhead (North-East Scotland) (SNP): Amendments 51 and 55 concern compensation for tenants for improvements where grant aid has been given. Amendment 51 proposes an amendment to the 1991 act and amendment 55 addresses the same issue in respect of short limited duration tenancies and limited duration tenancies.

Amendment 51 refers to section 36(3) of the 1991 act, which states:

"In the ascertainment of the amount of compensation payable under this section for a new improvement, there shall be taken into account … any grant out of moneys provided by Parliament which has been or will be made to the tenant in respect of the improvement."

In essence, the amendment relates to compensation that should be given to tenants. The 1991 act states that any grant that is given to the farm should be taken into account in working out compensation. For example, if a steading on a tenanted farm had been built for £50,000 and a £25,000 public grant had been secured for it, that £25,000 must be taken into account in working out the compensation that is to be paid to the tenant farmer—in other words, that sum would be deducted. That means that the value of a public grant to a farm would, in effect, be left with the landlord and that the tenant farmer would receive no benefits when compensation was worked out.

The 1991 act suggests that the landlord would receive all the benefit and many farmers are concerned by that. They cannot understand why the landlord should receive all the benefit, given that the tenant may have applied for the grant in the first place and arranged the improvement. The tenant might have made their own contribution to the improvement, only to find that the public grant element will be left with the landlord once they give up the tenancy and move on.

Amendment 51 addresses that issue by suggesting a 50:50 split in respect of the benefit of the public grant, so that half of the grant is taken into account rather than the full grant, if public aid has been given. Any benefit would be split 50:50 between the landlord and the tenant farmer—it is as simple as that. The proposal is just and it makes sense. Amendment 51 relates to the 1991 act and amendment 55 relates to the bill.

I move amendment 51.

Stewart Stevenson: I support amendments 51 and 55. I want to develop the principle of halving, which is encapsulated in the two amendments. I draw members' attention to amendment 60, in the name of Rhoda Grant, which I also support. Subsection (5) of the new section that amendment 60 would insert recognises—in a different context, but in a similar way—the use of half amounts. In proposing the use of half amounts in relation to compensation, in amendments 51 and 55, Richard Lochhead is proposing something for which there may already be some sympathy in the Executive. It would, therefore, be only fair to support a similar approach in the provision of compensation for improvements.

Rhoda Grant (Highlands and Islands) (Lab): I seek clarification. I understand the wish for any benefit to be split in half, but the grant might be something that the tenant could have applied for and gained, but to which the landowner might not have had access. I wonder whether that matter is addressed by the amendments or whether they deal simply with securing half the benefit regardless of whether the landowner would have had access to the grant in their own right had they had the untenanted farm in their possession.

Richard Lochhead: The amendments should be taken in the context of section 36(3) of the 1991 act, which makes it clear that the grant must be taken into account in working out the straightforward compensation figure. At least, by the stipulation in amendments 51 and 55, a condition will be attached to that, which will ensure that the tenant gets a benefit. If the member thinks that there is another angle to that, stage 3 will offer the opportunity for further amendments. However, I suggest that the amendments are quite tight and that they would guarantee a benefit for the tenant farmer from any public aid that has been secured.

The Convener: I remind Mr Lochhead that he will have the opportunity to wind up the debate, which might be a more appropriate time for him to speak. He is free to catch my eye if he wishes to do so.

Richard Lochhead: I responded because Rhoda Grant was staring at me.

Mr Rumbles: The Scottish Executive has lodged a series of amendments as a result of the industry-wide agreement to which the minister referred in his opening remarks. Does Richard Lochhead feel that his amendments also stem from the industry's agreement? As I understand it, they do not. I would like some clarification of that in his winding up.

The Convener: My understanding is that compensation that is payable to a tenant ought to be of some value to an incoming tenant. I am not sure how the amendments deal with that, and I would be grateful if Richard Lochhead could expand on that in his winding up.

Fergus Ewing: First, the principle must be clear that, if the tenant obtains a grant—say, of £20,000—that is used to improve a fixed building and which increases the value of that building, unless amendment 51 or something like it is agreed to, the whole of the incremental value will pass to the landlord. That seems totally at odds with the principle of giving the tenant a fair deal, which we seem to have accepted. I hope that the minister will address that principle and support it.

Secondly, there is an argument about whether the amount that should be shared is the amount of the benefit rather than the amount of the expenditure. Let us take the same example. If a grant of £20,000 is spent on a building, the value of the building will not necessarily increase by £20,000—it could increase by less than that. If the amendment is not acceptable to the minister, he may consider lodging a variant of it that recognises that what should be shared between the tenant and the landlord is the increased value to an incoming tenant rather than the amount of money that was expended by way of grant. If the minister is not drawn to Richard Lochhead's amendments 51 and 55, which have much to commend them, I hope that he will address the principle and give us an assurance that the matter will be considered for an amendment at stage 3.

Rhoda Grant mentioned the landlord's position, but that is covered by section 40(2)(a) of the bill and section 36(3)(a) of the 1991 act, which require that account be taken of

"any benefit which the landlord has agreed in writing to give the tenant".

The landlord's interest is already protected, preserved and required to be taken account of under the 1991 act, and under the bill, which simply picks up the act's formula. That need not detain us long.

14:30

I have a question of a textual nature for the minister. Section 40(2) says:

"In ascertaining the amount of compensation so payable, account is to be taken of"

paragraphs (a) and (b), the latter being

"any grant which has been or will be made".

It seems to me that we are interpreting the phrase "account is to be taken of" as being synonymous with "there shall be deducted". Is that what happens in practice? Is the amount of the grant deducted? That is not what the words "account is to be taken of" mean. If it is the case that that phrase has been interpreted as meaning "there shall be deducted", should not that be dealt with by way of textual analysis? Will the minister clarify that point too?

Allan Wilson: I am grateful to Mr Lochhead for lodging amendments 51 and 55 and for his subsequent clarification. I understand what he seeks to do with amendments 51 and 55. The Executive is aware of the concerns that have been raised, principally, I think, by the Scottish Tenant Farmers Action Group, about the effect of grant support in the apportionment of compensation at waygo for an improvement that was jointly financed by the tenant and the landlord and assisted by public grant.

That is where the complication comes in. At that point, it is not a simply a matter of the tenant and landlord agreeing, because the purpose of the grant assistance is to secure the public interest, not necessarily the benefit of either party. Public interest is generally recognised as securing a viable rural industry.

Grant schemes such as the agricultural business development scheme, the farm business development scheme and the crofting counties agricultural grant scheme exist to support the development of agricultural improvements, to develop the business and to secure the public interest in so doing. Awards from those grant schemes are offered under conditions that typically apply over five to 10 years. I do not think that it is in dispute—no member said that it was—that the value of such grant payments should remain with the land throughout that period, as those schemes invest in the land. For that reason, I cannot accept amendments 51 and 55, which would override those grant conditions with a right for the tenant to walk away from a holding three years after receiving a grant, for example, and still be able to benefit from having received the payment. That is an important consideration in the wider equation.

Beyond that, it could reasonably be argued that the remaining value of grant support that is intended for the land should remain with the land. However, I acknowledge Mr Ewing's point that there is a reasonable argument that, if a tenant has contributed 50 per cent of the cost of an improvement, the landlord has contributed 25 per cent and the remaining 25 per cent has come from a grant payment, the grant element should be disregarded and the value of that improvement to the incoming tenant should be apportioned 2:1 between the tenant and the landlord.

An example of that would be that, if a tenant paid £20,000 and a landlord paid £10,000 towards

the cost of a byre, the total cost of which was circa £40,000, with the balance of £10,000 being made up by public grant, the value of the improvement to an incoming tenant would be apportioned 2:1 in direct relation to the respective contributions of tenant and landlord. However, even in those circumstances, we would have to have regard to the primacy of the public interest, why the grant was payable and the conditions that were attached to the grant.

I am happy to consider the issue further in a way that is consistent with the rationale that I have described, which underpins the grant schemes and is consistent with our responsibility to manage public funds from our grant schemes to the maximum benefit of the public interest. As I accept that a reasonable argument is being made, I hope that Richard Lochhead feels able to withdraw amendment 51, to allow that consideration to take place.

Richard Lochhead: I will respond briefly to some comments—I replied to Rhoda Grant prematurely. My response to Mike Rumbles is that all sides of the industry do not agree, which is not too surprising, because I expect that landlords would prefer to keep 100 per cent of the benefit. The fact that landlords do not agree to the provision does not make it wrong. It is the right thing to do, because it would be just.

The convener felt that a new tenant should enjoy the benefit, too. Every time that a new tenant enjoys all the benefits, the landlord ultimately enjoys 100 per cent of the benefit, because no tenant can take advantage of the benefits when the lease ends.

The minister talked about using public money in the public interest. I understand his approach, but it is not necessarily in the public interest to leave 100 per cent of the benefit with the landlord. That is why it is important to address the issue.

When I was speaking on amendment 51, I became quite excited because the officials sitting next to the minister were nodding. I understand and take on board the minister's concern about preventing the tenant farmer from walking away after three years of enjoying the benefit of public aid, but that could be the case for landlords, who could sell the land and have 100 per cent of the benefit if the tenant farmer did not get it. That is another reason why the matter is important.

I appreciate the minister's closing comments. Does he suggest dealing with the issue through a stage 3 amendment or guidance?

Allan Wilson: Either option is possible. I accept the reasonable case that has been made about 100 per cent of the benefit being secured unfairly. That argument can be applied in either direction. I want to secure the public interest and fairness, and that could be done by an amendment or with guidance on applying provisions.

My answer to Mr Ewing's question is that, in the industry, the words "account is to be taken of" generally mean that a deterioration in value is accepted, to take account of the grant investment. That is how the system works in practice. We want to consider that more, to find out whether there is a better way. That might mean lodging an amendment at stage 3, or guidance and discussions with the industry.

Richard Lochhead: Given the minister's comments and provided that he gives the committee some feedback before stage 3—if that is possible—I am happy to withdraw amendment 51.

Amendment 51, by agreement, withdrawn.

The Convener: Amendment 52 is grouped with amendments 53 and 58.

Richard Lochhead: Amendments 52 and 53, in my name, and amendment 58, in the name of Ross Finnie, refer to compensation for tenants arising from diversification. Amendment 52 refers to the 1991 act. Amendment 53 refers to the bill and to short limited duration tenancies and limited duration tenancies. The amendments state that a tenant farmer should benefit from compensation for any increased value of the farm arising from diversification.

Section 44 of the bill proposes to insert new section 45A into the 1991 act, whereby:

"the landlord of an agricultural holding shall be entitled to recover from the tenant, on his quitting the holding on termination of the tenancy, compensation where the landlord shows that the value of the holding has been reduced".

