



Scottish Affairs Committee

Oral evidence: [Land Reform in Scotland](#), HC 877-IV

Wednesday 12 February 2014

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Members present: Mr Ian Davidson (Chair); Jim McGovern; Graeme Morrice; Pamela Nash; Sir James Paice; Mr Alan Reid; Lindsay Roy

Questions 401 - 599

Witnesses: **Andrew Hamilton**, Strutt & Parker LLP, Royal Institution of Chartered Surveyors, and **Michael Ireland**, Knight Frank LLP, gave evidence.

Q401 Chair: Gentlemen, can I welcome you to this meeting of the Scottish Affairs Select Committee? As you are aware, we are conducting an inquiry into land reform in Scotland. This is our fourth formal evidence session. As I indicated to you privately, at the end you will be given the opportunity to add any points that you think we have not covered in our questioning, or anything you had prepared that you were determined to get off your chest and had not the opportunity to do so up to that time. You will get the chance to do that or, indeed, to add anything in writing subsequently. As you will appreciate, this is not a subject with which we are immensely familiar, and it would therefore be helpful if you spoke to us not necessarily in words of one syllable but avoiding too many technical terms so that we can understand. You will excuse us interrupting you if at any time you say things we do not understand. Perhaps we could start by asking you to introduce yourselves and, for the record, tell us your background.

Michael Ireland: I am Michael Ireland, a rural practice chartered surveyor and an RICS-registered valuer. I am a partner in Knight Frank based in Edinburgh, and I am responsible for the firm's rural property valuation and consultancy services. I have coming up to 20 years' experience in the rural property market in Scotland. I am also a member of the Scottish Agricultural Arbiters and Valuers Association.

Andrew Hamilton: For me, it is much as you have just heard, except that I am a partner with Strutt & Parker, and my main specialisms are managing rural estates, and valuation and agricultural tenancy work. I have been chairman of the Royal Institution of Chartered Surveyors at one point, and acted as their spokesman at various parliamentary Committees of the Scottish Government on land reform, agricultural holdings and so on. I sit for the RICS on the Tenant Farming Forum as well.

Q402 Chair: Perhaps I can start off by asking you to comment on the paper we had produced at the very beginning of this inquiry, "432:50", which states that Scotland has "the most concentrated pattern of private land ownership in the developed world." Does that

reflect your experience? If so, why do you think land ownership in Scotland is so concentrated?

Andrew Hamilton: One of the obvious things is the type of land we have in Scotland. So much of it is basically poor upland grazing or rock. Quite a lot is spoken about in terms of acres, which is unhelpful. When we talk about communities owning perhaps 500,000 acres, which is one aspiration, and the Scottish Government another 500,000, or big landowners referring to it in acres, that is unhelpful. I am based in Inverness and I look after a lot of acres in the highlands, but in financial terms they are worth very little and are very unproductive. Ten thousand, 20,000 or 30,000 acres in the highlands can be worth less than a 1,000-acre arable farm in the lowlands. I question the whole concern with the skewed distribution of land based on acreage. I do not think it is terribly helpful. It would be more helpful if we looked at it in terms of wealth or the value of land. That would give us a better idea of the distribution of wealth.

Q403 Chair: Surely, there are parallels with Scotland. Norway may spring to mind in terms of the value of some of the land. My understanding is that land ownership is much less concentrated in Norway. There must be other places that have lots of land that is not quite valueless, but of limited value, yet there seems to be a much greater concentration in Scotland than elsewhere.

Andrew Hamilton: I am not an expert on Norway, but I went there to look at it and ask questions like that; there is a lot of land, as you rightly describe, of low productivity—grazing land, rock and so on. A lot of it is state-controlled, because it is put over to the Lapps in the north. Effectively, they have control of the land, although I do not know that they have ownership. When I asked a lot of the locals at a wild life college where we were who owned the land, they said that most of the low-lying land was owned by individual small farmers; that forests tended to be owned by other people, sometimes in quite large blocks; and that companies owned quite a lot of the land in Norway. I do not think the distribution is quite as you think. Not every 20 acres of Norway is owned by somebody different. They all have a summer house, but the distribution of land is not quite as simple as it first appears.

If you look at other countries where there are vast acreages of very unproductive land, America is one example. America is vast, and people own thousands and thousands of square miles. It is the same principle. Where the land is worth less, you tend to get land ownership on a larger scale.

Michael Ireland: To pick up Andrew's point, I think it would be useful for me to pull us back a little from this particular question. We as land valuers very often refer to the land classification plans of the Macaulay Land Use Research Institute, which cover all of Scotland. I am a geography graduate and chartered surveyor, so I apologise that I get very excited by maps and things like that; you may not, but I suggest you have a look at them. If you get a Scotland-wide map that shows the various land use classifications, they give a clear distribution as to where they lie.

Macaulay breaks down the classification into seven land use types, of which there are some sub-types. There are 11 grades of land referred to by Macaulay. Grade 1 is the best of the arable, grade 7 being the rocks and fresh air. When we go through the valuation process we refer to these. When you look at the distribution of them, I think I am right in saying that Macaulay sub-grades them. Grades 1 to 3 fall within what they call arable land; grades 3 and 4 are classified as mixed agriculture; grade 5 is improved grassland;

and grades 6 to 7 are rough grazings. Grades 1 to 3 arable represent about 8% of the total land area of Scotland; grades 3 and 4 represent 20%; grade 5 is 18%; and we are left with grades 6 and 7, which represent 51% of the land area of Scotland. Picking up what Andrew said, it would be useful for you to have a look at those maps, which are probably available online, and there you get a clear indication of where the best and poorest land lies. That is also reflected in where values fall.

Q404 Sir James Paice: Has anybody done the exercise Mr Hamilton suggests, which is tying the map you have just described, Mr Ireland, to ownership so that instead of showing how many acres people own, it gives an indication of concentration of ownership by value or quality of the land?

Michael Ireland: It may well have been done academically. I had a quick look at the map on the Who Owns Scotland website, which has done a lot of work on that. If you look at the estates recorded on that website and overlay them on the map of grades 6 and 7 land, the vast majority of those estates lie within that land distribution. Again, that picks up on what Andrew indicated in terms of the question of area.

Q405 Chair: Does that lead you to believe that we should not be worried, anxious or have any concerns about what seems to be a pattern of concentrated ownership?

Michael Ireland: It is perhaps one way of looking at distribution and evenness of ownership, but it is not the only one. As I understand it, from the most recent agricultural census in Scotland, there are approximately 53,000 agricultural holdings. Some of those are tenanted, 7,000, and some are crofted, 9,000, but it gives you the idea that there are a vast number of holdings. They may not all be farms capable of standing on their own two feet, but it gives you the idea that there are a vast number, the majority of which are privately owned and operated.

Q406 Chair: Are you saying to us that we should not be bothered about this at all and there is no problem, and those who have been saying that these inequities ought to be addressed are missing the point?

Andrew Hamilton: The RICS, which is a non-political organisation—we are just a professional institution—has given responses to the Land Reform Review Group in Scotland and questioned the basic premise of the assumption, when you read the initial paper from the group, that there is a problem. We tend to concentrate on managing land rather than who owns it. We question what problem the skewed distribution of ownership is causing. In some cases it is entirely appropriate that communities buy land, but that is a question for the individual community; it is not a one-size-fits-all thing. In some cases it is a good idea; in some cases it is not a good idea. There is a whole raft of different patterns of land ownership and of owners, and we as chartered surveyors act for landlords, owners and tenants. Some of those owners are charities. The Government, the Forestry Commission and suchlike are by far the biggest landowners. We act for all these different owners and we have yet to see anything from within our professional group in Scotland which says that one form is better than another. It depends on the circumstances. As to the automatic assumption within that policy paper that community ownership is good and private ownership is bad, we have not seen the proof that that is the case, or that there is necessarily a problem.

Q407 Chair: One of the questions we had down is whether the RICS has a policy on land reform. I think you are saying to me that no, you don't because you think things are fine. Is that a fair way of characterising it?

Andrew Hamilton: No, I do not think I said we think things are fine. I think things can always be improved. I think what we questioned was that things are definitely wrong and they need to be fixed.

Q408 Chair: If things are not fine and they could be improved, what is it that is not fine about the present distribution, and how could it be fixed?

Andrew Hamilton: Our view is that it is not a matter of the distribution; it is a matter of what happens to that land and the management of it. All the management of the land in Scotland is not perfect and it could be improved.

Q409 Chair: If it is not perfect, how can it be improved? What is it that is not perfect?

Andrew Hamilton: A lot of land is underused, for example. Productive farmland may not be being used productively for the sake of the agricultural economy, but the point we came to was that all that is based on the management of that land, and the question of ownership is of limited import as far as that is concerned.

Q410 Sir James Paice: Concentrating for a moment on the issue of ownership, we all know—you have probably both done it in your time—that adverts for farms and estates in Scotland quite often refer to single farm payment, tax reliefs and other issues. How critical is that in putting a value on it? We are talking predominantly about the low-grade land. How important are tax reliefs and CAP-based support to land values and the marketing of land?

Michael Ireland: Before you start talking about values, I want to come back to the idea I was describing—there is a huge range of different types of land. If you take grade 1 land, which is the best arable land, you find that the buyers who are interested in that type of land are driven primarily by its agricultural productivity. That is their prime reason for wanting to buy it. You then look at land in the grade 6 and grade 7 range, and there is no agricultural capability there. You then find that the buyers are more interested in it probably for sporting reasons, or possibly for forestry or ecological reasons, but it is a much more simplified type of buyer at either end of that scale. Once you get into the agricultural types within those, you find a layering of different potential reasons why somebody would want to buy that particular bit of ground. All those different layers are intertwined and have different connections and goings-on, depending on the type of land involved and also the individual person. You have a whole layer of reasons. It may be agricultural productivity; it may be sporting interest; it may be amenity, or whatever. Agricultural productivity is one particular reason. There may be tax reasons why somebody is interested in buying that land, but it may not be at the top of that decision-making process. For the individual, it is very much a subjective rather than an objective process.

Q411 Sir James Paice: I take your point, but the fact is that estate agents and land agents are prone to using tax relief and support in adverts for property, which implies to me that you see it as a value-added issue in the marketing of the property that these reliefs or support are available, as opposed to all the other factors you put in as to why anybody would want to buy the property. I read them regularly, privately, and sometimes there seems to be an over-emphasis on tax and support.

Michael Ireland: I cannot speak for individual agents and how they operate, but you will find within individual sales particulars for any farm or estate that there will be a whole range of different descriptions and reasons why that agent is encouraging a potential purchaser. It may be that you are picking up on that in particular, but my experience is that in certain estate and farm circumstances it is appropriate to set out the potential tax implications; in others it is not.

Andrew Hamilton: I looked at a previous evidence session you held and at some of the evidence given by the two professors. At one point, one of the professors said that he thought that inheritance tax agricultural property relief could make a difference to the value of four times. That is not our experience at all. If you look at the sales of good farmland last year, about 75% of farms were sold to farmers. That is not driven necessarily by inheritance tax. They are farmers; they are buying more land. They are aware that it was also a time, as it still is, when farmland was seen as a good investment. It held its value throughout the recession; it was seen as a safe bet when all else about it was falling apart, but the majority—in fact, more than the majority—more than three quarters of farmland is bought by farmers. There are inheritance tax funds set up by some financiers to buy farmland and have it farmed on people's behalf so that they can benefit from agricultural property relief, but it is by no means the main driver.

When it comes to big estates, the drivers are very different. As you know, there is a whole host of different people who buy these big estates, and in many cases they are very rich people. The effect of the income or the tax benefits they can get from that land is of little or no consequence to them.

Q412 Chair: I understand the point that subsidy or tax advantages alone might not make somebody decide to buy. A farmer will buy farming land. But, surely, the point Sir Jim was raising is that the price of that land will be affected by the subsidy that is riding on it, or the tax advantages. The price will be affected by the taxation structure that surrounds the land.

Andrew Hamilton: Some of the evidence you had in the previous session was absolutely right. Everything related to the income that can be derived from a piece of land is capitalised into its value, but sometimes it has more effect on some buyers than on others. Some are less influenced by it than others. Some are influenced by tax sheltering; some are influenced by single farm payment, for example, but the single farm payment is almost taken as read if you are farming. In Scotland we are now going to an area-based system as opposed to the historical-based system, if they ever sort out the slipper farming problem.

Chair: We will come to that in a minute.

Andrew Hamilton: It is a problem. If you have a piece of farmland and you are farming it, it gets subsidy; it is as simple as that—if you are farming it. Does that add to its value? You could suggest that it might decrease its value because the level of subsidy is going down rather than up.

Q413 Chair: Sorry. Explain that to me.

Andrew Hamilton: The level of single farm payment in the new CAP round is probably going to be less than it was under the last one, so the level of subsidy that a piece of farmland will get will decrease. Will that cause the price of farmland to go down? I do not think so. That is based on supply and demand.

Michael Ireland: We have already seen that. In the early 2000s there was a change in CAP—reform—and SFP was introduced. At that point, while SFP was based on an historic payment that a particular farm received prior to that date, everybody knew that it would go down, because there was a programmed siphoning of money from that for indirect work. What we did not see was any reflection in terms of the capital values of land, so we have already gone through that. It has been demonstrated that the land market is robust enough to go through that sort of process.

Q414 Chair: Are you saying that if you cut the subsidy completely there would be no effect? In that case, we could just cut the subsidy altogether and save public money.

Andrew Hamilton: And ruin the farming industry.

Michael Ireland: It is the degree to which there are alterations. If you cut subsidy completely, clearly, as Andrew said, it has to be capitalised in some way through value, and therefore it would have a major effect, but where we have subsidy changes of the type we are facing now, or the type we faced 10 years ago, it did not reflect historically and does not appear to be reflecting now, despite the uncertainties within the land market itself.

Q415 Sir James Paice: My personal view is that inheritance tax relief is a much bigger issue than CAP. Are you really saying to us that agricultural relief for inheritance tax is not a real driver of either sales or the value or marketability of land?

Andrew Hamilton: It has probably helped to keep agricultural land at the level it has been at, which is contra-cyclical; it has tended to go up during the recession, but I do not view it as the major driver. It is not the most important driver, but it is a factor in some of the sales. Both of our firms will analyse people who buy farms—where they come from and why they are buying them—and the RICS does it on a much bigger scale. That is where we get the statistics on the fact that it is mostly farmers.

Sir James Paice: I know.

Andrew Hamilton: For a time, development also drove farm values and farm sales. Development dropped off in 2008, but where there was a possibility of getting planning permission for housing, that would lift the overall value of farmland as well. There is a whole host of factors. The one thing that bemuses people, quite rightly, is that the actual productivity—the return you can get from farming the land—is not necessarily directly related to whether farmland values go up or down, but it is related to the fact that good farmland is worth more than medium farmland.

Sir Jim, you asked why we put all these things in particulars—saying that there are tax advantages and ways of getting subsidies, be it forestry grants or whatever else. Under the Property Misdescriptions Act we are obliged to tell everything as it is, so we have to draw people's attention to that; but when it comes to things like highland sporting estates, despite what you may have heard, in 99% of cases they have never made money. They are subsidised from external wealth; that is where the money comes from to keep those estates going. Where we advertise that there may be a possibility of, say, native woodland schemes or whatever, it is seen as an added attraction, but in most cases the people buying them are not buying them to make annual revenue returns.

Q416 Chair: No, but presumably if a sporting estate attracts subsidy from outside, or tax advantages, it means that the buyer loses less money than he would otherwise.

Andrew Hamilton: That is indisputable.

Q417 Chair: Effectively, the costs incurred in running that piece of land are subsidised by the public purse in one way or another.

Andrew Hamilton: Yes, but the effect on the behaviour of potential purchasers or owners is not directly related to that. If I can give you an example, when I was with the Deer Commission we spent a lot of time trying to work out how we could influence the behaviour of landowners, and whether it was a carrot or a stick, subsidies or regulation. Subsidy and offering money for doing various things was about the least effective thing we felt we could do, because for many of the landowners it had no effect.

Q418 Chair: So we can take all those subsidies away without any impact.

