Master, my Lords Ladies and Gentlemen

I am very honoured to have been invited by the Master to contribute to tonight's discussion on the Post Brexit Future for Land Tenure and Occupation. Julian is at the heart of thinking on this question as a distinguished Chairman of TRIG with whom I was pleased to work closely over the last few years.

My experience in this field is as a land agent for 15 years managing upland farms in a very disadvantaged part of South Wales. Also as a Trustee of a family estate in Monmouthshire that enjoys long term relationships with 13 families on a portfolio of tenanted farms, both in AHA's and FBT's. And more recently as President of the CLA engaged in the high level discussion with Governments in England and Wales about the future of agriculture and the rural economy on behalf of over 30,000 farming and landowning members.

I have also been influenced in my thinking on this subject by a recent sabbatical to New Zealand of which more later, and in my new role as Chairman of Rural asset management at Knight Frank.

You will hear in a moment from David Christenson with a different perspective and it will be interesting how divergent or similar our views.

The simple answer to the question is, of course, we don't have an exact idea about the true impact of Brexit on land tenure. This is Britain's greatest punt since the abortive invasion of the Suez Canal Zone in 1956, and we can only hope the National outcome is nowhere near as humiliating or damaging as that experience. Only time will tell, and the reality is there will be considerable uncertainty for the farming sector for a while.

There are so many variables that will influence the future of agriculture post Brexit that it takes a brave man to confidently predict outcomes. Interest rates, trade relationships, commodity markets, customs rules, animal health and welfare requirements, labour rules, farm support, land values ....the list is endless but then these factors always were part of our challenge and part of business risk.

These current circumstances are not conducive to making long term investment decisions. Or indeed making long term commitments such as the granting or taking of a Farm tenancy. But life must go on and in so many ways it does.

To avoid being too gloomy I remind myself that feeding 65 million mouths requires over a billion meals a weak. This need for an abundant supply of healthy and nutritious food is, if anything, growing, so let's not completely despair.

But I sense some pointers would be helpful and who is to say that there were not structural changes afoot to UK agriculture in any event. These might now be given greater impetus by the uncertainties of withdrawal from the CAP, that great comfort blanket which has sustained us for 44 years.

My first point is that there will always be owners of agricultural land in Britain who seek someone else to occupy and farm it. Land is just one necessary economic input, others being finance, labour and intellectual capital. All are needed to farm and each have their price. Past governments have sought to restrict the price of land through rent review formulas whilst conversely, and more recently, putting a floor on the value of labour through minimum agricultural wages. Some irony and you can tell where the votes are!

As I saw so very clearly at CLA, land owners are not homogeneous. The stereotype of the family owner is far from universal. David will tell you that himself, as his Landlord is an Oxford College, founded I suspect by Henry VIII or someone of that era. New money, Old money, some charitable, much private, some corporate or institutional, some owned by the state in its many guises, the Royal estates, some ownership foreign, much domestically owned. And often very long term in outlook as the annual land sales figures from Knight Frank and Savills tell you through the noticeably low churn. Vastly differing perspectives and circumstances, which commentators often fail to consider when railing against the supposed inequities of Agricultural Property Relief.

I must take this opportunity to say that summary withdrawal of that relief by this or a future government would change at a stroke the prospects for family estate ownership. Particularly in West Britain where there is a longstanding tradition of stock farming on tenanted estates where landlords enjoy very low returns on capital. I would extend that vulnerability to APR withdrawal to some family farms also. Loss of tax relief on death is not a prospect that would trouble the many other forms of ownership I have mentioned.

At roughly one third of all agricultural land, I suggest the following post Brexit trends for the let land sector once we get beyond transitional arrangements and Michael Gove's run-out from current support:

1. An increase in interest by landlords in particular in environmental goods or natural capital, as and when governments in England, Scotland, Wales and NI all bring into effect their post CAP policies.

2. Marginal upland grazing land in West Britain becoming less profitable to occupiers and thus more attractive to alternative land use in the form of Woodland planting or provision of natural capital. The remaining stock farms will out of necessity need to farm over a greater area. Not so pretty and hard work, but inevitable.

3. Increased specialisation in farming systems to cope with deflationary pressures on commodities, thus requiring greater land access. Dairy, stock, horticulture and cereals all the same. This is a trend that has been going on for years, and it is also a relevant fact that most land that is bought on or off market is by neighbouring farmers, not investors from outside.

4. Mixed family farms under greater pressure without diversification and alternative or off farm income.

5. Retirement pressures continuing to build whilst the tradition of the retirement bungalow in the village has long gone because of affordability, thus complicating this natural process.

6. Finally a new generation of farmer who will want and have to approach access to land and finance differently. The same will be true of landowners seeking occupiers. And professionals will have to adapt to this brave new world in their advice giving and asset management.

I myself do not recoil when new investors want to buy farmland. Indeed I welcome it. The large majority of this land needs to be farmed and usually is, by someone if not the owner. A greater degree of churn in ownership could bring opportunities and benefits to all 3 parties in the transaction, the Farm itself, the vendor and the buyer. Hopefully also the occupier.