The new section goes on to list various activities in relation to which compensation would be payable. It follows that if the landlord can benefit from a decrease in the value of the holding due to diversification, the tenant should benefit from an increase in the value. Many tenant farmers have made that point to me, including the Scottish Tenant Farmers Action Group. That landlord and tenant farmer should be treated equally as regards compensation following diversification is a valid case to make.

There are various means by which diversification could lead to an increase in the value of a farm. The landlord might think that the value had decreased whereas the reverse could be true—there could be an increase in value if the barriers regarding conservation activities, and other activities referred to in the bill, were removed.

Amendment 52 is a simple amendment, stating that if one rule applies for a landlord, a similar rule

should apply for the tenant. I note that the minister has lodged a similar amendment, so I will decide whether to press my amendments once Allan Wilson has spoken to amendment 58.

I move amendment 52.

Allan Wilson: I hope that Richard Lochhead and I are on the same wavelength, in so far as the three amendments are all designed to enable a tenant to receive compensation at waygo to reflect improvements that have been made to a holding for non-agricultural purposes.

Amendment 58, in the name of Ross Finnie, offers a valuable benefit to tenants who entered into approved diversification schemes. For example, if someone wanted to start a bed-and-breakfast business based in a farmhouse or in other cottages on a farm, the provision would allow the tenant to obtain compensation relating to the construction of en suite facilities or some other improvements for the purposes of diversification.

The basis for compensation would be the value of the improvements to the incoming tenant, therefore placing the improvement on the same basis as an agricultural improvement. However, in crafting amendment 58, we have had to take account of two factors that Richard Lochhead's amendments do not appear to address.

First, as a matter of principle, agricultural land that is used for non-agricultural purposes must be capable of being restored to agricultural use at some time in the future. I am sure that Richard Lochhead would agree that it would not be appropriate for a non-agricultural business to be conducted on agricultural land, with the protection of agricultural holdings law, on any other basis. I am quite sure that that is not the intention of his amendments, but they do not deal with that issue.

We seek a more flexible and responsible use of agricultural land; not a permanent reclassification for other uses. That is why, where a tenant enters into a non-agricultural activity, it is important that it will be undertaken for the duration of the lease and that the tenant will restore the land to agricultural use at the end of the lease term, unless the landlord agrees otherwise. The landlord has let land as agricultural land. For the future of the agricultural lettings market, it is important that landlords are able to let that land as agricultural land to the successor tenant.

14:45

Another important difference between amendment 58 and Richard Lochhead's amendments 52 and 53, is that amendments 52 and 53 would apply to diversifications conducted before the commencement of the act. The Executive is concerned about that provision. We have been prepared to intervene in agreements between landlords and tenants where there is evidence that the balance of power between them is uneven; hence our interest in diversification, to which I referred in response to a question from Mike Rumbles during the stage 1 considerations. As I stressed then, it is because we have been prepared to intervene that the Executive is providing for amendment 58, and for other amendments on the use of write-down agreements. However, we know of no evidence that there has been disagreement on diversifications. The Executive's problem has rested with landlords who have blocked tenants' proposals to diversify. It has tended to be the more forward-looking landlords who have allowed their tenants to diversify. Both parties entered into those agreements and I would not agree that it is legitimate on public interest grounds, which the Executive represents, that action should be taken to override such freely agreed terms.

If amendment 58 is agreed today, it is likely that the Executive will want to adjust it at stage 3 to clarify the provision. We might, for example, provide a link to the provisions for approving diversification in part 3, or ensure that nothing about a tenant's right to compensation for a non-agricultural activity conducted in an agricultural building cuts across the liability of a landlord to satisfy their requirement under section 5(2) of the 1991 act to provide the next tenant with the necessary fixed equipment for his or her agricultural business. The Executive may also provide for compensation to be paid to the tenant for certain non-agricultural activity conducted on agricultural land. That might be for the remaining term of an LDT, in which the outgoing tenant has assigned his or her interest.

I am happy that amendment 58 gives me the opportunity to show the committee how the Executive proposes to approach tenants' rights to compensation arising from non-agricultural improvements. We are all treading the same path, and I am happy to listen to the views of committee members. Given my explanation for the reasoning behind the differences between the amendments, I ask Richard Lochhead to withdraw amendment 52, and not to press amendment 53, in favour of amendment 58, with the proviso that it will be tweaked at stage 3.

The Convener: On a point of clarification. Would it be right to say that amendment 58 is the product of agreement with the stakeholders group and that amendments 52 and 53 are not? Is it your intention that the adjustments that you propose to introduce at stage 3 would be made following similar agreement?

Allan Wilson: The answer to both questions is no, but, on the latter point, the Executive hopes to secure agreement before the stage 3

consideration of the amendments. That is not to say that the amendments will not be discussed with industry representatives before stage 3.

The Convener: If you want your adjustments to be agreed by the stakeholders group, I would think that that would be a prerequisite.

Stewart Stevenson: I wonder whether the minister would consider his approach a little inconsistent. I do not think that we diverge greatly in objectives, minister. You criticised, reasonably, Richard Lochhead's amendment 52 for excluding the phrase that you incorporate in amendment 58:

"provided that the land is suitable for agricultural use."

I listened carefully to that criticism. However, you also criticised the wording of your amendment—amendment 58. I think that you suggested to the committee that we should proceed with amendment 58, which will require further tweaking, but reject amendment 52, which—I think we acknowledge—also requires further tweaking. In addition, I note your response to the convener that amendment 52 is not yet a subject of agreement. Nonetheless, I think that you indicated that you believe that it would be possible to achieve agreement on amendment 58, or something similar.

I believe that Richard Lochhead's amendments 52 and 53 are as likely to achieve agreement as amendment 58, because they head in the same direction and work through the 1991 act with the same objectives. I would be interested to hear the minister's view. The appropriate way forward would be either for all the amendments under consideration to be withdrawn for further consideration at stage 3, or for us to reflect a desire to support tenants under the 1991 act, as well as those who will qualify for SLDTs and LDTs, by taking forward all the amendments together. I wonder whether the minister feels that there is a certain logic to my proposal.

Fergus Ewing: It is obvious, minister, that we are all trying to move in the same direction. However, it seemed to me that there was a contradiction between the arguments in your initial exposition and the wording of amendment 58. As I see it, amendment 58 is designed, as are Richard Lochhead's amendments 52 and 53, to ensure that a tenant who carries out diversification to his farm is entitled to proper compensation. There are, of course, specific provisions elsewhere in the bill for compensation—for example, for diversification or the cropping of trees. There is also provision for a tenant to provide notice of diversification and for a landlord to object to it. There is quite an elaborate procedure in section 35.

The minister gave an example of the type of diversification that a tenant could carry out and, I presume, for which they would be entitled to receive compensation under the provision—they could put up a cottage, perhaps under the agricultural business development scheme. If there were a cottage, or a series of cottages or holiday lets, I cannot understand, unless I am missing something, how that land could then be suitable for agricultural use; unless, of course, the cottage or the holiday lets were razed to the ground and the ground prepared so that it could be used again for cultivation or whatever. The minister's example seems to be one for which, in the terms of amendment 58, no compensation would be payable because, unless I am missing the obvious, if someone puts a house on land, the land is no longer suitable for growing crops or sustaining livestock. I did not understand how the minister's example supported amendment 58. In fact, the example seemed to contradict the amendment.

The wider issue of principle is that it is only for agricultural diversifications that result in incremental value to the land that the tenant would be entitled to receive compensation at waygo, or quitting. That seems to be unnecessarily broad, particularly because of the detailed provisions of section 35, through which a tenant would obtain consent from a landlord to diversify. However, if the diversification were such that the land would no longer be suitable for agricultural use, the whole benefit of obtaining consent for diversification would be gone.

If the minister agrees that amendment 58 is flawed, I personally wonder what the point is in agreeing to it. It seems silly to agree to an amendment that we agree is flawed. I wonder whether, since we all want to move in the same direction—at least, I hope that we do—the minister might consider that the best course today might be to not agree to any of the amendments in this group. Perhaps the industry groups could look at the topic in more detail and provide the benefit of their advice on it.

Rhoda Grant: I am concerned about the possibility that the minister's amendment would discourage diversification into other areas. For example, it would be possible at waygo for a landowner to take back a piece of land on which holiday cottages had been built, relet the agricultural land as a limited duration tenancy and sell off or keep and rent out the holiday cottages, thereby benefiting from the investment. However, no compensation would be given to the tenant who had built the cottages.

I have a great deal of sympathy with amendment 52's amendment of the 1991 act, which would ensure that compensation is given to the tenant for non-agricultural diversification. I would like to hear the minister's comments on that.

Allan Wilson: As you can imagine, we had a considerable amount of discussion on this matter

in advance of today's meeting. I questioned officials on when agricultural land ceases to be considered such for the purposes of this bill and other important considerations. There is a question of principle, which I referred to, that makes me want to move the amendment.

I say to Stewart Stevenson that this is the first time in my many committee experiences that a committee has asked the Executive to withdraw an amendment; it is usually the other way around. I congratulate you on your ingenuity, but I intend to press the amendment because of the important principle that is involved. Obviously, it is up to the committee to decide whether to support the amendment. As I said, I am interested in the committee's views.

As currently constructed, amendment 58 does not represent wide agreement in the industry, but we hope to secure that agreement. As a matter of principle, I remain of the view that agricultural land that is used for non-agricultural purposes must be capable of being restored to agricultural use at some time. It would not be appropriate for a non-agricultural business to be conducted on agricultural land with the protection of agricultural holdings law. I entirely accept that it is difficult to define that in statutory terms.

Fergus Ewing poses a question relating to a situation in which the landlord has consented, but I point out that there are also situations in which a landlord might object. The test in those cases would be to do with whether the non-agricultural use of the land would substantially prejudice the use of the land for agricultural purposes. That encapsulates the intention as best I can at this stage.

If a cottage were to become redundant for agricultural use, it could be converted to a non-agricultural purpose with no effect on the agricultural use of the land. That is similar to the circumstances that Fergus Ewing referred to. However, building new cottages could amount to a permanent reclassification of the land from its former agricultural use, as I am sure you would agree. I believe that those are important considerations. The definition of a cottage in that context would refer not to its existence, but to its use in relation to the purpose to which the land is put, whether it is agricultural or commercial. There are important issues that amendment 58 addresses but that, regrettably, amendment 52 does not address.

As I said, we intend to amend the bill further at stage 3. Amendment 58 deals with an important matter of principle and is worthy of consideration and support. Amendment 52 refers retrospectively to agreements between the parties. In general, those are agreements between forward-thinking landlords and their tenants on diversification. There is no public interest in revisiting that matter.

Despite Stewart Stevenson's eloquent plea for me not to move amendment 58, I will do so. I will listen to what members have to say and take on board the committee's conclusions for stage 3. However, for the sake of the principle that I have outlined, I will move amendment 58.

15:00

The Convener: It is good to know that, through Stewart Stevenson, the committee is again at the cutting edge of parliamentary procedure.