Andrew Hamilton: Not without any impact, but not the major impact you might otherwise have assumed.

Q419 Sir James Paice: I was going to ask almost the same question. To turn the thing on its head, and sticking to one issue, if agricultural property relief was abolished, do you think that would affect the market and the value? I think we should concentrate on the big estates, because that is where the issues for the Committee are, rather than with the crofters or the more commercial farms in the borders. Do you think the abolition of agricultural relief for inheritance tax would impact? Do you think there would be a different tranche of people wanting to buy?

Andrew Hamilton: It must have some impact, because there are some people driven by the tax sheltering they can do because of agricultural property relief, but remember there are various other reliefs, one of the major ones being business property relief. For example, if you are looking at forestry ownership and the inheritance tax measures for it, that is all to do with business property relief. Anything which is an agricultural trading business gets business property relief, so it is not all agricultural property relief; there are different reliefs. The question we would ask, looking at it from the land point of view, is why would you perhaps try to take away business property relief for farmers and estate owners when business property relief is supposed to be there for all businesses, with the intention of allowing businesses to carry on and not be decimated on the death of a generation. Why pick on rural land? It seems a strange one to us.

Q420 Sir James Paice: I have heard the same argument put the other way—that you do not need agricultural property relief if you have business relief.

Andrew Hamilton: Depending on how you structure your land; if you run your land, estate—whatever you call it—as a trading business, agricultural property relief is of limited importance.

Michael Ireland: I come back to my earlier point that the decision-making process is a series of layers—individual, different layers. If you take one out, you do not necessarily have a significant impact on the market.

Q421 Sir James Paice: Can I make it slightly wider, but staying on the whole issue of taxation and reliefs? How much use is made of other tax minimisations—things like trusts, offshore companies and so on—in the ownership of land in Scotland? Is it a big factor, or wouldn't you know?

Michael Ireland: Andrew may say otherwise, but I do not have a huge amount of experience in setting up trusts and offshore measures for clients. That tends to be more a

legal matter. They are there and they are used. I do not think there is much else I can add to that.

Q422 Sir James Paice: We do know, mainly because it hits the headlines—I don't know how substantial it is in numerical terms—that there are a lot of overseas landlords owning particularly some of the sporting estates. Are they completely within the UK tax system, or would their taxation arrangements be based on their domicile?

Andrew Hamilton: It depends on the domicile. The well-publicised ones are Danish landowners, who are taxed. I can't remember—it was in the paper—but it is a fact anyway that they are taxed in Denmark on the land they own abroad, which means that part of the tax take goes to the Danish Exchequer rather than the British one. I have perhaps a little more experience because I manage a lot of these things. I find that there are a lot of family trusts. Where families own estates, they are often in trust because of legal and accountancy advice dating back to the 1960s and various times when the tax structures have changed. They were designed to allow families to pass on to the next generation without losing 40%, or whatever it was, in estate duty.

Today, the bane of our life as land managers is that we have quite a lot of old trust structures. Since Gordon Brown's Finance Act the advantages of trusts are much reduced, but they are very difficult to get rid of. They are not there as any sort of tax sheltering; frankly, they are there because it is so difficult to take them to pieces and unravel them. They have been a reaction through the years to estate duty, inheritance tax and all the rest of it, and that is why they exist. It is perfectly legitimate; it is just tax planning. If the tax system changes, it will probably change again.

With regard to foreign owners, I have acted for quite a few. Quite often, I have been taking instructions from companies in the Cayman Islands, Jersey and places like that. I do not pretend for a moment to understand how the structure works, but, as I saw it, it was a tax-sheltering system, which you are all very well aware of, and which I think has been clamped down on quite a lot. I think the market will react to whatever is available in terms of tax law.

Q423 Chair: You say the market will react to whatever is available. Can you clarify what you mean by that?

Andrew Hamilton: I mean that the owners of these places will take advice from their lawyers and accountants, and, as non-domiciled owners and offshore trusts have been clamped down upon, they will not be used. It may come back to simple, straight ownership. We also have companies, trusts and all sorts of different mechanisms for owning land, mainly because they are often run as businesses, so there are limited companies, partnerships or whatever.

Q424 Chair: To be clear, it would be reasonable for us to take from your evidence that most of the trusts that are in operation were constructed some time in the past basically as a means of avoiding inheritance tax.

Andrew Hamilton: Yes, or estate duty, or whatever tax system was in place at the time.

Q425 Chair: But they are mainly tax-avoidance vehicles, rather than having any intrinsic merits.

Andrew Hamilton: The intrinsic merits they had were to ensure that one generation could pass to the next generation. The reliefs that were available, given by Chancellors at various times—for example, agricultural property relief—were given so that land could be passed on to the next generation. It is obvious when it comes to straight farms that, if you

are going to lose 40% of it when you die, you cannot pass it on to your son. That was realised by the Exchequer and that was why the reliefs were given. I do not think it was tax avoidance; I think of it as tax planning, because that was obviously the intention of Government when they set up those schemes in the first place.

Q426 Mr Reid: Are you able to estimate the percentage reduction in the value of agricultural land if inheritance tax reliefs were removed?

Michael Ireland: I would not even begin to estimate what that would be. I come back to the same reason. Land is very much affected by that whole host of different reasons, so to pull a figure out of the air to reflect one particular alteration would be wrong. Ultimately, when you look at it in a very simplistic way, the market is driven by supply and demand. There could be significant changes to the inheritance tax or capital gains tax regime, but if the market reacted by releasing more land or reducing the land coming on to the market, and there was an increase or decrease in the number of potential purchasers, it may well balance itself out, or it may react in a completely different way. That may be influenced by other factors that have nothing to do with the taxation regime. To say that there is a specific figure or adjustment as a result of one particular potential reason is very dangerous, and probably inaccurate.

Andrew Hamilton: That said, the figure of 75% or so of farms being bought by farmers, not necessarily for inheritance tax relief, would suggest that the percentage of farmland bought for inheritance tax sheltering is probably in the order of 10% or 15% of that section of the market. If that went, and that slice of demand was taken out of the market, what effect would it have on the price? At the moment, we have a gross excess of demand over supply. There are very few farms coming on to the market relative to the number of people who want to buy them, so taking out 10% or 15% of potential buyers might not have that great an effect. It would have a stuttering effect, I am sure.

Michael Ireland: The point is that you need only one buyer.

Andrew Hamilton: And the long-term value of agricultural land, apart from it being a safe place, is that they are not making any more of it—the Mark Twain thing that is quoted all the time. It was viewed as being a safe place to put your money, not just because of inheritance tax, but because agriculture in the long term is viewed with world food shortages; it may go up or down in the medium term, but in the long term it must go up, and that is why all the land in eastern Europe has been bought up—in Ukraine and Romania. It is the same reason. Agricultural land is thought of as a good bet long term, so what you do to subsidies or tax in the interim is going to make it wobble rather than affect long-term growth, I would suggest.

Q427 Mr Reid: If inheritance tax reliefs were abolished, what impact do you think it would have?

Andrew Hamilton: All the reliefs?

Mr Reid: Inheritance tax reliefs for agricultural land.

Andrew Hamilton: It depends. If you got rid of agricultural property relief, there would be a push towards getting business property relief. If you got rid of all reliefs on inheritance tax, which I do not think any Government has ever considered, you would have an effect

on reducing the ability of one generation to pass on to the next, unless they had sufficient cash to pay the tax without selling the land.

Q428 Mr Reid: Am I right in saying from your evidence that you would not expect a great impact on land values, but the impact would be the inability of a farmer to pass on to their children?

Andrew Hamilton: Which is the reason for them being there in the first place.

Michael Ireland: We have talked about inheritance tax, but there is one area where we did see a significant alteration or skewing of the market: business asset rollover relief in relation to capital gains tax. Back in the boom years of the residential market, a good number of farmers sold land for residential development at vastly inflated sums over and above agricultural value. As a result of that particular relief, they had a requirement within three years to buy land elsewhere. We found that the particular individual who had the benefit of a lot of money in the bank inevitably wanted to trade up to a better farm, and the impact of that was that we saw a significant number of people overbidding in many cases for the better land. We did see a time when prices for arable land in particular were fuelled by that market, solely as a result of that particular quirk in the capital gains tax regime.

Chair: Can I say that, if you disagree with each other, we would much rather you told us? We always like to see witnesses disagree; it illuminates debate. If you disagree with previous evidence, as you already have, Mr Hamilton, it is helpful to us to hear those opinions; otherwise, we will assume that you agree with each other and with everything else you have read that has taken place in front of us.

Q429 Sir James Paice: Can I go back to one point that occurred to me? Mr Hamilton, you were saying, and I know this to be the case, that a large majority of the big highland sporting estates are loss-making on their own. If such an estate was reliant on business relief for inheritance tax rather than agricultural relief, would it qualify?

Andrew Hamilton: It depends on the structure of the estate. Every estate is different and has a different mix of assets. As I am sure everybody is aware, renewable energy has made a big difference in the highlands. I suggest that the income produced from renewable energy schemes is the most income that has ever come to some of the more remote and fragile parts of the highlands since they invented sheep, quite frankly. It has had a major effect, and, if structured in the right way, that can be dealt with as a trading asset and can therefore allow those estates to qualify for business property relief. Many estates have farms, and, if they are farmed by the estate, they qualify for business property relief. A lot of estates, especially in the highlands, deal in tourism, either hotels or self-catering businesses, all of which can be trading income. The income that derives, for example, from let farms is of much lesser import than it used to be, given that the levels of rent are fairly low and there are fewer let farms, and that the income from sporting can be treated as schedule D trading income, if it is correctly formulated. If it is not letting the right to sporting, but is letting day sporting, with lunch provided and all that sort of stuff, it can be trading; otherwise, it is schedule A income, which is not.

The other main lump of income for estates tends to be residential lettings, and that is also schedule A and would not count as trading income but as investment income. But it is a big bundle of things of varying numbers. The Balfour case, which you may have heard of, is about this very thing. That viewed estates as a business as a whole: running the estate office;

letting farms; running farms; running hydro-turbines, or whatever. There is an increasing push towards most estates being run as businesses and qualifying for business property relief.

Q430 Chair: Mr Hamilton, I think you mentioned earlier that removing agricultural relief or business property relief would put landowners at a disadvantage to other businesses. On the other hand, as I understand it, agricultural, forestry and shooting land are all exempt from business rates. If they are going to be dealt with in the same way as businesses for rollover and so on, surely they should be dealt with in the same way as other businesses for paying rates, and therefore should not be exempt. They are either businesses or they are not. Is it not an anomaly that they do not pay business rates, yet they would get equivalent agricultural or business property reliefs?

Andrew Hamilton: I can see the logic of what you are saying. I could not say why agricultural land has more or less always been exempt from business rates, but it has. It must have been done for a policy reason, presumably to support farming. A lot of what happened in farming dates back to the second world war and food security, as you know, and I suspect that some of those reliefs date to that. Sporting rates were abolished—I can't remember: was it 25 years ago?—although with things like salmon fishing, for example, the rates are paid to the local fishery board, so they are not completely free of rates. But if you are suggesting a level playing field—

Chair: Yes.

Andrew Hamilton: —it is difficult to fault the logic.

Q431 Chair: So that is agreed then. RICS are in favour of introducing business rates. Is that fair?

Andrew Hamilton: I am not completely convinced that was what I said. I said I could see the logic in your argument.

Q432 Jim McGovern: I note from Knight Frank's farmland index for the last quarter of 2013 that Scottish land prices have risen by 220%, which I think meant that for the first time they were rising faster than prices south of the border, but they were also rising faster than the price of gold. Do you think it is good for the rural economy that land prices rise faster than the price of gold, for example?

Michael Ireland: Can I come back to that? Indexes are great. Our index, which you are referring to, is over a 10-year period, so it is showing that growth over that period.

Q433 Jim McGovern: It mentions that it was 7% in the latter half of last year, but it is 220% over a 10-year period.

Michael Ireland: Yes. The interesting thing with regard to the growth in values is that it is more obvious, or it has become more of a public issue, because other property assets have not grown at that rate, if indeed they have grown at all. That 10-year period throws up an interesting anomaly in the fact that other assets have not grown to that extent. If you take it over a different time scale, however—we quite often get asked to do capital gains tax valuations as at March 1982, which is the baseline date—and if you look, for example, at prime agricultural land, which is perhaps £10,000 an acre in today's terms, the same or similar land was possibly £2,500 to £3,000 an acre in March 1982, so we are talking about a growth of three to four times, very roughly. If you take the same principle for residential property, we are talking about growth of nine or 10 times, so it depends on the time scale you look at in assessing the level of growth. Markets go up and they go down, and we have seen a period when it is possible that in the last 10 years the agricultural market was playing catch-up, because it did not grow for a long time prior to that. It will be interesting

to see what happens in the next 10 years. I am doubtful whether it will continue to grow at the same level. Markets go up and they go down.

Q434 Jim McGovern: How was the 10-year duration arrived at? You are saying that it could vary if you use a different duration, but presumably there is a reason for it being 10 years.

Michael Ireland: That just happens to be the time scale over which we applied that index, collating and generating that information.

Q435 Jim McGovern: If that is the one you use, it is fair enough for us to use it.

Michael Ireland: Absolutely. I entirely agree, but if you take it over 30 years, or a longer time scale, it is a different rate of growth.

Q436 Jim McGovern: Somebody just put on a blindfold and stuck in a pin and said, “Ten years will do.”

Michael Ireland: No. It happens to be when it was started. There is no reason other than that.

Q437 Chair: Presumably, which term you want to choose depends a great deal on whether you are buying or selling, doesn’t it?

Michael Ireland: Yes. It is advantageous at the moment for agents to say that farmland has grown over the last 10 years at 220%.

Q438 Chair: But surely agents would always present things in an impartial manner rather than the manner that suited them best.

Michael Ireland: When they are selling individual properties, yes, but if they are trying to demonstrate that there is a buoyant market, obviously they are going to take facts and figures in a general context.

Q439 Jim McGovern: But the figures are an accurate reflection of that 10-year period.

Michael Ireland: As far as we are concerned within farming, yes.

Q440 Jim McGovern: Savills Scottish estate benchmarking survey, again for 2013, reported a total return for all estates for all let property, agricultural and residential, of 10.8%, comprising a 1.3% net income return and capital growth of 9.5%. We understand this covers lowland estates. Is this a rate of return that reflects your own experience of lowland estates?

Michael Ireland: Which report was that?

Jim McGovern: Savills Scottish estate benchmarking survey for 2013.

Michael Ireland: It is a different firm. I do not know how they arrive at their data. I have no reason to believe that what they are saying is incorrect. I would hope it was accurate and correct. I have flicked through it; from what they are saying, it seems to be fair and reasonable in terms of what expectations would be for returns.

Andrew Hamilton: I am not quite sure what the 1.3% covered—whether it was all estates and farms.

Q441 Jim McGovern: It was lowland estates. My supplementary question was going to be what in your view would be the equivalent figure for highland estates.

Andrew Hamilton: As I have already alluded to, many of them will not make a return on capital at all; they will make a loss—an annual revenue loss—but, as you picked out of that survey, there is a growth in capital values which to some extent makes up for the fact that they have to be subsidised cash-wise every year.

Q442 Jim McGovern: Do you have any comment to make on Savills Scottish estate benchmarking survey? Is it something you are familiar with?

Andrew Hamilton: Yes; I have it here. We look at everybody's figures and use them as part of the tools we use when we are doing valuations. We look at all the figures that are available—the Valuation Office, Knight Frank, Strutt & Parker, Savills and whoever produces these figures. We use them all when we are estimating the value of properties.

Q443 Jim McGovern: Do you actually put them together so you have an index of indices? Do you put them all together and average them, or do you just pick the one that suits what you are doing for a particular transaction or valuation?