Does the existing legislative system help or hinder willing parties who want to create viable farming relationships from which both can benefit? The second exam question tonight!

Firstly the existing Agricultural Holdings Act 1986 tenancy regime, a throwback to statist intervention of the 1970’s, has got many years to run. The return on capital to the landlord is often low, the incentive for further investment not great, and with up to 80 years to go in some instances families can find themselves locked in stasis-3 life sentences some might feel. But life carries on and although there are bad examples, it remains the contractual basis for many tenancy arrangements. Of course novel arrangements for new investment by landlords with guaranteed returns would be a great help and this might be pursued by TRIG. I will return to the question of whether Government should intervene to change the 1986 Act in a moment.

The 1995 Agricultural Tenancies Act gets a mixed press, but the undisputed fact is that it has allowed a freedom of contract that has stimulated greater letting of land in the market, and CAAV surveys confirm it as the arrangement of choice for established landlords. And don't believe the TFA when it says average lettings are for less than 4 years. This conflates different land types to exaggerate a point. The survey information I am more familiar with is that equipped farms with houses let for considerably longer than 10 years which is my own experience at home. For the most part landlords want and need an occupier commitment. Whether Brexit related uncertainty means occupiers are less willing to commit for longer term FBT's remains to be seen. However to invite greater intervention by a reluctant state at a time of such uncertainty for the future seems very ill advised to me.

FBT's will remain a vital tool with their freedom of contract to both parties, but will the sector rise to the challenge of more bespoke arrangements rather than template agreements? That is one of the greatest challenges for the professional community and particularly if farm support becomes more geared to environmental payments rather than current acreage payments with their limited conditionality. Which begs the question as to whether farmers under tenancy will themselves be willing to adapt from producers of commodities to also be contractual providers of environmental goods.

That is a question I cannot answer and remains one of the greatest unknowns for the Secretary of State. The success of his policy depends on both that, and the profitability of farming generally. Perhaps the financial incentive will be too great to turn down for the next generation of farm tenant. I suggest many landlords will philosophically be interested which provides a conundrum as to who should receive the incentive and how existing contracts permit access to carry out the environmental work.

As to other arrangements, my recent time in New Zealand confirmed the apocryphal stories that far more flexible arrangements work in their dynamic farming community. Share farming is common practise which incentivises young Farm workers, particularly in the dairy sector. Participation in the equity of a business from a low base and with input of only muscle and expertise in the first instance is an attractive model. This was a refreshing discovery and allied to a highly entrepreneurial outlook generally compares favourably with the slow speed of change within UK farming.

I am full of admiration for pioneers of share farming in this country, such as my friends John Henderson in Yorkshire and Dafydd Wynn Finch in North Wales who have set a good example. Both have enabled youngsters to participate and build up equity, and the CLA has gone to some lengths to champion this practise, with publication 3 years ago of a model share farming template to encourage uptake. Whether the professional community at large is ready to go beyond traditional contracting arrangements I somehow doubt and perhaps it could be the task of TRIG and indeed others to encourage far wider dissemination of knowledge and skills in this respect.

As to retirement, will Government be willing to help? I suggest they can do so in the least costly way which is via the planning system. A potato stamp on a piece of paper is all that is required. Wales led the way with TAN 5 over a decade ago, albeit the good intentions were frustrated by pilot error. Local planning authorities need to suspend any sense of jealousy over special favours for farmers, and be far more responsive to the end of life needs of a valued cohort of citizens.

The prospect of cash handouts from the state needs to be treated with caution or it will just perpetuate the feeling that the taxpayer will ride to the rescue, and even dissuade retirement with that rosy prospect. It is in my view unrealistic to expect. It has the potential for moral hazard with taxpayer money channelled to farmers to break their contractual commitments to landlords. This in turn will benefit the investment value for the owner, and surely does not pass the Treasury's sniff test whatever the benefits to the industry. I suggest each party needs to take responsibility for their own relationship and consider whether a private, and not a state inducement, is appropriate.

Which brings me to the work of TRIG. Long may it continue as an industry forum and I have already suggested an important task. But I do think we need to be politically aware. In my view the June 2017 election changed the prospects for tenancy reform. The single line question about tenancy reform in the Health and Harmony command paper gives the clue. The prospect of Parliamentary time for primary legislation to amend old agricultural tenancy law, with all its emotion and sport for the backbencher, is highly unlikely this side of 2022 and after then all bets are off. And the emotional energy of fundamental reform going through Parliament would be a huge distraction from other tasks.

So I see the essential need to encourage the let sector to adapt and change, which is upon us even without Brexit, as primarily an industry responsibility. Don’t rely on Government. They have enough on their plates. Meanwhile we should all help Liz Hayman, Shadow Secretary of State at the Labour Party, familiarise herself with the issues from both a landlord and tenants perspective.

Flexibility and imagination will be required on an individual basis. AHA agreements will remain in most cases in the bottom drawer in the farm office, and landlords and tenants will have to work together in altogether new and unforeseen circumstances, to make land tenure both profitable and sustainable for both parties as change happens around us.

Conclusion.