Allan Wilson: Absolutely. That was certainly a new experience for me.

Stewart Stevenson: I try.

The Convener: I ask Richard Lochhead to wind up and to indicate whether he intends to press or to withdraw amendment 52.

Richard Lochhead: Amendment 52 deals with an important principle that I hope the committee will want to establish. If there is one rule for landlords, there should an equal rule for tenant farmers. Until the minister spoke, I thought that amendment 52 was straightforward and simple.

There may be a red herring in the minister's arguments—the issue of restoring land to agricultural use. The minister admits that amendment 58 is flawed and may require further amendment. Fergus Ewing spoke about chalets or similar buildings being constructed. Rhoda Grant also made pertinent comments about amendment 58. That leads me to think that more questions must be asked about the minister's arguments for amendment 58 than about amendments 52 and 53, which I regard as straightforward and simple.

If an ideal amendment that is agreed by all parties is lodged at stage 3, so be it. However, at this stage I would like to press amendment 52 as it is important that we establish the principle to which I have referred. There are a number of flaws in the minister's arguments.

The Convener: The question is, that amendment 52 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Grant, Rhoda (Highlands and Islands) (Lab)
Lochhead, Richard (North-East Scotland) (SNP)
Stevenson, Stewart (Banff and Buchan) (SNP)

AGAINST

Fergusson, Alex (South of Scotland) (Con)
McAllion, Mr John (Dundee East) (Lab)
McGrigor, Mr Jamie (Highlands and Islands) (Con)
Morrison, Mr Alasdair (Western Isles) (Lab)

Radcliffe, Nora (Gordon) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
Smith, Elaine (Coatbridge and Chryston) (Lab)

The Convener: The result of the division is: For 4, Against 7, Abstentions 0.

Amendment 52 disagreed to.

Section 38—Right to compensation for improvements

Amendment 53 not moved.

Amendment 54 moved—[Allan Wilson]—and agreed to.

Section 38, as amended, agreed to.

Section 39 agreed to.

Section 40—Amount of compensation

Amendment 55 not moved.

Section 40 agreed to.

Section 41—Consent required for compensation in certain cases

Amendment 56 moved—[Allan Wilson]—and agreed to.

Section 41, as amended, agreed to.

Section 42—Notice required for certain improvements

Amendment 57 moved—[Allan Wilson]—and agreed to.

Section 42, as amended, agreed to.

Section 43 agreed to.

Section 44—Compensation arising as a result of diversification etc

Amendment 58 moved—[Allan Wilson].

The Convener: The question is, that amendment 58 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

McAllion, Mr John (Dundee East) (Lab)
Morrison, Mr Alasdair (Western Isles) (Lab)
Radcliffe, Nora (Gordon) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
Smith, Elaine (Coatbridge and Chryston) (Lab)

AGAINST

Fergusson, Alex (South of Scotland) (Con)
McGrigor, Mr Jamie (Highlands and Islands) (Con)

ABSTENTIONS

Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Grant, Rhoda (Highlands and Islands) (Lab)
Lochhead, Richard (North-East Scotland) (SNP)
Stevenson, Stewart (Banff and Buchan) (SNP)

The Convener: The result of the division is: For 5, Against 2, Abstentions 4.

Amendment 58 agreed to.

Amendment 59 moved—[Allan Wilson]—and agreed to.

Section 44, as amended, agreed to.

Sections 45 to 47 agreed to.

Before section 48

The Convener: Amendment 60 is in a group on its own.

Rhoda Grant: The aim of amendment 60 is to ensure that secure tenants can give up a tenancy and benefit from the increase in the value of the land because of that action.

Currently, land tenanted on a secure tenancy is worth about 50 per cent less than it would be worth untenanted. Therefore, if the secure tenancy is relinquished, the value of the land rises. That benefit usually falls to the landowner. If tenants want to retire and move from a secure tenancy, the amendment would encourage them to do so and would enable them to be compensated. It would ensure that the increased value of the land was shared equally between the landowner and the tenant.

The amendment would allow a landowner who wants to sell his estate or farm with vacant possession to enter into an agreement with the tenant to quit their tenancy and be compensated at the point of sale, taking into account the amount for which the land is sold. The amendment would also allow tenants who want to give up the tenancy without the land being sold to pass the tenancy back to the landowner and have a valuation put on the land so that they, too, can be compensated. Both landowner and tenant would receive a share of the increased value that accrued to the land, so tenants would be compensated for the improvements that they had made to the land.

The amendment would also allow compensation for limited duration tenancies, which are created under section 2 of the bill—those are tenancies that were secure tenancies and have been converted into limited duration tenancies. There would therefore be no disincentive for people to transfer to limited duration tenancies.

The aim of the amendment is to free up tenanted land and to allow tenants to move with a share of the increased value. It would allow more farmers to retire and move away. People who may not have capital would be able to set up a new

home elsewhere, which would free up farms for others. The amendment would also create a framework whereby landowners could approach tenants to ask them to quit secure tenancies in order to increase the value of the land for sale.

The amendment would give benefits to landowners and tenants and it would promote the policy objectives of the bill. It would also encourage investment in farms, by landowners and tenants. As people would know that they would accrue some of the value and would be compensated for investment, they would be more willing to invest. Moreover, there would be collateral for banks to lend on that investment.

I move amendment 60.

Fergus Ewing: I support the aim of Rhoda Grant's amendment 60, which would allow tenants and landlords to share in the premium value that arises when a secure tenancy is given up. That premium value is the difference between the value of land with vacant possession and the value of a farm that is subject to a secure tenancy. It is by now fairly well known, even among MSPs, that the two figures are entirely different and that, if a landlord decides to sell on the open market a farm that is subject to a secure tenancy, he will get perhaps 50 or 60 per cent of the sum that he would have received had he sold the farm with vacant possession. It is that premium value that we wish the tenant to have a share of.

I agree that, from a public policy point of view, that would achieve the twin aims of, first, allowing and encouraging elderly tenants to retire knowing that they would receive a share of the value of the farm that they had probably worked on all their lives, and perhaps on which their families worked for generations before. It would have the second public policy benefit of in turn allowing new entrants to farming. Although some members of the SLF may disagree with that, many of my constituents feel that the current situation is a severe barrier to new entrants to farming.

As amendment 60 is supported by the Scottish Tenant Farmers Action Group and the NFUS, the situation is different from the one with the amendments that we discussed earlier. As I understand it, the NFUS supports the principle that the tenant and the landlord should be able to share in the premium value. The committee supported the proposal—I think unanimously, but perhaps I will be corrected; I do not mean to misrepresent anybody—in paragraph 39 of its stage 1 report, which recommended

"that the … Executive should examine the recommendation made by … NFU Scotland that the termination of a secure heritable tenancy … should attract statutory compensation. This should include examination of how the premium value released by vacant possession should be attributed between the parties."

I support that aim, but the question is whether amendment 60 would achieve it. If one reads the wording of amendment 60, it is apparent, I am afraid, that there is a real danger that the amendment would not achieve the aim. It may be that a further minor amendment is required or that more fundamental amendments are required at stage 3.

Subsection (2) of the new section proposed by the amendment states:

"Where the landlord wishes to sell the land with vacant possession, the landlord may"—

I stress that word—

"enter into an agreement in writing with the tenant"

and the tenant will receive an amount of compensation calculated in accordance with subsection (3). Subsection (4) states:

"Where the tenant wishes to quit the land, the tenant may enter into an agreement in writing with the landlord".

The operative word is "may". Turkeys may vote for Christmas if given the franchise, but can anyone identify one landowner in Scotland who would choose to give away or to share the premium value?

My question to Rhoda Grant is whether she agrees that, if amendment 60 is passed, the framework will need to be tightened up. She said that amendment 60 would ensure that tenants were compensated. However, if she will concede that amendment 60 ensures no such thing and that it would allow landlords to continue to obtain the whole share and benefit, will she agree that we should deal with the matter at stage 3?

I have a final point. The trigger to the process envisaged by the amendment would be the tenant saying, "I want to retire." Given that the amendment states that the tenant will—not "may"—be entitled to receive compensation, some notice procedure would be fair, to enable the landlord to prepare for that serious business decision to be made. I hope that the industry will be able to discuss how long that period of notice should be. It is only reasonable to suggest that the proposal should be amended to reflect that.

My main point is that the discretionary element should be ended, because, even if they were given the franchise, turkeys would not vote for Christmas.

15:15

Mr McGrigor: We are all agreed that the whole point of the bill is to create better relationships between landlords and tenants and a more vibrant letting sector. To achieve that, tenants and landlords will have to trust each other. In my view, if amendment 60—the effect of which would be to

grant the tenant a share in the capital value of the farm—were agreed to, no landowner would create limited duration tenancies on land of which he had vacant possession. Amendment 60 is against the spirit of the bill.

Stewart Stevenson: I was happy to support amendment 60 not because it is perfect, but because it addresses a genuine issue. Furthermore, there is a delightful symmetry to the way in which it does so. For every paragraph that refers to some kind of conferment on a landlord, there is an accompanying paragraph that makes a conferment on the tenant. I heartily agree with such equality.

Amendment 60 reflects an idea that is manifested elsewhere in the bill—that there is a value in a tenancy under the 1991 act and in an LDT. That is reflected in the increase in the minimum length of tenancy when a 1991 act tenancy is converted into an LDT—the minimum length goes up from the 15 years that prevails otherwise to 25 years. In other words, the amendment recognises both that the increase in the minimum length of a tenancy by 10 years confers value on the holder of the new tenancy and that, in giving up a 1991 tenancy, value is surrendered. Therefore, the tenant and the landlord will co-operate in relation to their respective interests in the value that is derived from the existence of a well-managed tenancy with a good landlord.

Jamie McGrigor's observation that amendment 60 would create an interest for the tenant in the capital asset that is the land is entirely misplaced. If amendment 60 addresses anything, it addresses the need for the tenant to have the opportunity to share in what they have created for the landlord through their good husbandry, their efforts and their investment in increasing the value of the holding.

Although I am mindful of Fergus Ewing's observations on the use of the word "may", his argument is not sufficient to make me withhold my support from amendment 60, which addresses a genuine need. Any amendments that need to be made to amendment 60 will be of a small order compared with the substantial amount of work that has gone into its creation. I will be happy to support amendment 60.

Mr Rumbles: I am concerned that amendment 60 is not competent. The use of the phrase "may enter" has been commented on. At the moment, there is nothing in law to prevent a landowner and a tenant from making such an agreement. Amendment 60 is constructed in such a way that it does not mean anything.

I will leave aside the issue of competency, however, and address the principle behind the amendment. Many of the amendments that we are voting on today are the result of industry-wide agreement between landowners and tenants of one form or another. Amendment 60 is not the product of such consensus—it comes from a particular direction.