Andrew Hamilton: If you are talking about a valuation, believe me they are not based on sticking your thumb in the air, or sticking a pin in one particular survey. They have to be based on all the facts you have, especially sales of comparable properties. These are based on Savills sales; yours would be based on Knight Frank sales, and ours are the same. We have to get them as accurate as we possibly can. As you will be well aware, most of the valuations are for banks, and banks, especially these days, are very keen on our professional indemnity policies if they think there is any suspicion we have got a valuation wrong, so we are very careful to use all the available evidence to put in valuations and show we have come to a reasoned professional judgment. You asked, Chair, if we wanted to disagree with what some of your previous witnesses said. I think I spotted one of the professors saying, "Never trust a valuer; always use statistics." He may very well wish to think that, but the banks require us to get it right.

Jim McGovern: I suspect that I betrayed my ignorance of the subject, so I apologise for asking silly questions.

Q444 Chair: Perhaps you could help us with this point. We would possibly take a slightly different attitude towards people making money from using an asset, like land and so on, as compared with using land as a store of value and investing in it simply to see capital gains. You can see how in these circumstances the farmers you spoke of earlier would potentially be priced out of the market by people who want to invest in land simply for speculative reasons. How do we address that sort of issue?

Andrew Hamilton: One of the features of—shall we say—inheritance tax sheltering on farmland is that, if you speak to investment advisers, or these clever chaps with money, and they advise you on what to do with your wealth and whether to put it into agricultural land, they fight a bit shy of it because it is complicated, difficult and dirty. If you have agricultural land, you have to farm it to make any sense out of it. While there are farm contract agreements, it is quite inflexible to buy farmland as an investment, so I am not convinced there is as much of that going on as you seem to suggest. I do not think that all land in Scotland is traded on the basis of how much money you can make out of it because it is going to go up. First, it does not always go up; it goes down and, secondly, it is very inflexible in terms of investment. It is a lot easier to buy stocks and shares and then sell them than it is to buy a piece of land, farm it and then sell that. It is quite an inflexible investment. I do not think it is as rife as you are suggesting, because it is quite difficult to do.

Michael Ireland: The interesting thing is that during the 1970s and '80s vast areas of land were owned by investment firms and companies, but a lot of them got out in the 1980s; they did not see it as giving them suitable returns that they felt were adequate. We have not really seen them return to that market, despite the fact that we talk with fellow surveyors who operate and act for these people. They are not interested in it, mainly for the reasons Andrew has given.

Q445 Chair: Is it your view that we should not be concerned about the impact upon land prices of people investing for speculative reasons, or relying on capital appreciation, either to offset the cost of running a sporting estate or to make a profit from running it?

Andrew Hamilton: I think it is at the margins. I spend quite a lot of time managing these places. One of the first things we do when we get a new owner who asks us to come and help with the management is ask him why he owns it and what he wants from it. I have never had the answer, "I bought it because I thought it would go up in value and I want to sell it in a few years' time." It just does not happen. Most people who buy land are passionate about it; they are passionate about the land itself, be it for nature conservation or sporting reasons, or just the fact that it is a wonderful piece of landscape, or they are farmers or foresters. That is what they buy it for. I have never really come across somebody, since the days of the institutions, who is thinking purely in terms of percentage rates of return.

Q446 Chair: Perhaps it is not an exact parallel, but, realistically, if you asked a number of people in a bank why they were there, they are highly unlikely to say, "I'm here to rob it," are they? The fact that they give you one particular answer is not necessarily the truth.

Michael Ireland: My answer is that I bring you back to these layers of different reasons why people buy. I would like to expand what Andrew said about speaking to clients who want to buy, but I cannot say any more because I have experienced exactly the same.

Q447 Graeme Morrice: Good afternoon, gentlemen. I apologise for coming late to this evidence session. I was involved in a parliamentary debate somewhere else. I want to touch on the issue of slipper farming, which is a quaint term, isn't? You will be aware, because it has been well publicised, that Richard Lochhead said last week that there were "a million hectares of wild land where no farming activity whatsoever is taking place but could qualify for new direct payment in 2015 unless action is taken in Europe." In your view, how has this situation come about? Why has it been allowed to arise?

Andrew Hamilton: The situation Richard Lochhead is referring to dates from the last CAP reform, when single farm payment was introduced, and the entitlements to single farm payment, i.e. you can buy the right to receive single farm payment, were tradeable. It became obvious that, if you had land, you could buy the rights to receive that single farm payment, because there was no requirement then to demonstrate farming of the land to receive those single farm payments. There was a thing called GAEC—good agricultural and environmental condition—which meant you had to make sure it was not undergrazed or overgrazed, and that it wasn't going backwards, but there was no actual requirement to farm or produce, because that is what comes up against, I believe, the international trade agreements that say you cannot have subsidies based on production. That was where the situation arose. There are large areas of Scotland, many of which used to have a lot of sheep on them—those sheep have been taken off—on which single farm payments were available, if you chose to take the risk of buying single farm payment entitlements.

We have exactly the same problem now. We are going from an historical to an area-based system. I think the proposal from the Scottish Government is that the area-based system is split into two areas, basically arable and good grass, and the rest of it grazing, which would cover the vast acres of Scotland that Michael has talked about where a very large percentage is rough grazing, if even that; and that the figure of, I think, £20 a hectare might be payable in those areas. What Richard Lochhead is trying to sort out is how they can prevent non-farmers from receiving that subsidy.

Q448 Graeme Morrice: Would you agree it seems a bit weird, certainly to the ordinary person in the street, that you can receive farming subsidy not to farm land? Mr Ireland, what do you think about that?

Michael Ireland: I entirely agree. It has been a real problem for the industry over the last few years since the single farm payment was introduced. It has constantly been a point of discussion among farmers. Farmers themselves do not like it; they want to be seen to be actively farming, so it has been a PR problem, if nothing else. As to what happens going forward, it is in the forefront of discussions, as I understand it. I hope they are able to resolve it, because it is something that nobody in the agricultural industry wants.

Andrew Hamilton: I remember that when it came in various farmers said to me, “Can you explain this to us? We farm x cattle, x sheep, and we get this much subsidy. We don’t make any money out of farming the sheep and cattle without the subsidy. The way we read this, we can get rid of the cattle, get rid of the sheep, spend a lot more time in bed and still get the same subsidy,” and I said, “Yes.” It was a ridiculous system, and that is what they are battling to get rid of now. How they are going to do it, I do not know. The suggestion at the moment is for a minimum stocking density, but that comes up against the problem that, certainly in the north and west highlands, the minimum stocking density they were going to introduce would result in quite a few actual farmers and crofters, who are farming but on a very extensive basis, not qualifying, so that cannot work either.

Q449 Chair: But this is a complete scandal, is it not? People are getting farm subsidies without farming. Unfortunately, nodding does not cut it. Let it be said that Mr Hamilton nodded enthusiastically, and Mr Ireland nodded less enthusiastically but still nodded. Is that fair?

Michael Ireland: Yes. That is fair.

Q450 Chair: But this is a scandal. This is really benefit dependency of the worst possible sort, isn’t it?

Michael Ireland: Scandal is probably too strong a word to use. I am not defending it in any way, but, as Andrew said, there were some conditions and requirements, and some public benefits are derived from it in terms of the environmental management of the land. It is not as though it was an absolute free for all. I am not defending it in any way. I think it is something that should be done away with, if possible, but there were some public benefits as a result of it.

Q451 Chair: But not enough to justify the payments.

Andrew Hamilton: In this round of CAP the subsidies for conservation will be a greater share.

Chair: But it is fair to describe it, if not as a scandal, as a disgrace.

Sir James Paice: With respect, Chair, this is not addressing the slipper farming issue. This is the overall issue of the CAP, and the difference between Scotland and England is that England, having started on the basis that you got the subsidy you had before, has moved in the ensuing years to a flat rate per hectare based on three different grades of land, whereas Scotland stayed with the historic basis, so that even today they are still being paid the subsidy they got in 2001. They are now going to have to move by 2020 to an area-based system, but neither of those is slipper farming. Slipper farming is the term given to those, particularly in the highlands, who just own large acres and can reap the money for doing nothing. The vast majority of the land is still being farmed and they are getting the payment on an area basis.

Q452 Chair: To get this clear, there are farmers who own land in the highlands who are getting public subsidy for doing nothing. Is that correct?

Michael Ireland: I would not limit it to the highlands.

Q453 Chair: Okay. There are farmers throughout Scotland who have public subsidy for doing nothing. Is that right?

Andrew Hamilton: As Sir Jim said, the subsidy was based on what you claimed in 2000, 2001 and 2002. If you had a whole bunch of cattle and a whole bunch of sheep, you would have been getting subsidies. If you chose, for example, to retire and get rid of your sheep and your cattle, you would still have the entitlement to those subsidies. There was not a mechanism for taking it away from people, and that was the problem. It was also tradeable. This time, as I understand the single farm payment review, it will no longer be tradeable; you will not be able to buy the right to receive that payment, but it will be based on area. Therefore, if you have an area of farmland you should get subsidy. The question is: will you have to farm it or not? That is what the Scottish Government are trying to tackle at the moment.

Q454 Sir James Paice: I may be wrong, but I believe the estimate is that for three quarters of a million acres of Scottish farmland they were not getting any subsidy in that 2000-2002 period, and therefore have not been getting a single farm payment. That is perfectly correct, and nobody would argue with that. The proposition now is that moving over to an area basis means they will be entitled to the single farm payment on an area basis, so they will in future, unless something is done about it, be entitled to a payment for wearing their slippers, hence the phrase.

Andrew Hamilton: Although there was a suggestion that your ability to claim in 2015, when it is supposed to come in, would be related to what you claimed in 2013, so, if you had not completed an IACS form and claimed the single farm payment, you would not suddenly be able to qualify. Whether or not that is going to go through is still in the lap of the gods, I believe.

Q455 Graeme Morrice: Specifically on the issue of slipper farming, there are notable examples. Mr Ireland, you referred to the bad publicity emanating from this. Under the current proposals, Smech Properties, which is owned by the ruler of Dubai, looks like it is going to receive between €400,000 and €500,000 in farming subsidies for his estates at Killilan and Inverinate—I hope I've pronounced those properly. Clearly, you would argue that this is not justified. I do not know whether the ruler of Dubai is a regular visitor to his estates in Scotland. I suggest he is more like an absentee landlord. I agree with what Mr

Ireland was saying; this does cause bad PR. How can there be a justification for it? It is happening under the current situation.

Michael Ireland: The justification is that there has to be an assumption that there is a farming business that is trading. I throw out this argument: why is it any worse for him as a trading business farming properly in the same way as his neighbour is?

Q456 Graeme Morrice: He is wearing a pair of slippers.

Michael Ireland: But there is a business and it is trading.

Andrew Hamilton: Do we know that? I do not know whether it is.

Michael Ireland: It is not in the statement.

Andrew Hamilton: It might well be sheep.

Graeme Morrice: We have confirmation that this is one example of slipper farming.

Q457 Chair: I think there is a distinction between foreign ownership and slipper farming. I understand that point.

Andrew Hamilton: They are two separate things.

Q458 Chair: Can I clarify the scale of slipper farming? How much money do you estimate is being given to people who are slipper farming?

Michael Ireland: It is not my area of expertise, I have to admit.

Q459 Chair: Give it to the nearest £10 million, so we have a feel for it.

Michael Ireland: I am sure there are figures out there, but I do not know what they will be.

Andrew Hamilton: Nor do I. I have seen them quoted; I am sure I have read it in *The Scottish Farmer* on numerous occasions. I cannot recall exactly what the figure is, but it is a well-known figure and something that Mr Lochhead has been quite vocal about.

Q460 Chair: We will pursue it. Can I be absolutely clear about this? The single farm payment—the right to get money from the EU and from the public purse—can be bought and sold as a commodity, as an investment and a speculation and is divorced completely from actual farming. Is that correct?

Michael Ireland: No. What happened in the baseline years was that there were three years in which you had to demonstrate which previous subsidies you had received. That was averaged, and each individual farm had a single farm payment applied to it, which would then be distributed over the acreage of farmland you were farming. That gave you a rate and value per hectare for that single farm payment. That can be decoupled from the land. If you were a sheep farmer with a very low single farm payment on a per hectare basis, you could potentially go into the market and buy a single farm payment with a higher value than you originally got and apply that to the land you were farming. That was the principle behind it.

Q461 Chair: Was that the original intention?

Andrew Hamilton: To give you an example, the figures you were talking about were earlier in the scheme when it was viewed as going to last for quite some time. You could buy the right to receive a certain number of pounds per acre—£80 an acre or whatever—

and the trading figures were something like 3 or 3.2 of annual value. People thought it was going to last for three or four years, so they were taking an investment risk. There was a period of trading of single farm payment at the beginning of this year, and the figures were down to about 1 or 1.1, because it is not going to last much longer. You could question whether it was the right decision to allow it to be tradeable, but it was tradeable and that is how a lot of the slipper farming came about, with different rates.

Q462 Chair: Can I clarify whether or not the single farm payment or subsidy in these circumstances goes to the owner of the land or to the person farming it, in the case of land which is not farmed by the owner?

Andrew Hamilton: It goes to the farm business which fills in the IACS form.

Q463 Chair: Is the fact of that subsidy reflected in the rent that is paid to the owner?

Andrew Hamilton: There has been a rent review case on that. Initially, the Land Court said that it was not to be taken into account, and the Court of Session overturned that on appeal and said that you would take it into account because it would be assumed that most farmers would receive single farm payment. Therefore, it was an element of the income they received from farming the land for which they were paying the rent, so it was deemed to be part of that.

Q464 Chair: The subsidy system effectively goes indirectly to the owner for no contribution from him or her.

Andrew Hamilton: I would not misquote Lord Gill, but I think it was viewed as being part of the income that could be earned from the asset of the land—income from selling cows, crops and all the rest of it—and receiving subsidies. Therefore, it would be reflected in the rent payable for that land.

Q465 Mr Reid: If you were valuing land in this situation, would you value it on the basis that the whole of the subsidy went to the landlord, or would you value it in such a way that some of it would end up with the tenant? How would you go about your valuation?

Andrew Hamilton: The sale of land did not necessarily mean that the subsidy entitlements came with it. In some sales it did; in some sales it did not. Where it was included it would be valued at its trading value—what you would pay to buy it in the market—so it was effectively divorced from the value of the land. If the tenant's farming business had the rights to that subsidy, and the ownership of that farm was being traded with the tenant in place, the presence of subsidies would make no difference whatsoever to the value of that tenanted land. Does that make sense? It is quite tricky. You can sell land with a tenant in place, i.e. one landlord sells to another.

Q466 Mr Reid: That usually reduces the value. Is that correct?

Andrew Hamilton: Yes. The value of land with a fully secured tenancy is generally thought to be about half that of land with vacant possession. Some trading, not a lot, has taken place between landlords in the last five or 10 years. It is not much. A lot of it took place in the days of the institutions; they all rented out their land and traded it with the tenants in place, but the value of the subsidies would come to it only through the process of the rent. Now it has been confirmed by the Court of Session that that subsidy should form part of the rent.

Q467 Mr Reid: So the whole of the subsidy would be added to the rent.

Andrew Hamilton: No. It goes to the farm. The subsidy goes to the farm business, whether the farmer is a tenant or an owner occupier.

Q468 Mr Reid: If you were presiding over a rent review and the subsidy was forecast to go up by a certain amount, would you add the whole of the increase in subsidy to the rent, or would you have some formula for a proportion of it?

Andrew Hamilton: If I may say so, this is getting into quite a controversial subject—the whole determination of farm rent reviews.

Chair: Good; I am glad to hear it.

Andrew Hamilton: Rather as Michael was referring to earlier, there is a whole host of things which are constituents of what a farm rent is assessed at in a rent review. One of the principal starting points is what other farms are being rented for—comparable rents. You will also sometimes produce a budget to work out the value that the farm can produce. You do not have to, but you are supposed to take into account the economic conditions of farming in adjusting the rent. You also take into account other matters, such as scarcity; you are supposed to discount. You are supposed to take into account marriage value, which involves an increased value of the farm due to the fact that it is the chap next door who is renting it. You are supposed to disregard that. There is a whole host of things that go into rent reviews. If you wish, I could bore you for some time on the subject; it is quite complex. The subsidy is taken into account in the farming income, and the rent is in some way related to the farming income but also to what other people pay for farms.

