

PRIME MINISTER

RATING AND FARM DIVERSIFICATION

You may recall that, when you had your Chequers meeting on Scottish Enterprise last summer, Malcolm Rifkind mentioned in passing his wish to widen the exemption of farm rating to cover other types of business into which farmers were diversifying.

There have now been various exchanges of correspondence on this subject over the last month:

- at Flag A Malcolm Rifkind proposes derating for diversification projects which are accepted for grant support under the Farm Diversification Grants Scheme. He would be content to adopt this throughout the country or just in Scotland.

Others are strongly resisting the proposal:

- John MacGregor at Flag B.
- John Major at Flag C.
- Nicholas Ridley at Flag D.

I think the case against Mr Rifkind's idea is very strong; it would extend further the favourable treatment to agriculture, and create major anomalies with other businesses.

Content to agree that Mr Rifkind's idea should be resisted?

Paul Gray

12 January 1989

MJ2DBQ

*Also - yes. It isn't fair to others who are producing the same things who have to pay rates*