We must remember that the bill gives the tenant farmer many more benefits, but I believe that amendment 60 goes a little too far in principle. Fergus Ewing mentioned public policy. If amendment 60 were enshrined in law, the value of the land would be taken away. When the landowner originally entered into the tenancy agreement with the tenant, he had vacant possession—he had to have in order to grant the tenancy. If the amendment is passed, we would be saying that, when the tenancy ends for whatever reason, the tenant farmer is to be rewarded even more than would be the case as things stand.

Compensation for the work, time and value that have been put into the farm is a separate issue. Everybody agrees that the tenant farmer should receive compensation. However, as I said, the principle of amendment 60 goes a bit too far down the road and gets things wrong—it goes overboard. I believe that some balance is required. The amendment gives away part of the capital value of the land, which the landowner may have wanted to invest in another part of the estate or in another farm. That money could well disappear from the agricultural process.

I will not vote for amendment 60 for two reasons. The first is practical: the amendment is not competent. The second is a matter of principle: I believe that it goes too far.

The Convener: I will add a question to Mike Rumbles's contribution and ask Rhoda Grant to answer it when she sums up. Currently, an incoming tenant would not have to make a contribution of any sort in order to acquire a tenancy. However, would not a natural reaction or follow-on to the amendment, if it is implemented, be for the landlord simply to pass on to an incoming tenant the cost of any capital contribution that he had to make to the outgoing tenant? Would that not become the norm? I believe that, if it did, it would have a detrimental effect on the future letting of land and work against the aspirations of the bill.

Mr John McAllion (Dundee East) (Lab): As a substitute member of the committee, I hesitate to take part in this discussion—it took me a few minutes to realise what LDT stands for. Some of those who are arguing against amendment 60 in principle seem to be the very people who argued in favour of the right to buy in relation to public sector housing. I do not see that there is any distinction in principle between the respective relationships between landlord and tenant in the agricultural and housing contexts.

When tenants exercise their right to buy a public sector house at a massive discount, they share in the capital value of the house, which previously belonged exclusively to the landlord. However, it seems that, to those who argued for the right to buy in relation to public sector housing, a different principle operates in relation to land. I cannot see why there should be a different principle. Tenants have rights, as well as landlords. It took me a long while to recognise that with respect to housing; perhaps some Tories and Liberals will take just as long to recognise it with respect to land.

The Convener: Sadly, Mr McAllion, it is not for me to sum up. If it was, I would answer that point. Perhaps I will speak to you later about it.

Allan Wilson: I will come to the Dundee council housing equation later. Mike Rumbles's comment that industry representatives have discussed how the issue can be addressed is perfectly correct. However, I have to report that they were unable to agree a response on the matter.

Nonetheless, I am grateful to Rhoda Grant for lodging amendment 60, which I think attempts to address the fifth of the concerns that have recently been expressed by tenants—that they should receive a share of the value of the farm that they have rented at waygo in terms of what may be called a golden handshake. That would be the equivalent of the housing tenant who left his or her tenancy and secured a pay-off from the council so to do. In any event, industry representatives have discussed a possible way forward, which I will return to.

I think that Mr Ewing might well have outed the NFUS today. There has not been agreement on the matter and I understand that the union's position has fluctuated between support for and opposition against. He may be giving a more recent interpretation of the NFUS's perspective—I do not know.

In that context, it certainly falls to ministers to reach a view, which we are putting to the committee today. Our considered view is that we cannot support the amendment based on the case that has been put to date. It is important to distinguish that issue from the four other issues raised. Jamie McGrigor's contribution was relevant in so far as we have been finding ways of extending tenants' rights, where that need arises, while providing the right conditions for the tenanted sector to prosper, which is the other side of the same coin.

It has been appropriate for us to act in response to the other four issues, such as the tenant's right to compensation at waygo for improvements and so on. That is a response to a situation in which the relationship between landlord and tenant has faltered. However, that situation has not arisen in relation to the point that we are discussing now. There is no suggestion—not even from Rhoda Grant—that landlords have acted inappropriately by not giving tenants the aforementioned golden handshake or a share of the value of the tenancy, when it is obviously the tenant who has opted to quit the holding.

In that respect, the proposal is something quite new. We are effectively being asked to provide a fund that tenants could use to finance their retirement, but that is not provided for in other areas of the law—for example, a landlord would not be expected under commercial lease law to provide a tenant shopkeeper with a pension. Similarly, I would not agree that agricultural holdings law should be used as a mechanism for providing a payment from a landlord to a tenant at waygo and there is no comparison with the case of the Dundee council housing tenant who does not exercise the right to buy. In relation to the bill, we are talking not about a tenant exercising a right to buy; we are talking about a tenant exercising an option to quit their tenancy. The danger is obviously the one that Jamie McGrigor outlined—that making or attempting to make such a change to a bill to revitalise the tenanted sector could upset the balance and consequently damage the sector.

Tenants' rents, as other members mentioned, reflect the fact that tenants have a right to occupy their land, but that does not assume that the tenant is acquiring a share in the value of that land. There is a real risk that the confidence of landlords in letting land in those circumstances could be dented, especially if they were compelled to endure unforeseen costs at a time outwith their control, as the tenant could exercise their option to go at a time of their choosing and not necessarily of the landlord's choosing.

Of course, that is a circumstance and a risk that could spread beyond the tenanted farming sector. Small landlords might find it difficult to afford such payments at the relevant time. As the convener said, the obvious consequence would be that landlords might wish to pass those costs on to incoming tenants. They might also be required to lock up funds that would otherwise have been used to invest in the estate or in the holding, against the prospect of one or more of their tenants quitting and of their being required to stump up the prospective value of that tenancy.

Of course, all that goes against the principle underpinning the bill, which is that we should have a willing seller and willing buyer in equal measure. Those who propose the measure have not assessed what its impact would be on that principle and there is currently nothing to reassure me that the amendment would not undermine that balance within the sector.

Failure to stimulate the tenanted sector would be to the disadvantage of tenants in the longer term, as we said at the previous meeting. The proposed measure is not in the long-term interests of the tenant, as it would put power in the hands of the landlord to dictate the terms of the tenancy in the absence of competition for a limited amount of land on the tenanted market.

Moreover, it cannot be suggested that all tenants under a 1991 act tenancy would benefit from the proposed right. If secure tenants did not quit the farm that they rented immediately, they could face higher rents to reflect the fact that their rent now included an element towards their acquisition of a portion of the interest in the land. In effect, they would then pay for their own retirement fund. They could find that some of the funds were locked up just in case they chose to quit the holding. The amendment would therefore introduce a degree of inflexibility.

15:30

I do not want to raise a spectre, but I have discussed with officials whether the placing of a monetary value on a tenancy might mean that there was a risk that the Inland Revenue would declare an interest. Why should not the Inland Revenue treat a payment to the tenant at waygo as taxable? The supporters of amendment 60 will correct me if I am wrong, but I am not sure that they have considered that aspect in the wider context of tax law.

In addition, subsections (2) and (3) of the section proposed by amendment 60 would add nothing to present practice. It is already the practice for a landlord to offer the tenant a share of the value of the holding for leaving. The fundamental point to remember is that, if a tenant is unhappy with the landlord's terms, he can block the landlord's proposals simply by refusing to leave. Indeed, a tenant under a 1991 act tenancy might have all the more reason to want to stay when the landlord intended to sell, so that he or she could exercise the right to buy the landlord's interest in the farm.

The cross-industry group has discussed the matter but has been unable to reach a consensus. However, the group recognises that the ability to convert a secure tenancy to an LDT of at least 25 years, which the tenant can then assign, offers a genuine way forward. An horizon of 25 years might well equate with the normal horizon for an outgoing tenant. The new system would allow the outgoing tenant to acquire some value for their tenancy in a way that need not disrupt the broader operation of the tenanted sector. We want to explore that issue further at stage 3.

Stewart Stevenson was not right in his argument about the value to a secure tenant. The value to the tenant comes from the ability to assign their interest in the land. A secure tenant could not assign their interest in the land, but an LDT tenant would be able to do that. In that context, there are risks in allowing a secure tenant to assign in that way. We will want to explore with the industry the potential way forward for converting a secure tenancy to an LDT of at least 25 years.

If the convener were to ask me to summarise—

The Convener: The minister can take it as read that I will.

Allan Wilson: A satisfactory case has not been made for amendment 60 and I am not too sure that all the issues have been considered. Why is it necessary to provide tenants under the 1991 act with a way out of their tenancy? What value would such a right be to the tenant after account was taken of the tax consequences that I believe—perhaps others do not—would be inevitable. How would the right be introduced in such a way as not to disrupt the market in agricultural lettings? It is in tenants' long-term fundamental interest to stimulate the tenanted sector and the tenanted market.

In my view, the case for amendment 60 has not been made and much further work is required. The optimum way forward would be for Rhoda Grant to withdraw the amendment, so that the discussions with the industry can continue prior to stage 3.

The Convener: Fergus Ewing wants to make a clarification. I ask him to do so as briefly as possible.

Fergus Ewing: In my remarks, I said that I understood that the NFUS supported the principle that is set out in amendment 60, which is that secure tenants should have a right to compensation for yielding vacant possession. In his reply, the minister used the curious phrase that he thought that I might have "outed" the NFUS—which is pretty close to an oxymoron, if one thinks of the normal context of the use of that verb.

As I do not wish to misquote the NFUS—I do not think that I have—I will read from its written submission, which is on page 71 of the committee's stage 1 report:

> "It is widely accepted that the existence of a secure tenancy on a holding reduces its open market value. This notional value has also been recognised by the Inland Revenue in assessing the potential tax liability of a heritable tenancy.
>
> Termination of a heritable tenancy with statutory compensation would allow the landowner to realise the full value of his holding, including the benefit of the stewardship of the tenant and the increased value of the holding through his improvements. It is only reasonable that the tenant should be compensated for assigning that benefit to the landlord."

There is much more along those lines, but that indicates that, at the time of making its submission at least, the NFUS supported the principle. I hope that the minister will accept that.

Allan Wilson: I accept that that was in the written evidence. However, I said that that may or may not be the NFUS's up-to-date position. I am not making anything of it. Discussions of that ilk, by necessity, have been undertaken in an open manner with a degree of confidentiality attached to them. It would not be appropriate for us to discuss the ins and outs and the whys and wherefores of the situation now as opposed to then. All discussion and debate requires people to adopt a flexible approach if agreement is to be secured. As I have said, my objective is to secure agreement. We have outlined a prospective way forward, which may or may not involve people moving from their previously expressed positions. I do not know.

The Convener: I ask Rhoda Grant to wind up and to press or withdraw amendment 60.

Rhoda Grant: Amendment 60 applies only to secure tenancies or to LDTs that have been secure tenancies in the past and have transferred to being LDTs. It does not apply to all LDTs and SLDTs—I make that very clear.

Fergus Ewing said that the amendment uses the word "may" a lot. It is right for it to use the word "may". When a landlord wishes to sell the land with vacant possession, he may approach the tenant. I would not want to prescribe that the landlord should approach the tenant or that the tenant would have to give up their tenancy. The two must reach an agreement.