Q469 Chair: It is almost inevitable, having listened to previous witnesses, that subsidy is going to be reflected in some way in either the rent or the price, depending on whether it is sold or rented. There is bound to be some reflection of it. Let it be recorded that Mr Hamilton nodded less enthusiastically than before, and Mr Ireland smiled.

Andrew Hamilton: It is all to do with capitalising any form of income which can be derived from that land, and your previous witness got that bang-on. All of them will be capitalised in some way. The degree to which they are capitalised into that value depends on how influential they are.

Q470 Chair: On the face of it, slipper farming seems to me to be a disgrace. Why has it not been abolished? Is that down to the EU, the Scottish Government or a combination of both?

Andrew Hamilton: I think the fundamental problem is America, is it not? It is all to do with the trade agreements between the EU and America that do not allow the EU to subsidise farm productivity. That is what it comes from.

Chair: It's the Americans' fault.

Q471 Sir James Paice: It is not just America; it is the whole GATT.

Andrew Hamilton: It is all about the EU not being seen to be subsidising production. That is what it is all about.

Chair: It is certainly good money if you can get it. Lots of my constituents would be absolutely delighted to get public subsidy just for existing, but we will leave that.

Q472 Pamela Nash: Mr Hamilton, on that point, obviously the trade agreement is being renegotiated, but I have not heard any mention of this being specifically renegotiated. Are you aware of that from your expertise?

Andrew Hamilton: It is outwith my realm, but I understand that the Scottish Government are trying very hard to deal with the slipper farming problem that you allude to, and have come up against the EU saying effectively, “You can’t do that,” so they are looking for a more effective way of doing it. I understand that is the current situation; it has not been settled.

Michael Ireland: There is certainly consensus and a will on the part of everybody in the industry to see it done away with.

Q473 Pamela Nash: You say that this is a result of the trade agreement the EU has with the US. Surely, there was a reason why we agreed to it in the first place. What would be the consequences of withdrawing or changing the subsidy?

Andrew Hamilton: That is getting into the realms of international trade, but it is all about subsidising products, and the Americans subsidising whichever products they subsidise. Protectionism and international trade is what it boils down to.

Graeme Morrice: In a competitive market of course.

Q474 Lindsay Roy: Good afternoon gentlemen. My apologies, I have been at another meeting. I am sure you have enjoyed yourselves under the chairmanship of Mr Davidson, who does not have his slippers on but at times has very generously been called a slippery customer. I won’t say by whom.

We have been told by Scottish Land & Estates that there is no need for artificial measures to diversify land ownership, and that the existing pattern is not detrimental to economic or social development. To what extent do you agree with that view?

Michael Ireland: In terms of expanding patterns of land ownership.

Lindsay Roy: Yes. The existing pattern is not detrimental to economic or social development.

Michael Ireland: I think there are examples where undoubtedly ownership is potentially detrimental.

Q475 Lindsay Roy: Can you give us some examples?

Michael Ireland: There are some cases where there have been communities that have struggled to take ownership and control over assets that are integral to their overall development. That is one generalised example of where there is an issue. My own view is that there is certainly some merit in trying to restructure in some ways. There is certainly merit in trying to make sure that communities can develop where they feel there is a necessity to develop to enhance their livelihoods and wellbeing.

As to how new structures should arise, there has been some debate over community absolute rights to buy. I can see some merits in the principle of it. In fact, I do not necessarily have problems with the principle, because we actually have, and have had for over 150 years, the principle of compulsory purchase. Where we have a community absolute right to buy, with some checks and balances in ensuring that it is for the public good, in principle I do not necessarily have a problem with it. What I do have a problem with is that, unfortunately, if

you create that system, inevitably you create it on a blanket basis so that it covers all land, but in fact we would inevitably find that, while it applies to all land, there are vast areas where it would never ever be triggered because of the physical circumstances that that land sits in. It would potentially create a level of uncertainty, maybe fear, within private owners. Inevitably, the knock-on effect of that, in my view, would be a lack of investment. There is a disincentive to invest if you think there is a potential of its being taken away from you. While in principle I am accepting of that idea, it needs to be very carefully thought out, because inevitably it will be applied on a blanket basis, which will have that knock-on effect.

Q476 Lindsay Roy: In principle, yes, and in practice in some cases, but it is very complex. Would that be fair comment?

Michael Ireland: That is probably a fair summary.

Andrew Hamilton: I do not quite agree. I think because—

Lindsay Roy: Good.

Andrew Hamilton: The angle that the RICS has come from is that the question of ownership is not the important one. It does worry me slightly when a lot of money—and it is Government money from the land fund—is spent on acquiring ownership for a community, because there is a slight feeling that that money is wasted, in that nothing can be done with it thereafter. Private ownership of land, apart from anything else, means you can use that land as security to raise funding. I have never yet worked this out—maybe you can enlighten me: where a community owns land, and has bought land, it necessarily cannot use that as security for borrowing, because the banks need to have a way to implement that security, which involves the land being sold and in most cases the community's land is not available to be sold, so they cannot use it to raise money.

The RICS's view is that community control over the land in many cases has a lot of merit and in certain cases should be encouraged, but does that necessarily involve ownership? I question whether long leases, management agreements and all these sorts of things could be entered into with communities to allow them greater control over their land, or the land in the community in which they live, and what happens to it. All those things are possible without ownership. I feel that the spending of numerous millions of pounds on acquiring ownership of land, which then cannot be used to raise further money or sold, is a little bit pointless.

Q477 Lindsay Roy: I am not particularly au fait with this, but my understanding is that Knoydart used their land as security for a small hydro scheme.

Andrew Hamilton: I may be wrong, but I think that was raised by project finance; it was the same on South Uist where they have raised a lot of money for a renewable energy scheme. You can raise money for a renewable energy scheme secured on that scheme, and the community would then be able to say, "Lend us £10 million. We'll build a wind farm or hydro scheme, which in turn is going to be worth £15 million when it is built." They can then dispose of that, but they are not disposing of the land.

Q478 Lindsay Roy: The land is not part of the security.

Andrew Hamilton: That is generally what I would understand to be the case.

Michael Ireland: I would like to add one point, which may not necessarily have come across in this debate. While I have given you my concerns about absolute right to buy in terms of its blanket coverage over all land and the implications and knock-on effect of that, I quite like the idea of an absolute right to rent, similar to what Andrew suggested. To

me, an absolute right to rent is a solution to the problem, in that it still gives the private individual who owns that land the comfort that they can invest, but, ultimately, if it is ever rented from them, they take a return from that. It also gives communities the comfort that, if there is an asset there, be it land, buildings or whatever, they have the ability to trigger it and take the advantage—the benefit—of that asset.

Q479 Lindsay Roy: What incentive is there to rent land and improve it if you do not have long-term security?

Michael Ireland: In terms of any absolute right to rent, every case is individual. If something is very much a long-term project, or whatever, that a community wants to progress with, the lease should reflect the type of project they are proposing, so it could be 50 or 100 years.

Q480 Lindsay Roy: There would be an agreement between the tenant and landowner, presumably.

Michael Ireland: Indeed, yes. But if there is a level of compulsion set within the system, i.e. an absolute right to rent, that gives communities the freedom to be able to progress with the projects they want to do.

Q481 Sir James Paice: Can we be clear what exactly you mean by an absolute right to rent? Are you suggesting literally that a community could create a community body or organisation and go to the landowner and say, “We have the right to rent the nearby 500 acres for community purposes”?

Michael Ireland: The overriding principle in terms of what is in place at the moment is that they need to be able to demonstrate that it is in the public good—that is probably the best way of describing it—be that the community itself or the wider public.

Q482 Sir James Paice: Regardless of what the owner is using the land for.

Michael Ireland: If they can demonstrate that their inability to take over control of that land is holding back their community, I would certainly argue that that is an overriding benefit which is potentially better than that private individual’s rights.

To caveat it a bit, if an absolute right to buy were introduced, I would be suggesting that it could be triggered only over a second or third generation owner. The reason for that is that, as Andrew alluded to earlier, if you were an owner of land and you are buying land, you are spending your money on it; you are spending your money, time, effort, enthusiasm or passion, or whatever. You are that first generation owner. You have particular reasons why you are buying, owning and running your business on that land. However, the relationship between the owner and that land and how you use that land changes with the next generation. I am saying that perhaps the rights of the first generation owner override the potential community rights, but thereafter the relationship changes.

Q483 Chair: But surely in those circumstances community ownership could be postponed almost for ever. You two and I could simply have a carousel where I sell it to you, you sell it to him and so on, so we are always a first generation owner, and then we do the same again for our children.

Michael Ireland: I agree. That may well flag up some particular issues that cause that suggestion to be a problem, but it is well worth debating the issue and putting it out there to be considered.

Q484 Chair: You mentioned the deterrent effect of possible compulsory purchase on investment, but presumably the compulsory purchase price reflects the value, which would reflect any investment that had been undertaken. In those circumstances, the prospect of compulsory purchase should not deter investment.

Michael Ireland: But I also said that investment is not just money; it is time, effort and passion. That is important in the rural context.

Q485 Chair: Should the compassion and commitment of one owner trump the passion and commitment of hundreds of people in the community?

Michael Ireland: No. I am just saying that compensation for that in monetary terms will not compensate you for the other non-monetary investment you have put into it.

Q486 Chair: But a balance has to be struck between the interests of the one and his or her family and the interests of the many in the community in these circumstances. Surely, to say that the owners' interests should always prevail, even if only for one generation, is perhaps weighing things a bit too heavily in favour of those who have the wealth to buy the land in the first place.

Michael Ireland: It may well be, but it is for you to decide whether that is an appropriate solution or balance.

Andrew Hamilton: On the question of investment in some of these more fragile highland estates, you suggested, Chair, that it would be reflected in any value achieved from compulsory purchase. That is not necessarily the case, because a lot of that investment is not investment in capital; it is investment in annual revenue expenditure. You are putting in that money every year to run the place—to pay the gamekeepers, to pay the shepherds. That does not necessarily increase its value, so you will not necessarily get it back. In terms of the disincentive effect of a compulsory right to buy, owners who would like to come to Scotland to buy land, enjoy it and run it in the way they think is appropriate, bringing with them a lot of money, as many owners do, are liable to be put off if they think, “It can be bought from me tomorrow by the community on a whim.” You might think that when I say “whim” I am using the wrong word, but there are numerous cases where because there is no structure—in my view—at present on which these communities should be based, quite often in one rural community you get two or three community groups popping up, all of whom think that they have a better idea about how to run the land, or should have the right to buy the land.

You say, “Why should the landowner have any more control over it than they should?” We are a property-owning democracy. At the moment, ownership matters and it gives you an element of control. In the case of communities, I have long called for this but we don't seem to have it in Scotland; we have large local authorities, much larger than we used to have. We do not have, as in France, mayors of little villages and people like that. How are these local communities to be structured? In my own community of Drumnadrochit, if you would like to know, we have about four or five community groups, all of whom have slightly different versions of what they want to see. Is it really local democracy at work if one of these groups ends up owning the land?

We have not yet got the structure in place for communities to be able to buy. There are some wonderfully successful community ownerships. I advised and did feasibility studies on a couple of them in the outer isles. I think they work very well, but it is not always the

answer and it is not always the best way of owning land. I do not think ownership is important. They can gain control in other ways.

Chair: Jim, I wonder whether you can pick up question 15, which follows on from this.

Q487 Sir James Paice: It is perhaps moving away from communities to tenancies. We have received a number of pieces of evidence, quite a lot of them anonymous, from farm or estate tenants who have made allegations about difficult landlords not doing repairs, making access difficult, or demanding access, and all sorts of things. I know from the English context that there are good and bad landlords. Do you have any reason to think that there is a particular problem with some Scottish landlords—presumably absentee, but that is by no means certain?

Michael Ireland: A lot of the issues that are cropping up are a reflection of personality in many cases. I doubt whether we can legislate for that. A lot of the problems within the agricultural tenancy sector have arisen as a result of a series of pieces of legislation that have complicated the landlord and tenant relationship. While it was well-intentioned, the 2003 Agricultural Holdings Act introduced various methods and structures with a view to trying to free up and release more land, to make it more available for new entrants, for example. Unfortunately, because of various alterations to the 1991 Act, it has undoubtedly complicated things on the ground.

We are now in a situation where the vast majority of landlords and tenants do not quite understand the system they are operating in. They do not understand the leases, and they cannot do anything without a lawyer being present to give advice. To me, that is wrong, and it has resulted in the structural relationship between the landlord and tenant breaking down. I am no expert, but my understanding is that there was a very similar scenario south of the border in England and Wales in the late 1980s and early 1990s. The availability of land and the number of tenancies were dropping; it was in freefall. The result was the creation of farm business tenancies. I am not an expert on that, but my understanding is that the principle behind it is the freedom to contract. The result has been to stem the reduction in the number of tenancies, and land availability has increased. Speaking to colleagues south of the border, it appears that there are fewer landlord and tenancy problems south of the border than north of the border. As a result of that, I would like to see some real root and branch restructuring of the agricultural tenancy legislation much more along the lines of the farm business tenancy structure.

Q488 Sir James Paice: On the English system, what you say is entirely right. The downside, some would argue, is that virtually all FBTs go to existing farmers rather than to new entrants, but that is an aside.

Michael Ireland: But I think I am right in saying that it has freed up and increased the amount of land that is available.

Q489 Sir James Paice: Indeed; it has. There is a lot more land available, but much of it is going to existing farmers.

Michael Ireland: The system as it is at the moment has a knock-on effect with regard to existing tenants and new entrants. With regard to existing tenants, there is a reduction in the amount of land available in tenancies. When new tenancies come up, the number of potential tenants is still there so there is more demand for less area, which inevitably drives rents in an upward direction. When we do rent reviews, our primary evidence

comes from comparable evidence of rents agreed elsewhere. We are stuck in the scenario of upward pressure on rents as a result of that, so there is a knock-on effect.

Andrew Hamilton: One of the main things with absolute right to buy for farm tenants that we have commented on in the past—I mentioned earlier that I have been on the Tenant Farming Forum since it was founded in 2003 and I was involved in all the negotiations before the 2003 Act—is that it is not just existing landlords and the big estates we need to concern ourselves with. One of the major problems in farming is that the average age of farmers is old—58 to 59. Many owner occupier farmers would consider renting out their land to their neighbours, or to the young lad down the road, and staying on in the farmhouse and retiring there, but they hear about this absolute right to buy. Although it was said by the Minister at one point that it was not going to happen—now that has been changed—and it has also been said that it would not apply to new tenancies, everybody fears that it might eventually.

You are completely stifling new land coming on to the market for young entrants. It is not the main reason why young entrants have problems. We have had a lot of meetings with them. Their principal problem is raising capital. It is as simple as that; it is banks. But getting land is very difficult with this absolute right to buy threat there. The absolute right to buy in general is favoured by—dare I say it—the more elderly farmers within the Tenant Farmers Association because they see it as their ticket effectively to retirement. If you exercise your right to buy, you can sell the farm at a profit because you will buy it at a discount. That does nothing for young entrants. It principally means that the absolute right to buy would reduce the number of tenancies yet further. I do not see how that would do anything for the tenanted sector, especially young farmers.

The RICS has maintained since the first days of negotiation on the 2003 Act that freedom of contract akin to farm business tenancies has proven to be far more flexible. Freedom of contract applies in every other business tenancy you can think of in Scots law. If you rent a shop, a workshop or anything else, it is freedom of contract. It is only farmers, and residential tenancies to some extent, that are protected by statute in this way, and it has a terrible, stifling effect on them.

The compromise we got in 2003 was a result of the then Minister basically locking the NFU and the Scottish Landowners Federation in a room and not letting them out until they came up with a compromise. They came out with the terribly unhappy compromise of five and 15 years for new tenancies. We have a problem in Scotland. Absolute right to buy will not help that, unless it is viewed on the basis of the Irish land reform—that we are trying to get rid of landlords and tenants altogether, which I am not sure is the aim of this in the first place. It is tinkering at the sides.

