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Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcolm Rifkind QC MP  
Secretary of State for Scotland  
Scottish Office  
Dover House  
Whitehall  
London  
SW1A 2AU

29 December 1988

Dear Secretary of State,

Give with  
PG.

**RATING AND FARM DIVERSIFICATION**

Thank you for copying to me your letter of 2 December to John MacGregor.

I have seen John's reply of 13 December and fully agree with his conclusions. Farmers who diversify already have the advantage of grants to help them make the change. To extend farm derating to new farm diversification projects would give them a quite unfair advantage over directly competing businesses not located on former agricultural land. What would the local garage owner, who pays full rates, say about a farmer who went into the tractor repair business and paid no rates?

I also understand that your proposal has not been costed. It is therefore particularly hard to treat your suggestion as representing good value for money. Moreover, while the effect of derating diversified farm businesses on local authorities' revenue might be fairly small if confined to Scotland, we would inevitably be pressed to extend this concession to England and Wales, where the potential cost would be far greater.

I am copying this letter to the Prime Minister, John MacGregor, Nicholas Ridley, Peter Walker and Tom King.

Yours sincerely,  
P. Waless

PP JOHN MAJOR  
(Approved by the Chief Secretary  
and signed in his absence)

LOCAL GOVT: Rates Pt. II.