When the tenant wishes to quit the land and get compensation, they may enter into an agreement with the landowner. That is also right. However, the landowner could be a small farmer or somebody who does not have a lot of money, who would not be able or willing to give compensation to the tenant. Therefore, I have lodged another amendment—amendment 49—that would allow for secure tenancies to be assigned. It is only right for a tenant who wants to leave their secure tenancy to approach the landowner first, but if the landowner is cash poor and unable to compensate the tenant, they could look to assign the land on the market and get compensation from the person to whom they assign. That would leave the landowner free from having to fulfil that obligation. That is why the word "may" is important.

I understand Fergus Ewing's points about the need for a period of notice. I have not prescribed a period of notice in amendment 60, as I hope that that would be negotiated between a tenant and a landowner. Nevertheless, I do not have a problem if members want to lodge amendments at stage 3.

It is important to state that land that is held under a secure tenancy is worth 50 per cent of what it is worth untenanted. That is where amendment 60 is coming from; it is the basis of the amendment. That would not be true of limited duration tenancies or short limited duration tenancies, so the tenancies that we are talking about are quite distinct. The formula that is used for compensation already exists in case law, in Bairds Executors v Inland Revenue (1991). Therefore, the Inland Revenue is already aware of the value that a secure tenancy could have.

The convener said that landowners who were trying to recoup part of the money with which they had compensated the secure tenant would ask for compensation from people to whom they were tenanting out the land under LDTs or SLDTs. However, I do not believe that that would happen. Under that kind of tenancy, the value of the land would not be affected as it would be under a secure tenancy.

I am concerned that the industry cannot agree on the issue. When we took evidence, it did not agree, so committee members must make up their own minds about what to do with amendment 60. I do not think that the industry will ever agree. People have asked why a landowner would pay compensation for a tenancy that they could gain. The truth is that the tenancies that we are talking about are heritable tenancies, and the landowner would never be able to recoup the full value of the land unless the tenant gave up the land, although they might be keen to recoup the value that is tied up in that land.

I press amendment 60 and ask the committee to support it.

The Convener: The question is, that amendment 60 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Grant, Rhoda (Highlands and Islands) (Lab)
Lochhead, Richard (North-East Scotland) (SNP)
McAllion, Mr John (Dundee East) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stevenson, Stewart (Banff and Buchan) (SNP)

AGAINST

Fergusson, Alex (South of Scotland) (Con)
McGrigor, Mr Jamie (Highlands and Islands) (Con)
Morrison, Mr Alasdair (Western Isles) (Lab)
Radcliffe, Nora (Gordon) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)

The Convener: The result of the division is: For 6, Against 5, Abstentions 0.

Amendment 60 agreed to.

Sections 48 to 51 agreed to.

The Convener: I propose a break of five minutes. We will resume at quarter to 4.

15:41

Meeting suspended.

15:49

On resuming—

Before section 52

The Convener: Amendment 61 is in a group on its own.

Richard Lochhead: Amendment 61 is in effect about empowering our tenant farmers. Over the past 18 or so months, many tenant farmers from throughout north-east Scotland have come to visit me. It is clear that, down the years, our tenant farmers have had rough justice, and are still in that position despite our being in the 21st century.

Many tenant farmers find themselves at the mercy of absentee landlords or landlords who take no interest in their estates, whom they find it extremely difficult to get in touch with, especially when it comes to ensuring that landlords fulfil their obligations. Many landlords, especially those of some of the bigger estates, consider the tenant farms simply to be cash cows and show absolutely no interest. As a result, the farms continue to deteriorate due to a lack of investment.

Amendment 61 seeks to amend the 1991 act. Section 5 of that act places obligations on landlords to maintain equipment on farms. It says:

"There shall be deemed to be incorporated in every lease of an agricultural holding to which this section applies—

(a) an undertaking by the landlord that, at the commencement of the tenancy or as soon as is reasonably practicable thereafter, he will put the fixed equipment on the holding into a thorough state of repair, and will provide such buildings and other fixed equipment as will enable an occupier reasonably skilled in husbandry to maintain efficient production",

and goes on to elaborate on those points.

There are enormous obligations on landlords, but I have come across so many cases that I cannot even begin to count them in which the landlord has simply shown no interest at all in fulfilling those obligations. If a landlord does not fulfil their obligations, the tenant farmer can go to court, if they wish. That is an expensive, time-consuming process. In my experience, for perfectly understandable reasons, most tenant farmers either give up, knuckle down and continue to make do with the deteriorating equipment and farm steadings, or fork out themselves in the full knowledge that they are highly unlikely to get any cash input from the landlord, to whom they might never have spoken. In the meantime, they have to continue to pay their rent.

Amendment 61 proposes that we empower the tenant farmers by allowing them to withhold their rent until their landlords have fulfilled their legal obligations. If the amendment were passed, the tenant would be able to serve notice on the landlord and, if the landlord had not fulfilled their obligations within 90 days, would be able to withhold their rent. That was established in case law in the case of Alexander v the Royal Hotel (Caithness) Ltd, which found that a tenant farmer has every right to withhold their rent under such circumstances.

If we were to reflect that case law in an amendment to the 1991 act, it would be an enormous step forward and an enormous gesture of support for our tenant farmers. I urge committee members to support taking that road by supporting the amendment.

I move amendment 61.

Mr Rumbles: I am a bit concerned about the amendment. Under normal civil law, if someone has an agreement with someone else, they have duties and obligations to fulfil the contract. As Richard Lochhead has identified, remedies are open if one party to that contractual agreement does not fulfil their obligations.

I am concerned by proposed new section 5A(2)(b) of the 1991 act, which amendment 61 would introduce, which says that the tenant farmer may

"withhold the rent until the landlord has either carried out that work or otherwise taken such action."

There might be a dispute between the tenant farmer and the landlord. Amendment 61 is not competent. I am sure that if a legal team were considering it, they would say, "Hang on a minute." The amendment would allow tenants to withhold rent until the landlord has carried out the work or taken appropriate action. That could lead to an abuse of the system because the normal remedies would not be in place.

Amendment 61 would hamstring the relationship between the landlord and the tenant. The bit that says that a tenant could

"withhold the rent until the landlord has either carried out that work or otherwise taken such action"

means that the landlord would have to comply even if there were a dispute between the landlord and the tenant. The arbitrator or legal team would have no recourse and the tenant could simply refer to the legislation. Amendment 61 is not competent and we should not support it.

Rhoda Grant: I am sympathetic to amendment 61. I am under the impression that the only difference between the proposed measure and the status quo, as exists in case law, is that the provision would be in legislation. The amendment would mean that the tenant would not have to go to court to withhold rent.

The amendment needs to be tightened up. For example, perhaps the rent should be banked and held separately and the Scottish Land Court given powers to release the rent back to the tenant to make the repairs if the landlord will not do so. Such measures might be added to the bill at stage 3.

Dispute resolution should go to the Land Court. The phrase,

"the landlord has failed without reasonable cause … to carry out the work",

answers Mike Rumbles's concerns. The amendment would mean that tenants would not have to use the judicial system, which can be extremely costly, to try to force landowners to carry out repairs that they are required to do by law.

I support amendment 61.

Fergus Ewing: At the root of a secure agricultural tenancy is the obligation on the landlord under section 5 of the 1991 act—which Richard Lochhead read out—to

"put the fixed equipment on the holding into a thorough state of repair, and … provide such buildings and other fixed equipment as will enable an occupier … skilled in husbandry to maintain efficient production as respects both … the kind of produce specified in the lease, or … in use to be produced on the holding, and … the quality and quantity thereof."

That is the landlord's absolutely basic obligation under the lease.

What happens when the landlord does not fulfil those obligations? Of course, the tenant can take court action, but, as Rhoda Grant pointed out, the cost of court action is horrendous. At stage 1, we heard about a tenant from the Black Isle who was involved in a court action—which to be fair was in connection with a rent review, although other matters were involved—and who spent around £120,000 on legal fees. That might be around 1,000 per cent of a tenant's annual income, which is ludicrous.

Amendment 61 seeks to redress the balance by putting in the tenant's hand a weapon that they can use against a bad landlord. I am a lawyer, so I know that court action is a theoretical weapon. If one has to go to the inner house of the Court of Session, the weapon is very theoretical. We do not need Hans Blix to tell us that there are no weapons in the armoury. Amendment 61 is essential.

In the case to which Richard Lochhead referred, namely Alexander v the Royal Hotel (Caithness) Ltd, Lord Gill found in favour of the tenant and found that the tenant was entitled to retain the rent because it was not due. The argument was not that the rent was due and that the tenant could withhold payment; it was that there was no liability to pay the rent because the landlord was in breach of the primary condition. That is a statement of the law.

I see that the minister wants to know why Lord Gill found that. He stated:

"when a tenant defends an action for payment of rent by asserting a right of retention, his liability for payment of the rent is not in issue but is on the contrary admitted. All that he is doing is inviting the court to exercise in his favour the discretionary equitable power, which the Court has long asserted in dealing with reciprocal obligations arising under mutual contracts, of permitting one party to withhold in whole or in part performance of his obligations until the other party has performed his."

Where a landlord is not performing that most basic of obligations, it is essential that a tenant is given the right, on the face of the bill, to withhold his rent, provided that he gives due notice.

Richard Lochhead's amendment gives reasonable protection to the landlord because it states that the tenant can withhold the rent only if the landlord has failed "without reasonable cause" to carry out the work described in the notice. Amendment 61 would require a period of notice of 90 days. Therefore, two safeguards exist for a landlord.

The reasonable cause provision may muddy the waters slightly, but that could be dealt with at stage 3. Amendment 61 is an essential amendment that will help tenant farmers and will help to redress the balance of power that we want so that a tenant's bargaining position is equal to a landlord's in secure tenancies under the 1991 act.

16:00

Mr McGrigor: I have sympathy with the objective of amendment 61. However, even where a landlord is in the wrong, 90 days is too short a period. For example, if planning permission were needed for work, in many cases 90 days would not be long enough, as anyone knows.

A better solution would be to provide a fast track to a Scottish Land Court decision on who is right and who is wrong. Apportioning blame would also ensure that the legal costs were attributed to the right party—either the tenant or the landlord.

Mr McAllion: Tenants having the statutory entitlement to withhold their rent while landlords are in breach of their responsibilities is an attractive proposal. However, it perhaps concedes a principle that could have a wider application,

beyond agricultural holdings law, which is why, I suspect, the Executive is slightly wary of amendment 61.

I do not want to keep dragging Dundee City Council tenants into this argument, but the Tenants Rights (Scotland) Act 1980 gives tenants the right, where repairs have not been carried out by the landlord, to appoint a contractor to carry out the repairs and to bill the landlord. Will the minister detail the objections to that right being applied to tenants in the agricultural sector?