Michael Ireland: Let me be clear. If you have a good tenancy structure within the farm market, it is an exceedingly good thing for agriculture as a whole. It allows new entrants to come in. Agriculture is a heavily capital-intensive business, and for somebody to start up by locking money away in the capital asset of that business is a great stifler to kick off with. If we have a much more flexible tenancy structure, it enables new entrants to concentrate on the farm business rather than owning land.

Andrew Hamilton: It is basically the choice about what you do with your capital. If you are an individual with some capital, do you spend it on land or do you spend it on

machinery, cattle and all the rest of it, which is what tenants are able to do? Given the price of land, it is vital that they have that option.

Q490 Chair: Rather than coming into this from the point of view of tenants, landowners and farming, we have tended much more to look at it in the context of community land at the margin and so on. In that way, the issue Jim was raising about landlords who may behave badly is particularly appropriate. That is why we are less than totally enthusiastic about Mr Ireland's concept of an absolute right to rent, because the difficulty to some extent is about whether or not you can control what you do not own. From the community's perspective in these circumstances—privately we have heard quite a number of horror stories about bad landowners in these circumstances—I am not sure that a community that wanted a buy-out would be happy simply having a rental arrangement with that landlord, because then there are always issues about the rights and obligations of the owner in those circumstances. Do you have some system of regulation? You can see a bureaucracy developing around that. Would it be fair for me to think that your suggestion about an absolute right to rent is more appropriate to agricultural holdings than to pieces of land that the community might want to buy out, or am I missing the point here?

Andrew Hamilton: The important thing here is freedom of contract. In everything other than agricultural land, and crofts I suppose, you have freedom of contract. For a community to enter into a lease on a community asset, be it a park, a village hall or whatever, it would be a commercial lease, and a commercial lease is entirely dependent on the terms within it, which favour neither the landlord nor tenant; they would be negotiated on an equal basis.

Q491 Chair: Yes, but I remember the African parallel in Namibia where, rather than pursue the Zimbabwean route of land redistribution, they took the view willing buyer, willing seller. None of the sellers was willing to sell, so nothing happened. In circumstances like this—freedom of contract—if somebody does not want to let their land to the community, you will not have an equitable bargain, or any bargain at all.

Andrew Hamilton: I was referring to the contract to lease within the context of the absolute right to rent that Michael suggested. It is not a thing I have heard of before necessarily, but I think the idea of communities leasing land is an option, rather than buying it. If there is a degree of statutory compulsion, as there is in the Land Reform Act, it would govern what the terms of the lease would be. I hear what you are saying, but—

Q492 Chair: I see. This would not be a voluntary arrangement, as it were—a bargain between the parties; there would be a standard lease in these circumstances.

Andrew Hamilton: If that happened, yes.

Chair: Sorry. I had misunderstood. That helps to clarify it.

Q493 Mr Reid: The Scottish Government's policy is to diversify land ownership, and in particular to increase community land ownership by half a million acres by 2020. Do you think these are realistic objectives?

Michael Ireland: My understanding is that community ownership is round about that figure already. I presume there is some PR that has driven them to add another 500,000. Where that figure comes from I do not know. I do not know whether there is any structure as to how many acres should be added on an annual basis. I am not sure where that comes from. Certainly, the objective of increasing community ownership is a good one. I am not quite sure that setting targets like that is realistic because each community is different.

Half an acre of ground may make a huge difference to an individual community; 10,000 acres may make a huge difference to another. I think the concept is good, but I am not sure the target is realistic or necessary.

Andrew Hamilton: It boils down to the very first thing I said. Dealing with the whole matter in acres is nonsense, because it depends on what you are talking about. I and my colleagues have doubts about whether communities should be encouraged to buy more land, because we do not think it is about ownership; we think it is about what you do with that land, and there are other methods of dealing with it.

What is community ownership? Communities may in theory own it but normally they cannot sell it terribly easily. They can sell parts, as they did on Gigha when they sold the main house—Achamore House. What is community ownership other than another form of local authority or Government ownership? Effectively, the local authority will own a lot of land in the community. Should that be transferred to local communities, and should we start to change the structure of local government? That is what it boils down to. Then we have the biggest landowners in Scotland: the Forestry Commission and whatever the Department of Agriculture is called now. Their crofts were made available and have not been bought. You cannot force people into community ownership if they do not want it. It is not always the right answer. It definitely has a place in some circumstances.

Q494 Mr Reid: What about the other objective of diversifying land ownership? Is that a realistic idea?

Andrew Hamilton: I have questioned from the beginning what that is achieving. If the aim behind diversifying land ownership is wealth redistribution, that is a perfectly valid political cause, but why concentrate on land? In terms of wealth, the value of property in the cities is many, many times what it is in rural areas. Why would we want just to redistribute the ownership of land in rural areas where we have a strange distribution of—

Q495 Chair: But surely communities in cities do not have quite the same emotional attachment to hills and glens as, say, communities in rural areas. It is not simply about wealth redistribution; it is about control of assets.

Andrew Hamilton: It is control of a particular class of asset. Why shouldn't a community in the city have equal control over residential and shopping areas?

Q496 Chair: The argument then is that it is not an issue about control of assets in general; it is a question of control of people's localities, their homes and aspirations.

Andrew Hamilton: But surely they exist within the cities. If what you are saying is that it is all about the hills and glens, I am afraid that from our point of view—from a professional point of view—you are getting to the romantic and historical feeling about land that people have a passion for, but in terms of the land market and land management in Scotland I am struggling to understand where that is coming from. It is up to the politicians to base a policy on that if they want to, but there is no logic from where I see it for that viewpoint.

Q497 Mr Reid: You gave Gigha as an example. There was a landlord who was holding back development of the island, but that is not a situation you would get in a city where somebody may own a shopping centre but not the whole area, whereas on an island or remote parts of the mainland one landowner could conceivably own everything. Therefore, that is a brake on development, whereas in a city nobody would ever own the whole city.

Andrew Hamilton: Obviously not, but in terms of wealth they could own something equally large. Of course, on islands it is a thing which raises passions, for example Eigg, even Rum which was owned by SNH, for goodness sake; it was already community owned. You might think that it was perhaps not as well managed as it might have been in terms of the house. I can understand the passions, but in terms of land, what it is used for and its management, the logic starts getting away from me at some point when you simply concentrate on the wild, rural romantic parts of the highlands and ignore the bulk of the population who live in urban areas. I think there was a limit in the Land Reform Act of 10,000 on the size of communities.

Mr Reid: Yes, 10,000.

Andrew Hamilton: That seems utterly arbitrary to me. The residents of Drumnadrochit, where I live, could take over and look after our interests because we only have 1,000 people, whereas the town up the road, Nairn, which probably has about 15,000, cannot. It does not make sense to me.

Q498 Chair: I think there are no other points. We said earlier that if there were any observations you wanted to make that we had not allowed you to touch on so far you would have that opportunity. You have had a fairly good run. I am not sure there are many thoughts unexpressed so far, but if there are feel free to do so now.

Andrew Hamilton: I would only reiterate my point about the words of one of your previous witnesses about never trusting a valuer.

Q499 Chair: It has obviously got to you, hasn't it?

Andrew Hamilton: It has indeed. It is my profession. What do you expect?

Q500 Chair: You should have heard what we said about lawyers.

Michael Ireland: I think we have covered everything. The one thing I would leave in your mind is that, whatever your recommendations are and whatever results from this, it has to be practical and something we can apply out in the field.

Q501 Chair: Let me reassure you on that. It would probably be our intention, as we have done in the past, to produce an interim report indicating what we think, and then seek further clarification on how it might be implemented and so on, as we have done with the bedroom tax and blacklisting. We have identified general issues that we think require to be addressed and then gone out again, so there would be another opportunity for comment.

Michael Ireland: I look forward to that.

Andrew Hamilton: And to helping with any of your deliberations.

Chair: Thank you very much.

Examination of Witnesses

Witnesses: **Dr Robert Barr**, Manchester Geomatics, **Dr Cameron Easton**, University of Glasgow, and **Robin McLaren**, Know Edge Ltd, gave evidence.

Q502 Chair: Gentlemen, can I welcome you to this meeting of the Scottish Affairs Select Committee? We are discussing land reform. You were in the fortunate, or otherwise, position of hearing the previous session so you will have an idea of the sort of issues we are pursuing. If you have seen the record of the previous sessions, you will have an idea of the

whole coverage of the issues we are pursuing. Can I start off by asking you to introduce yourselves and give us a note of your background, inasmuch as it is relevant to our inquiry?

Dr Barr: My name is Robert Barr. I am a career academic, and I am a geographic information systems specialist. I have been playing with computers drawing maps since the 1970s. Currently, I am a research fellow at Manchester and a visiting professor at Liverpool. I retired about 10 years ago to take my lab out as a company. I am also a serving councillor in Warrington, which is not often mentioned.

In addition to my technical interest in geographic information systems and land information systems, I am currently a member of the Cabinet Office-sponsored Open Data User Group set up as a result of the Open Data White Paper. I am very active within that. I am also on the advisory panel for public sector information, which is supported by the Ministry of Justice, and which supports the Office of Public Sector Information. I am interested both in technical issues and in practical open data and transparency issues.

Robin McLaren: My name is Robin McLaren. I am a land professional. I am also a member of RICS but I do not represent its views today; I represent my own views. For the past 30 years I have run my own independent consulting company called Know Edge Ltd, and through the World Bank family of agencies, like the Rural Bank and the UN FAO, I have advised on land policy, land administration systems and land information management across the world, in the Philippines, Mongolia, Iraq, Kuwait and a whole series of countries. A major event was in Hungary. For six years, I was adviser to the Hungarian Government on land reform, turning it from communism to a traded land market. I was a technical adviser and put in place all the information systems to drive that change in ownership of land across Hungary. I am also a computer scientist. I specialise in managing location or geographic information. I led the consultants to create the UK location strategy which was published about four or five years ago. Thank you for inviting me to this Committee.

Dr Easton: I am Cameron Easton. My research degree is in ecology. For many years I worked for the Nature Conservancy Council and Scottish Natural Heritage, largely in environmental information systems. Latterly and until my retirement, I specialised in geographic information systems, and I was head of spatial information policy for the Scottish Government. In that role I was responsible for implementing the European INSPIRE directive in Scotland, which provides the legal framework for making spatial data and information available. I created the Scottish spatial data infrastructure, which is the mechanism whereby the public sector can make its data and information available. Latterly, since my retirement I have been affiliated with the University of Glasgow's Scottish Centre for Ecology and the Natural Environment.

Chair: These are incredibly impressive CVs. If we do not understand this by the end, presumably that is our fault entirely. Let it be recorded that the witnesses nodded at that point.

Lindsay Roy: Vigorously.

Q503 Chair: We are looking at land reform. How important is it to have good quality accessible information when formulating land policy? Given that there are three of you, we do not necessarily need all of you to comment on everything. If you agree, it is

enough to say you agree; if you disagree, we always enjoy fights between the witnesses because that helps to illuminate the issues.

Dr Barr: In my view, it is vital. There is a big divide between countries that have a formal cadastral system to keep information on land, which is usually public and fully open. Increasingly, in European countries it is fully open. We have all the information but we choose not to make it open, so in many of the questions you were asking the last witnesses it would be quite complicated and difficult to put together the evidence base on which their answers were based. They will tell you about individual transactions, but, if you wanted to look at transactions or land ownership overall, you would find that very difficult because, while the information is there, it is not made accessible.

Dr Easton: I absolutely agree about the need for openness to understand what is going on. For example, on your question about overlaying land ownership on what is now called the James Hutton Institute's land classification scheme, the answer is that we could not do it, because the data held by the James Hutton Institute on land classification are not readily available; they are not in a format that can be looked at by a citizen. The land ownership, which is held by Registers of Scotland, again is not easily available, and certainly is not in a format that could be overlain in any sensible way, without an awful lot of processing work. In any event, the digital information we have is incomplete, because the land register for Scotland is very far from complete. The answer to your question is that, if we are to understand how land classification affects ownership, we cannot do it in Scotland.

Robin McLaren: I would argue that you cannot create a policy on land reform without first having a land policy for Scotland. Both those policies require good, comprehensive land information to drive the evidence for them. I do not think you can do it effectively without that information.

The information also ties the citizen to land. What is wrong with Scotland is that we have lost the relationship between the citizen and land. We had a feudal system for so long. When was the last time you checked your land records in the land register and sasines register? Any of you? No.

Q504 Chair: I think I have a full life. I confess I do not feel the need to check my land records.

Robin McLaren: I would argue that that information is the connection between the citizen and land. It is not just about land policy; it is about engaging citizens in managing and administering land as well. We have ignored that for too long in Scotland.

Q505 Lindsay Roy: What needs to be done to establish a full land register?

Robin McLaren: Right now the register has been formed since the early '80s, and an entry is triggered by any transaction in the property market: when you buy and sell, long leases, or when you have a mortgage. Lots of properties are not on the register because they have not been triggered to be part of that register. You could put in place legislation to complete the register.

Q506 Lindsay Roy: Is this a role for central Government or local government?

Robin McLaren: It is the role of central Government to authorise that. You could ask citizens to provide that information themselves. Increasingly, we are getting crowd-source information, so we could actually ask citizens to update the registers temporarily until it was formally registered, so there are shortcuts for doing this.

Q507 Lindsay Roy: Roughly how much of the relevant information is held by Government at the present time?

Robin McLaren: About 60% of Scotland is covered by the land register. Remember we have the sasines register, which is a deeds-based register, and the land register, which is a title-based register where guarantees are given by the Government. Only about 60% are represented on the land register giving guarantees by Government.

Q508 Lindsay Roy: Some is held by private landowners and some you just do not know about. Is that what you are saying?

Robin McLaren: Yes. It is in the sasines register, but it is very difficult to access that information. We cannot do it by an address or by map base, so elements are missing from our knowledge of who owns Scotland. Andy Wightman has tried to fill in the gaps in this, but that is informal.

Q509 Lindsay Roy: There needs to be a coherent, comprehensive approach.

Robin McLaren: Correct.

Dr Barr: It should be available to the citizen. Citizens can go on the internet, look at Google maps and see mapping. They cannot see ownership on those maps because the land parcels themselves are not recorded on there by Registers of Scotland. In England, the Land Registry does have parcel information—it is partial—but they are prevented from releasing it by Ordnance Survey, because Ordnance Survey wish to protect their earning power and their monopoly in large-scale mapping. We are in an ironic position in this country. We have the best base map—large-scale base map—of probably any country in the world. We are justly proud of Ordnance Survey because they have produced that. The logic is that we want useful information on that. One of the most useful single bits of information would be an outline of the parcels by ownership. Whether or not you reveal owners is a political decision, not a technical one. It would be perfectly possible to do so, if we chose to do it, but at the moment technical barriers, which are not genuine technical barriers but are commercial and administrative barriers, are being put in the way of doing that, because there is not adequate policy on how we manage it.

Q510 Lindsay Roy: Are you saying that Ordnance Survey have the intellectual property rights?

Dr Barr: Exactly. Ordnance Survey have the intellectual property rights, and the way they choose, or are forced through their business model, to administer those rights restricts access to land information.

Q511 Lindsay Roy: And that is a Government agency.

Dr Barr: It is a Government agency.

Dr Easton: One thing we could do that would increase the percentage of land covered by the available information would be a requirement for all public authorities to make their land ownership available digitally. Some authorities—for example, the Forestry Commission—already do this. It is very easy to go to a website and find out the ownership of land held by the Forestry Commission, but if you wanted to know, for example, about land owned by the Scottish Government, you could not find it, and I can guarantee that the Scottish Government probably do not know either because the information is held in paper maps in a drawer in an office. It has not been digitised.

Q512 Lindsay Roy: Do you think this requires legislation?

Dr Easton: You wouldn't even need legislation. If there was an edict from Government to say, "It is your responsibility to make this data available," public authorities would have to do that.

Q513 Lindsay Roy: You would be in favour of that kind of edict.

Dr Easton: Absolutely.

Dr Barr: Other European countries have put through legislation that makes these records open. We have specifically opted out of European public sector information rules that would prevent us from trading in this data. The impact of trading in this data is that, in order to protect the intellectual property rights and the trading activity, you simply have to prevent access to the data. When countries like Denmark wanted to release not their cadastre but their address base they found they had to change primary legislation; they had to change quite a lot of legislation that referred to addresses. The Dutch Government have recently made their cadastre available, and it has made remarkable things available. For example, a map was published earlier this year with the age of every single building—over 10 million buildings in the Netherlands. This is entirely feasible here either for buildings or land parcels. The reason why it is not done is the trading rules and the legislation.

Q514 Chair: Can you clarify for me what you mean by trading rules? Is that just the question of Ordnance Survey and their rights?

Dr Barr: It is partly a question of Ordnance Survey. Ordnance Survey have a policy whereby any data derived from an Ordnance Survey map is also subject to their intellectual property rights. That means that, if Registers of Scotland or the Land Registry traced a property parcel from an Ordnance Survey map, Ordnance Survey say, "If you want to look at the Land Registry's parcel, you must pay Ordnance Survey a royalty to do so." That is a major constraint on trade and on the freedom of the land registries in Scotland, England and Wales to release their own data.

Q515 Lindsay Roy: It is a major disincentive.

Dr Barr: It is a massive disincentive. In fact, it has prevented it. Ordnance Survey have recently blocked the release of land parcels by the Land Registry and local authorities in England.

Dr Easton: You mentioned trading status. Another complexity for Scotland is our land registry. The Registers of Scotland is a Government trading fund. Therefore, its data are an asset and it is required to get a return on that asset. Not only is there a difficulty about the data being there—they are not there digitally—but as a citizen you are obliged to pay for access to those data. Not only citizens; other Government agencies and local authorities also have to pay to get access to that information, because of the trading fund status of Registers of Scotland.

Q516 Chair: Presumably, it is not the fact that you have to pay that is the problem; the problem is the level of payment. If the payment was small enough, it would not be a barrier.

Dr Easton: There is a philosophical argument which I always had when I was working in government. If data are collected at taxpayers' expense, is it reasonable for the taxpayer to have to pay again to access data collected on their behalf? My view is that they should not have to pay twice to access data, but that is a personal view.

Q517 Lindsay Roy: It is a cash cow.

Dr Barr: Yes, but Mr Davidson is quite right. Payment in itself is not the problem. The problem is the way the payment is enforced. Certainly in England, and possibly in Scotland, it is a payment by transaction. If you want to look at a single land parcel, you pay £4, which is not a massive fee. However, if you would like to ask the register about all the land parcels owned by a particular owner, you cannot do it, because you would not know how many parcels there would be. You do not get access to the register as a whole. If you pay by access to individual records, that sort of synoptic view of the register becomes impossible. That is quite important if you are trying to answer some of the questions that arose in your earlier evidence session.

Q518 Lindsay Roy: Dr Barr, can we pick up on your role in the Cabinet Office Open Data User Group? Can you advise us about open data and to what extent land information is part of this initiative?

Dr Barr: At the moment, I am responsible for writing our response to the Land Registry consultation in the UK as to whether the land information should be open data. We have pressed very hard, and failed, to make the address an item of open data. The address is vital, because that is the single way in which you are most likely to identify land. In Scotland, the register only has an address or the name of a parcel of land and a single point to identify the land. We failed, because one of the national address files, whose intellectual property rights include all others, has just been sold alongside Royal Mail, so it is going to be very difficult to create an open national address register.

Our feeling is that the register of land ownership should also be an open register. Those parcels should be open or very cheaply available. That is quite feasible, because you could have an agency which is a trading fund that charges for services. The Land Registry charges for registering ownership of land. It can still own this information but can release it for free, or at very low cost, because that is not part of the business model. Ordnance Survey cannot do that because there are no transactions from which they can be funded. The only way they can establish themselves is by charging Government to make data open. Government can go to Ordnance Survey or the Land Registry and say, “How much do you want to be paid each year in order to make that aspect of your base map open?” and they will talk. But at the moment, Government are not doing that.

The Open Data User Group feels there are very straightforward areas: an address, outlines of buildings, property parcels, administrative boundaries and location of the roads. They are open. Those are the key items. Once you have that very small subset of information that appears on maps, you can put land information systems together that are open and transparent.

Q519 Lindsay Roy: Can you summarise for us what the most important elements are of a land information system, and what the barriers are to achieving it?

Dr Barr: I think the most important element of a land information system would be the set of data I described—addresses, buildings boundaries—and those should be available in open form, which means they should be free to use. The moment you start putting in any charging mechanism, there is a major barrier. That should be regarded as a national information structure. Many of our European partners are doing precisely that.

Q520 Lindsay Roy: It is not just a charging system, is it?

Robin McLaren: These are standards, and they allow people to share information across organisations, so they are interoperable. Without those standards we will be working in silos for the next 10 years. I will be back here speaking to you in 10 years about the same problems.

Dr Easton: But the issue is not the technology. We have the technology. We have the standards. We already have information systems in place.

Dr Barr: We have land data.

Dr Easton: There is a very good information system about Scotland's environment; as I said earlier, I can find out the land owned by the Forestry Commission in Scotland on that website. The technology is there; the systems are in place. The issue is the lack of willingness to make available in this system the key data Robert has described in terms of land parcels and addresses. The technology is there and the standards are there. It is all ready to go if we can just get people to make the data available.

Q521 Lindsay Roy: How can we change it?

Dr Barr: It needs the will of Government and parliamentary will to make that basic infrastructure into open data.

Dr Easton: Yes, I agree.

Q522 Lindsay Roy: Cameron, you were responsible for developing the Scottish Government's spatial data infrastructure. What is it designed to do, and how does it promote greater transparency to the public?

Dr Easton: The data infrastructure is a nebulous concept. It is boxes and wires, procedures, legislation and collaboration. The point of it was to ensure integration across the public sector and impose standards. I use the words "impose standards" advisedly, because we were imposing European standards in terms of the way organisations would publish their data. We used central Government funding—Scottish Government funding—to create what we call a discovery service, which is, if you like, a one-stop shop where people can find out what data are available. For example, you can go on to that site and find that Registers of Scotland hold land ownership data for every county in Scotland. It is transparent that the data are there. Where it falls down is that we were not then able to compel people to publish their data; we could only encourage them and promote the idea, but, at the end of the day, Clackmannan council could say, "I'm sorry; there's no extra money for this. Therefore, I'm not going to do it."

Q523 Lindsay Roy: It has been poorly implemented as far as you were able to take it forward.

Dr Easton: Yes.

Q524 Lindsay Roy: There have been barriers like the refusal of a council to comply.

Dr Easton: Yes, because there is no real mechanism to force them to publish.

Q525 Chair: You used the example of Clackmannan. You seemed to suggest they would not do it because it would cost too much.

Dr Easton: Yes.

Q526 Chair: What sort of cost are we talking about?

Dr Easton: It is one of the problems. I am not answering that question because it will vary depending on the type of data, the state it is in and all of that. One of our failures in this regard—and I regard myself as failing in this regard—is that we did not do the individual business cases adequately. We always said it was more efficient to publish your data and make it available so that it can be reused and you are not constantly answering people’s questions. It is out there so people can get the data themselves. We never really translated that into pounds, shillings and pence so that we could go to the chief executive of Clackmannan and say, “Well, sir, in the long run, over 10 years, this will save you x thousand pounds.” Those figures were never compiled, and it was a major failing.

Q527 Chair: I understand the concept, but are we talking the cost of an aircraft carrier or a cup of coffee?

Dr Barr: I can give you some idea of costs. Ordnance Survey costs £105 million a year to run and it has revenue of about £140 million a year. Of that £105 million, £60 million comes from direct public sector contracts—something called the public sector mapping agreement and the open data agreement. An awful lot of the remainder comes from various captive sources. They get that money out of selling data. Land Registry has a turnover of approximately £350 million a year, but what they are charging for is a service of registering land. Their revenue from the data they sell is a few tens of millions. It is less than that; it is almost too small to measure within their budget. It means that Land Registry can have a model where they give their data away—in fact, it would be very cheap and efficient for them to give their data away—because they have the revenue from the transactions. Ordnance Survey does not have that.

I mentioned addresses and Royal Mail. Royal Mail have a total revenue from national address files of £27 million a year. It is a ludicrously high sum because, if you can map the whole country for £105 million a year, it should not cost £27 million a year simply to keep a list of the addresses in the country, only about 10% of which change each year. They now have the right to make commercial profit out of that. The sums of money compared with the value of land, land transactions and making the land market more efficient, as well as more transparent, are very small.

As Cameron has said, it is not easy to put a business case to the Treasury. The Treasury says that the money paid for those data is real cash; it is real money that we will have to find. The other money is conjectural money which would appear somewhere in the tax system but could never really be measured, and may not exist. That case from the Treasury, to some extent supported by the Department for Business, Innovation and Skills here, has predominated, and a similar market mechanism exists in Scotland. We are really talking about cutting off our nose to spite our face. We are producing inefficiencies in the whole of the land market, and the whole transparency of the land market, for what is potentially a few tens of millions, if that.

Chair: Our view of the Treasury is pretty similar to the view expressed on valuers earlier, but we do not want to digress too much.

Q528 Lindsay Roy: At the end, we will ask you what you would like the Committee to say in support of what you are trying to do. Robert, you have argued for the creation of a set of core reference geographies at the taxpayer’s expense. How has that been received?

Dr Barr: It has been quietly ignored.

Q529 Lindsay Roy: Good idea, but.

Dr Barr: “A good idea, Bob, but you have to be practical about where the money is going to come from.” I have the answers as to where the money is to come from. Everything is built around the old publishing model. In the old publishing model, you went out speculatively to collect data, which took a lot of money. You printed a pile of maps and you tried to sell them to cover your costs. That is fine. In an information age, there is no cost to publication, or the cost of publication is marginal. The word used is “expose.” You expose your data, which means you simply make it possible for people to look at your data or to use your data. Given that you are holding the data on a computer anyway, the marginal cost of that is almost zero. Trying to run your economy on the basis of the old paper map trade does not work very well.

I have argued for a long time—I know Francis Maude and others have on occasions picked up this argument—that those who cause information to change should pay for it, which is exactly what happens when you register land, and not those who want to look at the information. If you put in a planning application which is going to involve remapping your house because you put on a conservatory, you have a mapping charge which pays for the map to be changed, but the fact that you have built a conservatory then becomes a matter of public record. If you buy a piece of land, or you own a piece of land, you are obliged to tell people you own it by registering it, and then access to the knowledge that you own that land becomes freely available. I cannot see any impediment to that, and I have not had any clear answer from Ministers, civil servants or my colleagues in the trading funds why that cannot be done. One reason given by Ordnance Survey is, “The Treasury has a little black book and they have a value for Ordnance Survey—£140 million turnover and it is a £1 billion company. You are asking us to write that off, and Treasury will not write that off.” That just strikes me as putting the cart completely before the horse.

Q530 Lindsay Roy: And you would be delighted to have our support on that question.

Dr Barr: I would be delighted to have your support. That is one of the reasons why I was very pleased to be invited, and I am very grateful to you.

Lindsay Roy: I am sure the Chair will get a summary at the end.

Q531 Pamela Nash: Dr Barr, have you done any sums as to how much it would cost someone to change the map, if they had extended their property?

Dr Barr: It would be absolutely trivial; it really would be quite small sums of money. Bear in mind that Ordnance Survey’s total mapping costs per year are £105 million. They are maintaining 400 million little bits of objects on maps—outlines of buildings, a bit of a fence and so on—and they are changing that all the time. They can do that for £105 million. Compared with that, a planning application fee would be a very small fraction.

There are other nonsenses. One of the little earners Ordnance Survey has is planning application maps. I understand—this is hearsay and may not be true, but I will put it in evidence today—it has been alleged that Ordnance Survey are trying to claim back royalties from the UK Land Registry, because people have discovered you can buy online a Land Registry title plan, which might be 30 or 40 years old, for £4. You can put it in your planning application and your application may be accepted. If you look at guidance on the DCLG planning portal, it says, “No, no. A planning application must be supported by a current large-scale map,” which means an Ordnance Survey map—indeed, it used to say “Ordnance Survey”—that costs between £10 and £40. At the moment, for the 500,000

planning transactions taking place in the UK, people are paying between £10 and £40 for the map to support the transaction. Do they care? Of course they don't; it is a £350 planning application, and £20 or £40 for a planning map is noise.

When I applied for solar panels on my roof, I had a £75 letter of permitted development. I had to pay £25 for the map to support that application. People have discovered that they do not need to, because they can get it at the marginal cost of £4 from the Land Registry. If you implemented our system, the marginal cost would be zero for getting it from the Land Registry or from Ordnance Survey. The fees on transactions that would be required to support the current level of mapping and land registration in the UK would be very small compared with the size of transactions. I am sorry for an extended answer.

Pamela Nash: That's great. Thank you very much.

Q532 Chair: You are obviously fired up about this subject. I take it that not many people speak to you about these sorts of things, and this is your opportunity to get it off your chest.

Robin McLaren: Chair, let me give you an example of what happens when a country opens up the register. I was in Croatia at the end of last year with the World Bank, and I spoke to the equivalent of the Registers of Scotland. They opened up their registers online at the beginning of 2013. They have a population of about 4.5 million, which is close to Scotland's. There were 30 million accesses to the database on ownership in one year. That was the interest; that was the response to open data access to land information. It was overwhelming.

Q533 Jim McGovern: You get 10 out of 10 for enthusiasm, Dr Barr. You remind me of a guy who used to be on TV: Magnus Pyke.

I have a question to Mr McLaren. In your written evidence, you outlined the aim for a national land policy and you also described what a national land policy looks like. Have you got actual experience of this working in practice, or was that in the example you just gave us regarding Croatia?

Robin McLaren: That was a practical example of the impact of land policy in Croatia. The land policy itself is much wider. Land information is only a component of the land policy. I have experience of working in African countries especially. A lot of African countries, through the development agencies, are creating their own national land policies. One of the major benefits is an open debate about these issues. I enjoyed the last session because it was about land policy issues. If we had that debate with citizens and a much wider engagement with them, I think we could come up with a strong, accepted land policy in Scotland, which I think is missing. It is one of the key parts of the jigsaw that is missing in this journey of change for Scotland.

Q534 Jim McGovern: How complex is it? What would be involved in developing a land policy for Scotland?

Robin McLaren: It could take a year.

Q535 Jim McGovern: A year for one person.

Robin McLaren: No. It would be a team of people who would speak to the key stakeholders. They would hold meetings like this to discuss key issues on the policy. It would be very much an engagement with citizens, so there would be a road show to go out to citizens to get their input to the land policy as well. It would be a chance for Scotland to

open a debate on these big issues and come up with a solution to set a framework. Right now we have all these Government directorates and agencies working in land, but there is no cohesive, holistic policy on top of it and a framework to guide them, so they are off in different directions.

Dr Easton: It is important to reinforce that, as citizens, we do not have a mechanism to do that at the moment. Robert made reference to his work on the Open Data User Group. That applies to England and Wales; it does not apply to Scotland. We do not have an equivalent in Scotland. Therefore, to my knowledge there is no engagement between the Scottish Government and citizens, private sector, academic sector, third sector, in trying to define what its policies are and what citizens might require. I am looking at data and information, but it applies to land use policy as well.

Q536 Jim McGovern: Do all three witnesses support some sort of national land policy?

Dr Easton: Yes.

Dr Barr: Very much so.

Q537 Chair: Can I be clear? This question of open data is a devolved issue but it has not been progressed at all.

Dr Easton: It has been progressed very slowly—very slowly.

Q538 Chair: Why do you think it has been followed up more speedily in England and Wales and not in Scotland? Is there a reason for that?

Dr Easton: In my personal view and experience, it was because there were some vociferous champions at political level who had the ear of Government, of Prime Ministers and Ministers—Tim Berners-Lee for one—and were able to create this agenda and get the message over that open data were important. We did not have anyone equivalent in Scotland, so there were no champions at senior level within Government, and no champions at political level. All of this is seen very much as low-level technical stuff that the boffins do and that does not really relate to high policy at all. The main issue is lack of champions.

Q539 Chair: It is not likely to get a headline in the *Daily Record*, is it?