The Convener: On top of that, I ask the minister to clarify his remarks. My understanding is that the bill allows recourse to the Land Court on the question of whether obligations have been fulfilled. Will the minister explain how that fits into amendment 61?

Fergus Ewing hit the nail on the head when he said that amendment 61 puts a weapon into the hand of tenants. As Mike Rumbles pointed out, it is a weapon that could be misused. There is a great danger of that, and the provision could become almost an excuse for not paying rent.

I am interested in the landowners' briefing and in their response to the amendment. They are not totally against the principle, but they do not think that the amendment is the right way to go about it. Jamie McGrigor mentioned a faster method of progressing through the Land Court to resolve disputes of this kind, which, I think, is hinted at in the bill. There could be a chance of reaching a consensus instead of having a confrontation, which I have absolutely no doubt is what could happen.

Rhoda Grant: I seek clarification. What powers would the Land Court have to ensure that the landowner carried out their obligations? It is important to know what sanctions the Land Court can take against a landowner who is not carrying out their obligations, if members prefer that route to the one suggested in the amendment.

The Convener: Perhaps the minister will be able to comment on that, too.

Elaine Smith (Coatbridge and Chryston) (Lab): When he sums up, I want Richard Lochhead to comment briefly on the reasonable cause part of the amendment. Jamie McGrigor used the example of having to apply for planning permission, which would seem to me to be reasonable cause and so would be covered by amendment 61.

Allan Wilson: Richard Lochhead has lodged an interesting amendment, which he, at least, purports would give tenants a right to withhold rent in cases where landlords failed to fulfil their duties under section 5(2) of the 1991 act. I do not propose to outline those duties, as that has already been done.

Like others, I sympathise with the aims of the amendment. I understand that, at present, tenants can find it difficult to force their landlord to fulfil said obligations. Perversely, it appears that when concluding leases, most tenants contract out of any right that they have to withhold rent. Amendment 61 does not address existing contractual arrangements to that effect and does not appear to my officials or me to override such provisions.

At the moment, the only option open to the tenant is to seek an order of specific implement from the sheriff court, which requires the landlord to act. However, I understand that that can be a prohibitively expensive and long-drawn-out process.

The aim behind amendment 61 is to enable tenants to exercise their rights cheaply where a landlord has not fulfilled his or her obligations. However, the provision applies only to cases in which the landlord is obviously in breach of his or her duties. I am concerned that the ensuing risks for the tenant could be severe. If the landlord were able to demonstrate that they had not breached their duties, they could use the non-payment of rent by the tenant as grounds for irritating the lease and evicting the tenant. I am much more cautious than Mr Lochhead appears to be in advising tenants to withhold rent as a way of ensuring that landlords meet their obligations.

I am hesitant again to draw a parallel with Dundee City Council, given my spectacular failure on the previous occasion that I did so. If a tenant spent about £20,000 to rectify supposed defects, only to discover subsequently that the landlord was able to prove that they were not in breach of the terms of the lease, they would be left £20K out of pocket. That is not the same as the example of the Dundee City Council tenant to which John McAllion referred. In practice, it would be dangerous to suggest that withholding payment of rent would provide a cheap way for tenants to take action against the landlord. I would not want to encourage tenants to take such measures without having obtained legal advice. I do not know whether Mr Lochhead or others would want to encourage tenants to do that. The sensible tenant would incur legal costs.

Simply refusing to pay rent need not, as one member suggested, provide the tenant with the desired result from the landlord. There is no guarantee that such disputes would not run on for long periods, with consequential costs to the tenant.

As members may have gathered, I am not enamoured of the approach that Mr Lochhead proposes. However, there is a way forward. Changes to the dispute resolution provisions in part 7 of the bill will allow the tenant to have

recourse to the Land Court to pursue a remedy. Under section 68 of the bill, the court will be able to order the landlord to take corrective action, so it will be able to get to the heart of the dispute quickly. That is a better way of resolving disputes, because of the potential pitfalls and obstacles that I have outlined in relation to amendment 61.

We hope and believe that the Land Court will provide the tenant with a significantly quicker and cheaper route to justice than the existing costly and long-drawn-out sheriff court procedure. The pursuit of justice is paramount. The optimum way forward is to allow the Land Court to determine the merits or demerits of a case.

Furthermore, if, as Mr Ewing would have us believe, there is existing case law that allows tenants to withhold rent, there is no need to repeat the provision in the bill.

Rhoda Grant: The minister did not answer my question about the sanctions that the Land Court could apply in such circumstances. May I ask him to clarify that point?

The Convener: That is all right with me.

Allan Wilson: Section 68 lays out the power of the Land Court to grant remedies—I referred to that measure in earlier responses—which will enable it to order a landlord to take corrective action in accordance with the provisions.

The Convener: Does Rhoda Grant wish to pursue the point?

Rhoda Grant: I know that the Land Court can order landlords to take corrective action, but what sanctions does it have against landlords if they do not carry out its will?

Allan Wilson: The Land Court's powers are similar to those of sheriffs. Failure to comply with the provisions would result in a contempt of court order.

The Convener: I ask Richard Lochhead to wind up and either press or withdraw amendment 61.

Richard Lochhead: Elaine Smith and Jamie McGrigor were concerned about the possibility that landlords might have to wait for planning permission. I hope that Jamie McGrigor will support amendment 61 if, as he suggested earlier, he agrees with its objectives. As Elaine Smith said, the bill refers to landlords who fail to take action without reasonable cause. I expect that a delay caused by a wait for planning permission would be classed as reasonable cause. I hope that that allays Jamie McGrigor's concern. Any reasonable person would agree that amendment 61 would cover such circumstances.

My only response to John McAllion is that he has excellent foresight: he managed to predict that the minister would not be happy with amendment 61.

I say to Mike Rumbles only that the bill is about modernising the legislation and empowering tenant farmers who, for far too long, have been at the mercy of landowners. That reflects my experience in Upper Donside and Deeside, where many landowners have never visited their estates, never mind taken an active interest in them.

Landlords will have 90 days to respond. Three months is a reasonable length of time for any landlord to get back in touch with a tenant farmer.

Rhoda Grant's constructive contribution could be addressed at stage 3 if any tweaks to the amendment were required to be put in place. Stage 3 allows us to refine amendments.

The minister's only real opposition to amendment 61 seems to be based on the prospect that if rent is not paid, a landowner may be able to exercise some sort of irritancy of the lease, which is referred to elsewhere in the bill. If such circumstances arose, they could be addressed by amendments to other sections. I doubt that those circumstances would arise, because the tenant farmer would be able to use the provisions proposed in the amendment as a defence if they were enshrined in the legislation. If members do not agree to amendment 61, the matter could certainly be addressed in another section, which could be amended at stage 3 and easily fixed.

I expect that the provisions of amendment 61 would be exercised only in extreme circumstances. Many tenant farmers have good relationships with their landlord and would have no reason to exercise the provisions of amendment 61. However, there are some extreme examples and we have to face up to them. Many landlords simply do not take an interest in their land. If their money is withheld from them, they will do something, but otherwise they will not be proactive in fulfilling their obligations.

Amendment 61 seeks to strengthen the hand of tenant farmers by increasing the options that are available to them. Tenant farmers know that they have had a weak hand in centuries gone by. Amendment 61 offers a positive way forward. Its provisions would be welcomed by all tenant farmers. The only people who might be uncomfortable with them are landlords who know that they have been in the wrong. I encourage the committee to support amendment 61, which I will press.

16:15

Mr Rumbles: Can I ask one more question?

The Convener: Yes.

Mr Rumbles: Richard Lochhead made allegations about estates in my constituency. Can

he name the many landowners on Deeside and Donside whom he said have never visited their estates?

The Convener: I do not think that your question is appropriate in the circumstances.

Mr Rumbles: Why?

The Convener: I see no reason why you should not approach Richard Lochhead privately to ask that question.

Mr Rumbles: Richard Lochhead is misinforming the committee about the position of landowners in my constituency.

The Convener: Richard Lochhead can respond if he wishes to, but I do not think that the question is appropriate.

Richard Lochhead: I will respond. Many tenant farmers have approached me to tell me about the circumstances that they face in the north-east of Scotland. If I were to name the landlords concerned—in this case, more than one landlord is involved—the tenant farmers could be identified. They asked that their identities be kept confidential.

Mr Rumbles: That is ridiculous—it is disgraceful.

Elaine Smith: May I ask Richard Lochhead to address a point before we take a decision on amendment 61?

The Convener: Yes.

Elaine Smith: The minister indicated that the provisions of amendment 61 could backfire on tenant farmers. I am concerned about that point, which Richard Lochhead did not touch on, and I ask for his comments on it.

Richard Lochhead: Thank you for that question. I picked up from the minister's comments that the provisions could backfire because the tenant farmer could be seen as irritating the lease if they did not pay their rent. Irritancy of lease is covered elsewhere in the bill. If the provisions could backfire—I do not think that they could—such situations could be addressed by amendments at stage 3.

The Convener: If the minister wishes to comment, he is free to do so.

Allan Wilson: Richard Lochhead's response begs the question why he lodged an amendment that does not take account of the prospective effect of irritancy and puts tenant farmers at risk. We do not see anything in the bill that would preclude irritancy of lease, but Mr Lochhead may be able to draw such provisions to our attention.

The Convener: As amendment 61 is in a group on its own, it is up to Richard Lochhead to respond. He does not have to do so if he feels that there has been enough discussion.

Richard Lochhead: I have covered the straightforward issue of irritancy of lease. If the minister finds that the amendment could have such an effect, the issue could be addressed easily by a stage 3 amendment.

The Convener: The question is, that amendment 61 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Lochhead, Richard (North-East Scotland) (SNP)
Stevenson, Stewart (Banff and Buchan) (SNP)

AGAINST

Fergusson, Alex (South of Scotland) (Con)
Grant, Rhoda (Highlands and Islands) (Lab)
McAllion, Mr John (Dundee East) (Lab)
McGrigor, Mr Jamie (Highlands and Islands) (Con)
Morrison, Mr Alasdair (Western Isles) (Lab)
Radcliffe, Nora (Gordon) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)
Smith, Elaine (Coatbridge and Chryston) (Lab)

The Convener: The result of the division is: For 3, Against 8, Abstentions 0.

Amendment 61 disagreed to.

The Convener: Gentlemen, you will have to put other disputes to one side and pay attention to the question, which is that sections 52 and 53 be agreed to. Are we agreed?

Sections 52 and 53 agreed to.

Section 54—Effect of diversification on rents

The Convener: Amendment 62 is grouped with amendments 62A and 65.

Allan Wilson: I think that we should get back on to the road of consensus and good relations.