Dr Easton: No.

Q540 Chair: You think that is the basic difficulty.

Dr Easton: I think so.

Chair: That is helpful.

Dr Barr: Northern Ireland has exactly the same problem. Northern Ireland has done something extraordinary sensible that Scotland and England and Wales could follow. They have brought together the National Mapping Agency, because they do not come under Ordnance Survey, their equivalent to the land registries and their equivalent to the Valuation Office, which are the assessors in Scotland. At the moment, land information is a massive job creation scheme. Why do it once when you can do it four times? Local authorities collect land information; Ordnance Survey collects land information; the registers collect it; and assessors collect it. In Ireland, at least they have put it all together

and they collect it once. They still sell it commercially; they will not make it available as open data.

Q541 Chair: When you are talking about matching all the available data, is there an issue about data protection, confidentiality and privacy involved in any of this, or is that nothing to do with it?

Dr Easton: There can be. There is no doubt that there can be, particularly when we are dealing with information that may be address-based that you can then link. Not only do we know who you are; we know where you live, because we can link your unique citizen reference number to your unique property reference number. However, we need only look at the way Government statisticians deal with data. They have procedure manuals this thick about how to anonymise data and protect the rights of the individual, so we can do this.

Chair: Fine. I am conscious that the bell is ringing for a vote and we have to go. We will adjourn for 15 minutes and we will be back as quickly as we can. Talk amongst yourselves.

Sitting suspended for a Division in the House.

On resuming—

Q542 Chair: You concluded your response on the question of privacy. Does either of the other witnesses want to say anything about that issue?

Dr Barr: The privacy issue is one that comes up very regularly. Cameron was quite right that once you get down to address level there is an issue. It is seen within the open data community as the most frequent single excuse for not making data open, and the data protection commissioner for England and Wales agrees with that. He says that, on most occasions when geographical information is said to be private, it does not fall under the Data Protection Act. Ultimately, it is up to Parliament to decide who should know what and why, and not accept excuses that land information cannot be made available unless they have been properly tested.

Q543 Chair: From our point of view, we are interested in who owns land in Scotland on a wide scale, in rural areas and so on. Are there particular privacy issues there that we ought to be made aware of? I understand the general issue about not being able to identify where people live and all the rest of it, but in many cases we are interested in who may own substantial packets of land. Are the same privacy issues there?

Dr Barr: The issues that arise are the same issues as arise with corporate information, which is beneficial ownership that can be hidden. The issue is whether or not it would be the will that that is allowable for land. Clearly, land can be held—Robin was discussing this earlier—by companies registered abroad, for example in the Cayman Islands, where you cannot work out what the beneficial ownership is. Even if you have an open register, you will not necessarily know exactly what the ownership is.

Q544 Chair: We have discussed this. Am I right in thinking that those are two separate issues? The question of beneficial ownership goes beyond simply land ownership and this sort of data provision, and maybe it ought to be tackled in another way, rather than using this as a piggyback to cover it.

Dr Barr: Yes. There is an issue within legislation of what should be acceptable as the ownership records held by the Registers of Scotland.

Q545 Chair: What is that issue?

Dr Barr: The issue is whether you can have anonymised nominees, or the extent to which you should be able to trace who owns a piece of land, because the register will not mean very much if you are interested in ownership and making ownership public and transparent. That may not be the reason, but my feeling is that the community cannot have a real say in how land is used unless they know who owns it, and can at least contact the people who own it. That depends on how the register is held.

Dr Easton: In answer to your question, I struggle to see where the need for confidentiality would kick in about knowing who owns a bit of land, because I can go along to a farmer and say, “Who owns the land next door?” and he will tell me. This does not seem to me to be a state secret. I do not see the difficulty in making information about land ownership available.

Q546 Chair: But surely if a piece of land is owned by African Dictator Nominees Ltd, knowing that does not help you a great deal.

Dr Easton: I agree. That then takes us to Bob’s point, which is that you have to go beyond that, to find beneficial owners and so on. I fail to see why we should not be able to get this information.

Robin McLaren: Fundamental to good land governance is transparency. Look at the outcome of the G8 summit in Northern Ireland last year and the statement on land and transparency. I would say Scotland should be disclosing beneficial owners, or forcing the companies to register in the EU so that we have access to that information.

Q547 Chair: Following that, am I right in thinking from what you have said that Scotland’s record on disclosure is worse than the average in Europe as a whole?

Dr Easton: Yes.

Q548 Chair: Is that a view with which the others would agree?

Robin McLaren: For some countries, yes.

Dr Barr: I do not have that expertise.

Q549 Chair: Mr McLaren, when you mentioned a national land policy earlier, I was a trifle anxious because of the potential complexity of all that. I was not clear whether you were suggesting that a national land policy would have to precede the disclosure of all this information, whether they could proceed in parallel, or whether full disclosure and openness could be proceeded with irrespective of whether or not we had a national land policy.

Robin McLaren: A national land policy is a fundamental element of the journey you are taking in Scotland to manage land more effectively. It is probably something you build up over time, so, rather than stopping and getting a land policy in place and then moving on, be pragmatic. Have that vision of a land policy in place; agree what it is, and over time you can build that land policy through different activities, like this one—your evidence gathering. This is great evidence to put into that land policy, but make sure that it is on the horizon.

Q550 Mr Reid: The Scottish Land Information Service was supposed to achieve the objective of affordable access to data at the touch of a button. Can you explain what happened to that process?

Robin McLaren: Yes, I can. It was probably too far ahead of its time. If we pulled out the documents today and read them, we would be saying the same things. The vision is that on my laptop I can identify an area of interest in Scotland. I can identify a building or a land parcel. I can click on it and see who owns it; its value; what land use is on there; and what development control is attached to that. Are there any planning applications within 300 metres of that parcel? That was the vision of the Scottish Land Information Service. It was exactly the same, but, because it was ahead of its time, the technology wasn't there, and the thinking about standards and open data was not there. The time has come. As Cameron said, we have those tools. We have the legal framework and we know how to deal with privacy. There is no excuse now.

Q551 Mr Reid: There is no excuse for not resurrecting that approach.

Robin McLaren: No, no excuse at all.

Dr Easton: I agree.

Q552 Mr Reid: My next question is probably for Robin as well. In your evidence you advocated a view of Scotland's current land governance framework through the "Land Governance Assessment Framework" developed by the World Bank. What experience has there been in implementing this framework?

Robin McLaren: The framework came out of World Bank research about four years ago. They piloted it in four different countries across south America and Asia as a diagnostic to look at the health of land governance in countries. It was found to be a really good tool to identify weaknesses, and where the best places for intervention were to improve land governance in those countries. I was at a World Bank conference last year. Now, there must be about 60 countries that have undergone this process. I was working with the Iraq Government over the past two years and we used it as a tool to engage with all the stakeholders involved in managing and administering land, talking through their issues and benchmarking the country. I can see it happening in Scotland. Why not? It would be a great way to identify where we are as a nation in managing land, identifying areas for intervention, prioritising them and changing it. It has become a recognised tool.

Q553 Chair: Which third world countries are further ahead than Scotland on this?

Robin McLaren: I would say we have been left behind. If you look at countries like the "stans"—Uzbekistan—in the league tables for doing business on land, they are at the top; they have leapfrogged us.

Q554 Chair: Scotland is behind Uzbekistan in terms of land transactions.

Robin McLaren: Sorry, Kurdistan—and Georgia, which is probably one of the most efficient countries in the world for land transactions. The time it takes may be about two days. I can walk into a land registry office in Turkey and do a land transaction the same day. There is no law involved; it is all administration.

Q555 Chair: Scotland is miles behind these countries.

Robin McLaren: I would say yes.

Q556 Mr Reid: What is needed to implement that in Scotland?

Robin McLaren: The technology in the Registers of Scotland, for sure, which is behind; the legislation to allow that type of transaction to take place; and a change in mindset, so that it does not involve a complex process involving lawyers. Many countries have

notaries and lawyers who have to be involved in the process to make sure things are correct and people understand the process. I would like to see a system in Scotland where as a citizen I can walk in and do the transaction, and I can do it online.

Q557 Chair: I think we are almost unanimous that any system that can dispense with lawyers is to be praised.

Robin McLaren: It is a winner. We should be thinking about simplification and lower costs for these transactions. There is no reason why we cannot follow countries like Kurdistan, Georgia and Turkey in making these really efficient systems.

Q558 Chair: Is there a template where it would be realistic for us to say to the Scottish Government, “Look, pick up this”? There is always a tendency to reinvent the wheel, but is there a template that exists somewhere and it would be realistic for us to say, “Look, why don’t you just do x?”

Robin McLaren: Every country is different. The history of land and people’s relationship to it is different in each country, so the solutions will be different. There are different tenure types, so types of leasehold and community ownership would be different, but the lessons learned and some of the tools they have can be picked up. You cannot just take a boilerplate and apply it.

Q559 Chair: But as soon as you say, “We’re different; the patterns here are not the same and you can’t read across,” you start gold-plating and tailoring to exact circumstances. The Scottish lawyers have always had an involvement in these things, and, before you know where you are, you are reinventing the wheel and it costs 10 times as much and will take 15 times as long. I am trying to identify whether or not there is anything we can look at and say, “With a small amount of adjustment, you could pick up the template which has been developed by x and apply it in Scotland.”

Robin McLaren: I would say no. There will always be a level of customisation for the country. You cannot just take a boilerplate and put it into Scotland, but you can certainly pick up a good percentage of it and bring it to Scotland.

Q560 Chair: What is a good percentage?

Robin McLaren: Seventy five per cent.

Q561 Pamela Nash: Could I ask that a different way, Mr McLaren? Are there countries you would recommend us to look at as examples of best practice in different areas of land policy?

Robin McLaren: I think some of the best land policy created has been in Africa. The African Union, the African Development Bank and the Economic Commission for Africa have put together a land policy initiative and a set of guidelines to lead countries to create national land policies. A lot of the action in land policy and a lot of the good land policies are in Africa. It seems ironic, but that is where it is taking place.

Q562 Pamela Nash: The only one I am familiar with is Kenya. Would that be a good example?

Robin McLaren: Yes. The process they went through to create the land policy in Kenya is good. I helped them through that process. The politicians blocked it because they had most to lose. In Kenya, the politicians land-grab; they give state land to their cronies. It is a very corrupt set-up, so they blocked the land policy being accepted for about two years. It has now been accepted. It is all very well to create a policy, but to implement it is quite a

different story and that is where the problem is in Kenya, for example. That is not happening quickly, whereas in other countries like Tanzania and Ghana it is being implemented very well. There are some great lessons to be learned there.

Dr Barr: At European level, the Netherlands and Denmark are worth looking at because they have been through this journey. They had a complicated system of collecting data in many different ways. They have started reducing the number of ways in which data are held and they have also done it alongside open data policies. Those two countries are a long way along that journey.

Dr Easton: Iceland has just joined them in terms of opening up its state data.

Dr Barr: Finland is copying it. The Nordic countries have generally done well. Denmark and the Netherlands are well worth looking at.

Robin McLaren: We took the Romanians on a series of study tours, and the one they liked most was Latvia. That is a great example of a very efficient land registration and management system. It is highly automated, simple and liked by citizens. Of all the ones in Europe, I would say Latvia would be a good one to visit and recommend.

Q563 Chair: From our point of view, all of this is devolved, so there is absolutely no reason why the Scottish Government should not be trail-blazing this at the moment. Is that correct?

Dr Easton: I agree; it is devolved.

Q564 Mr Reid: A lot of the countries Robin mentioned either had been communist countries recently or were colonised, so they probably do not have a long history of complicated land management.

Robin McLaren: There is no legacy there, if you like.

Q565 Mr Reid: Yes. I know lawyers always argue that they are needed because they have to do long searches back in the past to find out complications. I know from work as a Member of Parliament that sometimes they get it wrong, they miss things and the person comes to their MP. Is there complexity in Scotland because of this long history that perhaps you would not find in some of the countries you mentioned?

Robin McLaren: Yes; you are right. The ex-communist countries had a clean sweep; they could start again and write new laws and regulations and pick up on new technology, whereas maybe we have been left behind and have not upgraded. They had that opportunity to rethink and gain from best practice round the world. The World Bank will give money and expertise to those countries too, so they will get the best knowledge to create new systems and leapfrog people like Scotland.

Q566 Mr Reid: Despite that, you still feel that there is no reason why Scotland could not go down that route.

Robin McLaren: None at all.

Dr Barr: The incentive in all those countries was to create an efficient market where there was no market before. There are inherent inefficiencies in our market because of the way the information is handled.

Q567 Chair: Could I turn to evidence given to us by a previous witness? Professor David Adams of Glasgow University told us that the ownership of 12% of vacant and derelict land is unknown to the local authority. Does that surprise you?

Dr Easton: No, and I am aware of local authorities that have sold land that did not belong to them because they did not know who owned it. I cannot comment on the figure, but it certainly does not surprise me.

Q568 Chair: If in my constituency I wanted to find out who owned all the land in a particular parish, or around a housing scheme, would that be possible? How easy would it be, and what time, cost and effort would I need to devote to that task?

Dr Barr: I cannot give you the answer in the Scottish circumstances. I can tell you what the answer would be in England. The first question I asked the land and property people in my borough, when I took over the property portfolio, was, “Who owns the land here?” They said, “No member has ever asked us that question. We don’t know.” The next question was, “How do you find out about land ownership?” They said, “We go on to the Land Registry website exactly the same as any other citizen and do individual transactions at £4 a pop to find out about each individual area of land.” The answer is that, if you wanted to find out about a whole parish or estate, you would have to do as many hundreds of transactions as there are on that estate. At the moment, in England at least—I will be corrected about Scotland—there is no mechanism to draw a line around an area and say, “Tell me about all the land property parcels here,” or, if you did, it would be totted up at £4 a throw.

It means that for an authority like Warrington with 100,000 land parcels, it would cost £200,000 to buy that information. That is too much. I asked our director of regeneration, who said, “If I could get it for 10K, I’d buy it because we would use it all the time, but it is not worth £200,000.” The problem is that the whole system is designed for individual transactions on individual land parcels.

Q569 Chair: As the MP there, how would I know what a parcel was? I can identify an individual spot, but how do I know what parcel it is part of?

Dr Barr: In England, the Land Registry would tell you, because they have drawn a computerised line around every parcel they hold but will not reveal to you. They are now supposed to be revealing it under the European INSPIRE legislation, but there has been a hiccup on that with Ordnance Survey. I do not think that is the case in Scotland.

Dr Easton: No. You would have to know which particular area you wanted and then make a request, usually on a grid reference basis.

Q570 Chair: I could think of a grid reference for a particular spot, but I wouldn’t know what parcel or package it was part of. Would they then tell me, “Oh, that belongs to this parcel, and that will be £4, please”?

Dr Barr: That may depend on the local authority. Land registers would not necessarily tell you that because they would not necessarily hold it; Cameron can answer that. For a local authority, it depends whether the people who keep the address records of the local authority have captured what are called basic land and property units, which are the equivalent of ownership parcels, but this is part of the duplication. Local authorities are capturing those parcels because they have not been able to acquire them from Registers of Scotland.

Dr Easton: I agree.

Robin McLaren: There might also be some fieldwork involved, because the search would not throw up all the parcels—not all the parcels may have been registered. There would be some other investigative work to find out who owned those properties.

Q571 Chair: Why would a parcel not be registrable?

Dr Easton: The mechanism for Registers of Scotland is that, in the digital land registry, a record is initiated or triggered only when a transaction takes place—if property changes ownership. If a property has not changed ownership, there is no trigger. Andy knows the figures, but about 20% of Scotland is owned by public authorities, and most of that will not be registered because the land has never changed hands. Therefore, it will be sitting in paper title deeds in the register of sasines but it is not in the digital record.

Q572 Chair: If land is inherited, it might have stayed in the family for several thousands of years but it will have changed from generation to generation. As it changes from generation to generation, does that generate a record?

Dr Easton: Not to my knowledge. I do not think it does.

Dr Barr: It does not in England and Wales, so inherited land can stay off the register.