The amendments in the group represent the views of the NFUS, the TFAG and other industry bodies about how tenants' concerns on rent review can be overcome. Amendment 62 replaces section 13(4) of the Agricultural Holdings (Scotland) Act 1991. The new provision would make it easier for either party to use a wider range of comparable evidence. That should help to address concerns about the availability of suitable evidence, particularly evidence that shows that tenants are often unable to obtain helpful comparative information from their landlord and other landlords and tenants.

In addition, amendment 62 would give greater weight to economic factors, which I understand tenants want. In that regard, let me make it clear

that we would expect new section 13(4) of the 1991 act to be interpreted so that no less weight is given to

"current economic conditions in the relevant sector of agriculture"

simply because it is listed as (b), after

"information about rents of other agricultural holdings".

That point was important to the cross-industry group and I am happy to make our understanding clear to the committee.

Combined with the quicker, simpler and cheaper dispute-resolution arrangements that we are introducing, the amendments should, overall, make it easier for tenants to negotiate effectively at rent review and ensure that a balanced view is taken of economic conditions and market values.

I will soon find out, but I assume that Richard Lochhead lodged amendment 62A in order to seek an assurance about the weight that a valuer should give to "economic conditions" relative to

"information about rents of other agricultural holdings",

which new section 13(4) of the 1991 act would refer to. I have given an assurance that no priority of ranking should be read between the factors simply because one is listed before the other, which I hope will satisfy his concerns and mean that he will not press his amendment in favour of supporting amendment 62. The industry has worked hard, constructively and in good faith to arrive at a mutually satisfactory solution, which is reflected in amendments 62 and 65.

I move amendment 62.

Richard Lochhead: The minister is right—I lodged amendment 62A for the reasons that he outlined. We should ensure that when the level of rents is being determined, economic conditions are fully taken into account on no less a basis than information about rents elsewhere.

I remind members of the committee's stage 1 report on the bill. Page 5 refers to the Scottish Parliament information centre briefing that indicated that between 1995 and 2001, farming income fell by 60 per cent while average rents rose by approximately 30 per cent. That illustrates why it is important to take economic factors into account. I welcome the minister's assurance that equal weight will be given to the factors and that the weight given to economic conditions will not be overtaken by that given to information about rents from elsewhere.

I move amendment 62A, although I will be happy to withdraw it later.

The Convener: We will come back to amendment 62A, which Richard Lochhead may withdraw later.

Fergus Ewing: I wonder whether the minister would answer some queries about amendment 62. The wording of amendment 62, which sets out a rent review mechanism that would, I understand, apply only to secure tenancies and not to LDTs, refers to two factors rather than the four that the 1991 act specifies. We welcome that step forward for the reasons that have been identified. What weight should be given to those two factors by the Land Court? For example, what will happen if there is conflict between the

"information about rents of other agricultural holdings"

and "current economic conditions"? Nothing in the wording suggests which should be given greater weight in the event of such conflict.

It could be said that my question is academic, but it is not, for the reason that Richard Lochhead mentioned. Since 1995, farm incomes have plummeted by 60 per cent and farm rentals have been jacked up by 30 per cent—I understand that those are Scottish Executive statistics. It is obvious that rental levels are totally out of kilter with economic conditions and that the situation has arisen over a long time. That means that the evidence that will be presented to the Land Court will be of sky-high rentals and very low real economic returns. It seems that there is an inherent conflict; if there is no such conflict, one could arise and the Land Court should surely be given guidance on the matter.

Does the minister not recognise that if the Land Court is given no guidance, it will be in a great state of difficulty? After all, a judge sitting in the Land Court will want all the evidence before he or she reaches a decision, and collecting all that evidence can take several days. However, if the minister were to give a clear steer that, for example, economic conditions should take priority where there is any conflict and that the level of rental returns should be a ceiling—if not a floor—he might help the Land Court and simplify, foreshorten and make less expensive the whole procedure of going to the court. I hope that the minister will respond to that point today or that he will reflect on it before stage 3 and lodge an amendment that would make it plain that economic conditions should be given greater weight.

Am I right to say that the effect of amendment 62 is that there would be two rent review procedures: one for secure tenancies and one for LDTs? Is it wise to have two systems? Would it not be more sensible to have one system? Various sets of complexities arise from having two systems, and I wonder whether such an approach is either merited or intended.

The Convener: If no other member wishes to comment, I ask the minister to wind up at this

stage. [*Interruption.*] Minister, you will get a chance to wind up on amendment 62 later. However, I seek your specific comments on amendment 62A.

Allan Wilson: I understood that Richard Lochhead was going to withdraw amendment 62A, although Fergus Ewing obviously wants to take up the cudgels.

The approach outlined in amendment 62A runs against the flow of international valuation practice at a time when standards are being rationalised. People are working to implement standards across the world to ensure that valuations are based on objective market evidence.

I do not accept the basic premise behind amendment 62A. For example, because of prevailing economic conditions, a smallholding on a large agricultural property might be subject to a rent review that is concluded in the tenant's favour. Moreover, rent reviews tend to be carried out every three years and the latest information available might be a year or two behind the relevant economic conditions, which could take up to five years to manifest themselves.

There is no easy answer to the question. I certainly do not share Fergus Ewing's belief that it should be up to ministers to tell the judiciary how to exercise its judgment on such matters. That is not within our remit; after all, it is what judges are paid to do. We have consulted the Land Court, which is content with our proposal. I am happy to leave the matter at that.

The Convener: I ask Richard Lochhead to wind up on amendment 62A.

Richard Lochhead: I simply want to welcome the minister's comments. The issue has been going on for many years. It has been a source of huge grievance to the tenant farming community that rents have continued to increase despite the massive difficulties that have faced the agricultural sector in Scotland, which have led to a significant decline in income over the same period. That situation has to end.

Amendment 62A, by agreement, withdrawn.

The Convener: Minister, do you have anything to add on amendment 62?

Allan Wilson: No. I agree with what has just been said.

Amendment 62 agreed to.

Section 54, as amended, agreed to.

After section 54

Amendment 14 moved—[Mr Mike Rumbles]—and agreed to.

16:30

The Convener: Amendment 49 is in a group on its own.

Rhoda Grant: Amendment 49 extends the assignation that is allowed for in the bill to secure tenancies. Much of the evidence that we received was that tenanted farms are not being freed up because the farmers have nowhere else to go and cannot afford to retire. The amendment would allow a farmer to assign and sell their secure tenancy to release the investment to allow them to retire and move. The amendment fits in with amendment 60, which is important. If the landowner was not able to compensate a tenant who wished to give up their secure tenancy, the tenant could assign the tenancy and get compensation from another tenant who was willing to take up the secure tenancy. The two amendments are linked in that way.

The policy objective of amendment 49 is obviously to free up more land in the tenanted sector to allow newcomers into the industry. The proposed new section takes the same form as section 7, which was agreed last week. However, subsection (6) of the proposed new section allows that, if a lease agreement specifically prohibited assignation, that agreement would not take effect and the assignation could still happen. If the landlord was not happy and there were grounds for the landlord to object to the assignation of the tenancy, the tenant could challenge the withholding of consent in the Scottish Land Court. The amendment would also allow the landowner to acquire the tenancy under the same terms as, or more favourable terms than, those that the tenant had agreed with the person to whom they were assigning the tenancy.

The amendment would help tenants to pass on their land. If a retiring tenant wanted to pass on land to someone who would inherit the land eventually, they could do that at an earlier stage, move off the farm and let their heirs take over the tenancy. The amendment would in no way affect the tenant's right to pass on their heritable tenancy to their heirs.

I move amendment 49.

Stewart Stevenson: May I say what a great pleasure it is to be discussing an assignation with Rhoda Grant?

I am happy to give my support to amendment 49. Many of the words in the amendment are lifted from the existing legislation, so one must assume that they are proven and robust. Anything that, together with amendment 14, would allow people to move away from a tenancy that may have become burdensome and to pass that tenancy on to others by assignation has got to be good news for all concerned. Equally, the amendment would

give the landlord the opportunity to acquire the tenancy. The amendment therefore has a degree of balance and equity, and I commend it to committee members.

Mr McGrigor: I cannot see how the interests of the bill and those of the tenant sector will be served by amendment 49. It gives part of the capital value of the farm to the tenant and provides a pension for the tenant. Any other businessman—farmers are, after all, businessmen—would have to provide for their own pension; they would not simply be able to say, "I want a piece of the value of the estate for my pension." However, that is what amendment 49 does. It is completely out of kilter with what the bill is intended to do, which is to provide a good landlord-tenant business in Scotland. The amendment is, therefore, wrong.

Fergus Ewing: I am tempted to suggest that some MSPs might be in need of a good pension after the election—and I do not exclude hill farmers.

Is Rhoda Grant satisfied that the test in subsection (3) of the proposed new section is not subjective? I support the sentiments behind what Rhoda Grant and Stewart Stevenson have said. However, I am concerned that a landlord would be able to withhold consent if he was not satisfied that the proposed assignee—the new tenant—would be able to pay the rent that was due under the lease. If there is to be a test concerning whether the landlord is satisfied, surely it should be objective. The test in subsection (3) seems to be subjective, as the landlord could say simply, "I am not satisfied that the proposed tenant can pay the rent." I accept fully the need for a test, but I wonder whether Rhoda feels that the test should be objective rather than subjective.

The Convener: Before I invite the minister to speak, I add my concern for the record. Rhoda Grant said that amendment 49 is well linked with amendment 60. I have the same reservations about amendment 49 that I had about amendment 60 but, to save time, I will not go into them again.

Allan Wilson: I have just spoken to my advisers about Fergus Ewing's point, and we think that we have an answer to the question that he posed to Rhoda Grant. However, it is up to Rhoda to respond.

Amendment 49 would apply to tenancies under the 1991 act. As far as I can see, the wording is lifted directly from section 7, which applies to LDTs; however, there is provision for dispute resolution by the Scottish Land Court. The amendment seems to allow the tenant to obtain value for their tenancy without necessarily placing that responsibility on the landlord. It would allow a secure tenant to assign their interest in the tenancy. At that point, rather than accept the assignee, the landlord could instead acquire the tenant's interests on no less favourable terms.

When I responded to the debate on amendment 60, I spoke of the dangers of trying to manipulate agricultural holdings law and the wider tenanted market for purposes that the bill was never intended to address. I have the same reservations about amendment 49, which could result in unwanted side effects in the lettings sector.

A secure tenancy gives strong security of tenure to a tenant for as long as they or their family need it. The landlord is able to reclaim the land once the family no longer have a need for it. Amendment 49 would leave the landlord with two unappealing alternatives: either to buy out the tenant's interests, which would involve the same difficulties to which I referred in relation to amendment 60, or to be denied the ability to reclaim the land at that point. Amendment 49 would, in effect, turn the secure tenancy into what could be described only as a perpetual lease unless the landlord bought out the tenant's interest. There is no precedent elsewhere in Scotland for such a perpetual lease and there is a danger of creating one.