Robin McLaren: That is a good one, because if you look at the large infrastructure projects—for example, the A9 widening—how many kilometres of road is that? We have to find out about the compulsory purchase of land right up the A9. With a modern information system, trivial; with the current system, a nightmare.

Q573 Chair: On the A9, if it was difficult to identify who owned the land packages, presumably when you were assembling this digital record it would be difficult to identify who owned the land, unless an advert was put in the paper saying, “Unless you identify yourself, you lose it,” which would concentrate minds. It is genuinely difficult, isn’t it?

Robin McLaren: Currently, it is; yes.

Q574 Chair: I can think of circumstances in my own constituency where tenements have been demolished and owners of some of the houses cannot be found. Therefore, theoretically air is owned by somebody who had previously been the owner of a tenement who cannot be found. Presumably, some of these things will end up having to be left blank almost for ever.

Robin McLaren: They go out to the field and ask, or they go to the sasines register and try to find the deeds which fit with that area.

Dr Barr: You have made a very good point. In 2001, we worked for Glasgow city council, which was challenging the results of the census. One of the tasks was to do a field check as to whether certain addresses existed. We went out looking for tenements that had come down. There was no record of the date on which the tenements had ceased to be occupied and whether or not they were occupied on the census date, because you register ownership and sale but you do not necessarily register demolition.

Chair: That is helpful.

Q575 Jim McGovern: Professor Paul Cheshire told us that the Valuation Office Agency stopped publishing land price data in 2011. Can you tell us how important the data on land values and prices are, and why has it stopped publishing them?

Dr Barr: It was stopped from being published because the revaluation was kicked into the long grass, and that was the main reason for collecting those data. The Valuation Office Agency collected an enormous amount of data on land and property in order to allow them to make those valuations, but when the revaluation was no longer required they stopped holding the data.

Q576 Jim McGovern: Are we missing something that is potentially important?

Dr Barr: We are missing something that is enormously important. In the United States all the functions we are talking about are city or county functions and, a bit like Northern Ireland, you find that the tax register, the ownership register and the administrative register are all held together. Those are all aspects of a property that you would want. Interestingly enough, when your earlier witnesses today were talking about valuation, they said that all of those things were relevant and important. The public task follows a public need, so if you are not going to revalue there is no reason to keep funding the Valuation Office Agency to collect data the Government are not going to use, even though they might be of use to citizens or people in the market.

Dr Easton: It is so patchy. For example, the other day I went on to the website of our assessors and was able to find out the rateable values and rates paid by all the businesses in my high street. I was able to find out the proprietor and the tenant, with the addresses where they were registered. This is publicly and freely available, but the problem is that the data on that website do not talk to the Registers of Scotland website or to Scotland's environment website, where this information is published. I need to be able to put in a postcode or address to find out about the high street in Linlithgow and get the data there.

Therefore, in answer to your earlier question, I need to know what I am looking for to get the information I want; I have to have a hook to get into the system. It is a good system and it is open and available, but it does not talk to any other system, so it is there in splendid isolation maintained at the taxpayer's expense. I cannot do a read-across. I cannot take that address and relate it to, say, a planning application, because I have to come out of that and then go into another one. Local authorities are not talking to the assessors who work with them, and we are losing a lot of opportunities there.

Q577 Jim McGovern: It sounds frustrating.

Dr Easton: Yes, it is.

Q578 Chair: What sort of costs are involved in having these IT systems made able to talk to each other? I used to be on the Committee of Public Accounts, and the record of Government IT procurement was not the best. I am not clear whether we are talking here about having to spend huge amounts of money creating, as in Latvia, a system from scratch, or whether £30 would enable systems to talk to each other, or whether we are talking millions and millions and 10 years. How feasible or practical is it for us to be recommending that this sort of system be created?

Dr Easton: I created the first model of the Scottish spatial data infrastructure for nothing, with the help of a masters student from Edinburgh university, who did it in two months in terms of the coding. The system I talked about where people can go in and find out what data are available and then, in some cases—not all—see the data, fed by the organisation

that owns them, cost me £30,000 to develop over a couple of years, in partnership with British Geological Survey.

In terms of an individual authority publishing its data—exposing them as Robin described—that could effectively cost nothing, because all you are doing is asking them to meet a certain standard, which they may well meet anyway. They have to publish their data anyway, so there is no additional cost. It may cost £10,000; it may cost £100,000. In the case of Registers of Scotland, to move from the current state of its digital land register, I suspect you would be talking a large sum of money. I do not know what that would be.

Q579 Chair: What is a large sum of money?

Dr Easton: Of the order of £1 million.

Q580 Chair: In my constituency, they helped to build the aircraft carrier, and a large sum of money there is £1 billion.

Dr Easton: It is not quite the same as aircraft carriers. For example, Scotland's environment website that I talked about follows the principles of the spatial data infrastructure. It is not a central bureaucracy; it collects data from individual organisations, but it is not just data. There is textual information and reports, and there is a massive amount of material there. That was funded by a European Union project, which I think was something like €2 million over five years, to put that in place. We are not talking of huge amounts of money. Some are big, but some are not.

Robin McLaren: The technology is cheap—ish. The effort is in the data cleansing, because over the years they have used different parcel postcodes and abbreviations for addresses. It is a mess. To make it squeaky clean and improve the quality is labour-intensive and can be quite expensive. A lot of the costs will be on the data side rather than the technology side, but the best way to improve data is sunshine. Expose it and get feedback from citizens and users, and you quickly change and improve the data. Don't wait until it is perfect; get it out and get it used.

Dr Easton: We have been very bad at making the business case for that. A very good example is when Scottish police forces merged their backroom offices several years ago. The Scottish Government insisted that they use our national address gazetteer, which the local authorities had created. Initially, they were very resistant because we have databases, but then they realised they had something like 20-odd individual address gazetteers across the Scottish police forces, and they did not necessarily talk to each other. They began to realise that a single address gazetteer meant that blue light services were going to the right address, not the wrong address. The business case almost made itself for that sort of thing. There was a lot of money in data cleansing, but it was a very easy business case to make because of cost savings in the long run.

Q581 Chair: As a final point, can you explain briefly what INSPIRE is and its significance? Is INSPIRE being implemented in Scotland in accordance with the directive?

Dr Easton: For those of us in the spatial information world, INSPIRE is incredibly important. It is a European directive which is designed to promote, encourage and support data availability and sharing. Originally, it was data sharing across national boundaries in relation to big environmental issues like flooding and so on, but it is really about making data available outwith the public sector—to citizens, the private sector and the academic sector—so that it can be used. It establishes a set of standards so that, as Robin said,

everyone knows what they have to do. It is interoperable and the data can be used many times.

Is it being implemented? Sort of. It is being implemented in bits. For example, if we focus on the organisation we have talked about, Registers of Scotland, one of the top priority datasets within the directive is cadastre parcels; it is one of the 10 top priorities. The data had to be made available and downloadable and so on by December 2012, among many other datasets.

Registers of Scotland chose to implement the directive in the most minimalist way they could get away with, which was effectively to have a centre point and a reference number. That was the data that, technically speaking, fulfilled the requirements of the directive, because they were making available data about property parcels. As is blindingly obvious, that is not of any use to anybody but it fulfilled the minimum requirements of the directive.

In some cases, environmental information, like conservation boundaries, designated areas, woodland grant schemes and so on, is being made available readily, and it is open and transparent. Some personal data is not available but boundaries are available. In terms of land information and some other datasets, there is grudging minimalist adherence to the directive. It was a major source of frustration, because there was no way the Government could coerce these organisations. “We are implementing the directive, so what are you going to do about it?”

Q582 Chair: One of the issues we often come across is agencies in the UK gold-plating EU directives. This is the opposite. Presumably, this could be overcome by the Scottish Government instructing public bodies to collaborate to a certain level on the directive.

Dr Easton: I agree.

Q583 Chair: Gentlemen, unless I am mistaken, that has just about covered all the issues we have, except one. I am reminded that the Scottish Parliament passed a Land Registration Act in 2012. To what extent has that improved transparency and access to data?

Robin McLaren: Not at all; it was a waste of time.

Q584 Chair: Get off the fence and tell us what you really mean.

Robin McLaren: It was a wasted opportunity.

Chair: That is helpful.

Dr Easton: I agree with that.

Q585 Lindsay Roy: Why has it not been pursued?

Robin McLaren: Why are we not pursuing it? We are; we are here today.

Q586 Lindsay Roy: You are pursuing it in this venue rather than at Holyrood.

Robin McLaren: This is one of the venues where we can voice our opinions and maybe change things. The last Act before that was in 1980. Was it? I think it was 20 years before. The opportunity to change the Act does not come around very often. A great opportunity was missed.

Q587 Lindsay Roy: Have you expressed your concerns to the Scottish Government?

Robin McLaren: Yes. I brought my evidence. It was ignored.

Q588 Chair: Why was it so useless? What opportunities were missed?

Robin McLaren: The idea of the citizen having easy, free access to information was missed; and the idea of land grabbing and being able to put in a claim for land and it being yours within 10 years, not advertising the fact that a claim has been put in. Why not put up a website with all the claims? Why the secrecy? Beneficial ownership was not changed. Lots of things about transparency just were not changed.

Dr Easton: The requirement for public authorities to publish their ownership data in their holdings was not carried out.

Robin McLaren: The whole acceleration of the completion of the land register was not put in place. There was an opportunity to say, “Here’s a target for 2020. Let’s complete it by 2020.”

Q589 Chair: Do I take it that there is available a list of what should have been done? We are going to have to make a series of recommendations about this. As you may have identified, we are not experts in this, nor is it likely to become our life’s work, so we want to try to identify where we can simply pick up something that allows us to make a series of recommendations. I think you are saying there is evidence submitted in the context of the Land Registration Act in 2012 that would enable us to identify the opportunities that have been missed and what should be progressed now. Is that fair?

Robin McLaren: If we wanted to be a Latvia, we could have done it in that Act; we could have changed that Act and started to move to a modern land registration system.

Q590 Chair: Do colleagues have any other points they wish to raise? As I indicated earlier, we give all our witnesses the opportunity to tell us any points that they think we have not covered. Is there anything?

Robin McLaren: When you recessed we came together and said, “What are the three points we want to make sure you do for us coming out of this discussion?” The first is an open data policy for Scotland. We feel that not just land ownership information but these key datasets that Bob talked about—those core reference geographies—should be part of that open data policy. We have to move ahead with that.

The second we have not really touched upon: institutional reform. Bob mentioned the amalgamation of agencies in Northern Ireland into a land agency. I made a list of some of the agencies involved in land: Scottish National Heritage; local government; the Crown Estate; Forestry Commission; the defence infrastructure organisation; Historic Scotland; assessors; Registers of Scotland. I could go on. All this land information is being created by these agencies in isolation. Some are talking to each other; most are not. One way to solve it, as in many countries like Singapore and New Zealand, is to create a land authority, as in Northern Ireland, to amalgamate it. If we take land management seriously in Scotland, maybe we have to talk about institutional reform to bring together the resources, capacity and the wider view of managing land in that type of agency, rather than just narrow views of parts of land management.

Q591 Chair: You are suggesting that all the organisations you mentioned should be merged.

Robin McLaren: No, I’m not saying all. I just gave that as an example of how fragmented it is.

Q592 Chair: If you are not suggesting that, which I can see is a somewhat large bite to take in one go, it is entirely practical to have all the data management resources or functions put together.

Robin McLaren: There could be shared services, but that is an example.

Dr Easton: For example, why should Glasgow city council have an entire IT department managing its land information when there is an organisation in Edinburgh whose day job is managing land ownership information? Therefore, why can we not pass that information across to Registers of Scotland to manage? You would have to change the way Registers of Scotland managed that and the relationship in terms of the data. It is not merging anything; it's not creating any new bureaucracy; it is simply managing the data better across all these organisations.

Q593 Chair: That was the second point.

Robin McLaren: We have been talking about land today, but we cannot forget marine. We have to broaden that concept to land and marine.

Q594 Chair: Sorry. Could you clarify that for me? I was under the impression that the Crown Estate covered virtually all the marine estate.

Robin McLaren: But, once again, to manage our land and marine assets holistically I suggest we have to bring together those functions. Why is there separation of marine and land? We have leases and fish farms. The same type of problem is to be solved.

Q595 Lindsay Roy: Apart from the marine, the Scottish Government have powers under devolution to do that now, so where there is a will there should be a way.

Dr Easton: Yes.

Q596 Chair: Was that the third?

Robin McLaren: The third point is that this is not just a public sector issue. Increasingly, we have access to information and datasets in the private sector. I am sure you all use Google maps, for example. There are lots of other land and property information systems that the private sector has built to compensate for the vacuum in the public sector. When it comes to engagement, it is engagement with the public sector, yes; but it is also the private sector and, most importantly, the citizen. The citizen has a lot to offer here, and this reconnection between the citizen and the land comes through that information and connection as well. Those are the three things.

I would also like to talk about community ownership. I know it is not part of the key agenda. I feel very strongly about the need for community ownership in Scotland. I had a bicycle ride across the Moray Firth last year. When I went there in 1985-86 there were bustling fishing villages. When I went through them, they were ghost towns. We have to revitalise our rural landscape. One of the key ways of doing this is to allow access to land, which means access to wealth creation for those communities. Like the previous experts you had before you, I feel strongly that is a key part of the future of Scotland. Without it, our rural communities will continue to dwindle and disappear. Ownership is the way to do it. I do not like leases; that is just temporary. We want to change Scotland for ever. We want to create energy in the rural communities, so I am a really strong advocate of access to land for communities. It is a difficult job. They said a community had three different factions. Of course it will. The reason is that we have not asked communities to do this before. We have lost the capacity within communities for them to manage land and assets by themselves. It is

something we will have to learn. We cannot stop it just because we cannot do it. We have to take them on that journey and make sure they can manage their land assets effectively, generate wealth and pass it on to the next generation. I am a very strong advocate of strong communities.

It is not just rural; it is urban. In Edinburgh I am trying to convince my community to take ownership of a woodland in Edinburgh, and they want to do it. It is not just about rural; it is about urban too. It is about getting closer to the environment and managing it to the quality and standard that they want and that is not being delivered by local government, so the whole model of how we manage land and who does it has to change. I am passionate about it.

Q597 Lindsay Roy: I can tell, very much so. Is it your argument that to revitalise communities the key factor is land and it is not about encouraging more immigrants to come to Scotland?

Robin McLaren: I think Scotland should have an open door to immigration. We need to increase the gene pool and our skills, but we need to build capacity in communities and make people want to stay there, and have decent jobs and create wealth.

Q598 Lindsay Roy: The Scottish Government are saying at the moment that the key to revitalising the rural community is to bring more immigrants into the country.

Robin McLaren: That may be part of the solution, but they have to have something to do there. They can bring them in but they have to have something to do.

Q599 Lindsay Roy: If we do not have land reformation, it will be tough.

Robin McLaren: In all the land reform projects I have been involved with worldwide, access to land is only one part of the package. You have to build other skills and capacity; you have to teach them farming, fishing and new skills about forestry and land management. You cannot just give them land and say that is the job done. A whole package of services has to go within that.

Dr Easton: Land policy.

Dr Barr: I will be brief. I was a founding member of the Association of Geographical Information and I wrote the mission statement, which has endured for a very long time. The mission of the AGI is simply to maximise the use of geographical information for the benefit of the citizen, good governance and commerce. If you substitute “land information” for “geographical information,” that would be a good way of testing the suggestions that have been put to this Committee. The biggest impediment to that is institutional intransigence. Institutions work, first, for their own benefit and, secondly, for the citizen, rather than the other way round. That is why the sorts of reforms Robin has suggested—bringing institutions together in order to bring information for beneficial use—are a real problem. That is why I very much welcome this inquiry. Thank you for inviting us.

Dr Easton: I agree with that. Now I am a citizen instead of a civil servant I just ask: who is representing my interest? Who is asking me my opinion? Who is listening to my opinion? At the moment, in terms of data and information the answer is no one, so greater engagement with the citizen is very much required.

Chair: Thank you very much for your views. I am sorry for being a little late in starting the session. I hope we have not held you back unnecessarily. Can I close the session?