It is important that the agricultural sector, as much as any other sector, should be able to adapt to changing needs and conditions. Therefore, I do not support the concept of the perpetual lease. There would be a real risk of problems arising in the future if tenants had such a lease. They might face difficulties arising from the continued use of a lease with increasingly outdated terms that did not move in accordance with changes in agricultural practice. That option would not be likely to prove attractive to the landlord in the short term or, I suspect, to the tenant in the longer term.

There would also be a risk that the landlord could suffer a reduction in the tenanted value of their farm under the proposal, with all that that would entail, because of the increased difficulties that they would face in taking back the land. That raises issues that I referred to at stage 1 in another context.

I mentioned in responding to amendment 60 that the cross-industry group has discussed the possibility of converting a secure tenancy to an LDT of at least 25 years, which the tenant can then assign. I said then and I repeat now that I hold to that view, notwithstanding the committee's decision on amendment 60. We want to explore that option further for stage 3, as the horizon equates with the horizon of the secure tenant in those circumstances.

The value of the assignation to the outgoing tenant would depend on market conditions at the time. However, it has been suggested to us that a long LDT would be treated as a long-term

investment, as would an assigned 1991 act tenancy. In those circumstances, I think that the respective values of the two leases might very well be similar.

I remain of the view, notwithstanding the committee's earlier decision, that that is a better road to follow than the one set out in amendment 49. The disruption that amendment 49, taken with amendment 60, would cause to the agricultural lettings sector cannot be justified if we could follow an alternative route to get to the same place that would not have such an effect. Members should think seriously about the amendment. I would prefer amendment 49 to be withdrawn in order that we can continue to pursue the conversion road that I have outlined. Otherwise, I suspect that we will all have to return to the matter at stage 3.

The Convener: I ask Rhoda Grant to wind up and either press or withdraw amendment 49.

Rhoda Grant: Leases are often bought and sold. That happens with shops and offices and I do not think that this proposal is any different.

The minister said that amendment 49 would make the lease perpetual. Currently, the lease is perpetual because a secure tenancy is heritable and can be passed on to heirs and successors; that can happen for a long period of time. I do not think that the amendment changes that.

Fergus Ewing was concerned about the grounds under which the landowner can withhold their consent. It is right that the landowner should have a say in who the tenant is on their land; they need to be sure that the person can maintain their land. However, if the landowner uses that provision unreasonably, the tenant who wishes to assign the lease can appeal to the Land Court under section 59.

The minister talked about reduction of value. I do not see where a reduction of the value of the land would come in. As I said, the secure tenancy is currently heritable, so there would be no change to the length of the lease; it could go on for a long time.

It is also important to say that amendment 60, which the committee agreed to earlier, depends on amendment 49 being passed if it is to work. If we do not have amendment 49, landowners will be stuck in the position where they would have to buy out a tenant rather than allow the tenant to assign their lease. If a landowner is cash poor and unable to buy out the tenancy, or does not want to buy out the tenancy, amendment 49 gives them another option. I press amendment 49.

The Convener: The question is that amendment 49 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

FOR

Ewing, Fergus (Inverness East, Nairn and Lochaber) (SNP)
Grant, Rhoda (Highlands and Islands) (Lab)
Lochhead, Richard (North-East Scotland) (SNP)
McAllion, Mr John (Dundee East) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stevenson, Stewart (Banff and Buchan) (SNP)

AGAINST

Fergusson, Alex (South of Scotland) (Con)
McGrigor, Mr Jamie (Highlands and Islands) (Con)
Morrison, Mr Alasdair (Western Isles) (Lab)
Radcliffe, Nora (Gordon) (LD)
Rumbles, Mr Mike (West Aberdeenshire and Kincardine) (LD)

The Convener: The result of the division is: For 6, Against 5, Abstentions 0.

Amendment 49 agreed to.

Section 55—Notices to quit

The Convener: Amendment 63 is grouped with amendment 64.

16:45

Allan Wilson: The bill as introduced will strengthen tenants' rights in situations where a landlord proposes to resume tenanted land for a non-agricultural purpose for which planning permission has not been obtained. In such situations, a landlord will be unable to terminate a tenancy without the agreement of the Scottish Land Court. In principle, the development control process is the appropriate means for determining the relative public interest of allowing a planning application to proceed. A planning authority will, of course, consider an application by having regard to such factors as the agreed development plan, planning legislation and relevant non-statutory guidance.

Amendment 63 seeks to ensure that a tenant will have the right to approach the Land Court in instances where planning permission was obtained though it was not required and, as a result, the planning application may not have been subject to normal development control processes. We discussed that matter at last week's committee meeting. Amendment 63 would allow a tenant to approach the Land Court when a landlord wishes to undertake a permitted development. In addition, amendment 63 would ensure that a landlord would be unable to use outline planning permission as grounds for terminating a tenancy. This solution again reflects the agreed views of the industry in response to the fourth of the concerns that tenants expressed. For stage 3, we will consider how corresponding amendments to cover LDTs and SLDTs should be made to section 9.

Amendment 64 specifically addresses a point that the Subordinate Legislation Committee made as part of its report on the bill to the Rural Development Committee. Section 55(2) sets out the test that the Land Court should use in assessing whether a landlord should be able to terminate a tenancy for a non-agricultural purpose. That is to be based on whether the use that a landlord proposes would secure

"greater economic and social benefits to the community"

than allowing a tenant to remain on the land.

Section 55(2) of the bill as introduced includes an order-making power under the negative resolution procedure for prescribing meanings to the terms "economic and social benefits" and "community" in such a context. The Subordinate Legislation Committee expressed concern about the appropriateness of using the negative procedure for the order-making power and asked the Executive to consider either including definitions of the terms "economic and social benefits" and "community" or making the power subject to the affirmative procedure. We have gone for the first option. Amendment 64 offers a definition of those terms for inclusion in the bill, in accordance with the Subordinate Legislation Committee's wishes.

I move amendment 63.

The Convener: As no other members wish to comment on the grouping, I ask whether the minister wants to say anything to wind up.

Allan Wilson: No.

The Convener: Good.

Amendment 63 agreed to.

Amendment 64 moved—[Allan Wilson]—and agreed to.

Section 55, as amended, agreed to.

Section 56 agreed to.

Section 57—Good husbandry and conservation activities

Amendment 48 moved—[Allan Wilson]—and agreed to.

Section 57, as amended, agreed to.

The Convener: The remaining amendments on the marshalled list refer to points in the bill beyond the point at which we must stop today. However, before I finish, could I respond to the minister's opening remarks on the timeous lodging of amendments? It is my and the committee's clear duty to scrutinise legislation and it is my further duty to ensure that committee members get the best opportunity to do so. My only desire in asking the Executive to lodge amendments as early as possible is to allow the longest possible inspection of amendments to ensure that members can properly carry out their parliamentary duties. To that end, I am pleased to announce that the Executive's amendments to the bill for next week's business have been lodged—thank you, minister.

Allan Wilson: You beat me to the punch.

The Convener: I have agreed that the target for day 3 consideration of the bill should be for the committee to consider part 7, "Jurisdiction of the Land Court and the resolution of disputes". An announcement to that effect will appear in tomorrow's business bulletin. If we do not complete consideration of part 7 on day 3, we will start day 4 where day 3 left off. To be included in the marshalled list, amendments to part 7 should be lodged by 2 o'clock on Friday 24 January. That completes agenda item 2.

Subordinate Legislation

Seeds (Miscellaneous Amendments) (No 2) (Scotland) Regulations 2002 (SSI 2002/564)

Products of Animal Origin (Third Country Imports) (Scotland) Amendment Regulations 2002 (SSI 2002/565)

The Convener: Under agenda item 3, we must consider two Scottish statutory instruments under the negative procedure. The Subordinate Legislation Committee decided that no issues needed to be drawn to our attention. I remind members that we took evidence on SSI 2002/564 on 7 January 2003. The Executive introduced that instrument to supersede SSI 2002/620 because the Subordinate Legislation Committee identified drafting errors in SSI 2002/620. We were unable to complete formal consideration of the replacement instrument on 7 January because the Subordinate Legislation Committee had not yet reported on it. However, the Subordinate Legislation Committee has now said that it has no problems with the instrument. As members have no comments on either of the instruments, I take it that they are content with them and happy to make no recommendation to the Parliament.

Members *indicated agreement*.

The Convener: Thank you. We agreed to take item 4 in private, so I instruct that the public gallery be cleared.

16:50

Meeting continued in private until 17:20.

Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

No proofs of the *Official Report* can be supplied. Members who want to suggest corrections for the archive edition should mark them clearly in the daily edition, and send it to the Official Report, 375 High Street, Edinburgh EH99 1SP. Suggested corrections in any other form cannot be accepted.

The deadline for corrections to this edition is:

Friday 31 January 2003

Members who want reprints of their speeches (within one month of the date of publication) may obtain request forms and further details from the Central Distribution Office, the Document Supply Centre or the Official Report.

PRICES AND SUBSCRIPTION RATES

DAILY EDITIONS

Single copies: £5
Meetings of the Parliament annual subscriptions: £350.00

The archive edition of the *Official Report* of meetings of the Parliament, written answers and public meetings of committees will be published on CD-ROM.

WHAT'S HAPPENING IN THE SCOTTISH PARLIAMENT, compiled by the Scottish Parliament Information Centre, contains details of past and forthcoming business and of the work of committees and gives general information on legislation and other parliamentary activity.

Single copies: £3.75
Special issue price: £5
Annual subscriptions: £150.00

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75
Annual subscriptions: £150.00

Standing orders will be accepted at the Document Supply Centre.

Published in Edinburgh by The Stationery Office Limited and available from:

The Stationery Office Bookshop
71 Lothian Road
Edinburgh EH3 9AZ
0131 228 4181 Fax 0131 622 7017

The Stationery Office Bookshops at:
123 Kingsway, London WC2B 6PQ
Tel 020 7242 6393 Fax 020 7242 6394
68-69 Bull Street, Birmingham B4 6AD
Tel 0121 236 9696 Fax 0121 236 9699
33 Wine Street, Bristol BS1 2BQ
Tel 01179 264306 Fax 01179 294515
9-21 Princess Street, Manchester M60 8AS
Tel 0161 834 7201 Fax 0161 833 0634
16 Arthur Street, Belfast BT1 4GD
Tel 028 9023 8451 Fax 028 9023 5401
The Stationery Office Oriel Bookshop,
18-19 High Street, Cardiff CF12BZ
Tel 029 2039 5548 Fax 029 2038 4347

The Stationery Office Scottish Parliament Documentation Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries
0870 606 5566

Fax orders
0870 606 5588

The Scottish Parliament Shop
George IV Bridge
EH99 1SP
Telephone orders 0131 348 5412

sp.info@scottish.parliament.uk

www.scottish.parliament.uk

Accredited Agents
(see Yellow Pages)

and through good booksellers

Printed in Scotland by The Stationery Office Limited

ISBN 0 338 000003 ISSN 1467-0178