



Agriculture Act 1986

1986 CHAPTER 49

Compensation to tenants for milk quotas

13 Compensation to outgoing tenants for milk quota

Schedule 1 to this Act shall have effect in connection with the payment to certain agricultural tenants on the termination of their tenancies of compensation in respect of milk quota (within the meaning of that Schedule).

14 Compensation to outgoing tenants for milk quota: Scotland

Schedule 2 to this Act shall have effect in connection with the payment to outgoing tenants who are—

- (a) tenants of agricultural holdings within the meaning of the Agricultural Holdings (Scotland) Act 1949;
- (b) landholders within the meaning of section 2 of the Small Landholders (Scotland) Act 1911;
- (c) statutory small tenants within the meaning of section 32(1) of that Act;
- (d) crofters within the meaning of section 3(2) of the Crofters (Scotland) Act 1955,

of compensation in respect of milk quotas.

15 Rent arbitrations: milk quotas

- (1) Where there is a reference under section 12 of the Agricultural Holdings Act 1986 (arbitration of rent) in respect of land which comprises or is part of a holding in relation to which quota is registered under the Dairy Produce Quotas Regulations 1986 which was transferred to the tenant by virtue of a transaction the cost of which was borne wholly or partly by him, the arbitrator shall (subject to any agreement between the landlord and tenant to the contrary) disregard—

- (a) in a case where the land comprises the holding, any increase in the rental value of the land which is due to that quota (or, as the case may be, the corresponding part of that quota); or

Status: This is the original version (as it was originally enacted).

- (b) in a case where the land is part of the holding, any increase in that value which is due to so much of that quota (or part) as would fall to be apportioned to the land under those Regulations on a change of occupation of the land.
- (2) In determining for the purposes of this section whether quota was transferred to a tenant by virtue of a transaction the cost of which was borne wholly or partly by him—
- (a) any payment made by the tenant in consideration for the grant or assignment to him of the tenancy or any previous tenancy of any land comprised in the holding, shall be disregarded;
 - (b) any person who would be treated under paragraph 2, 3 or 4 of Schedule 1 to this Act as having had quota transferred to him or having paid the whole or part of the cost of any transaction for the purposes of a claim under that Schedule shall be so treated for the purposes of this section; and
 - (c) any person who would be so treated under paragraph 4 of that Schedule if a sub-tenancy to which his tenancy is subject had terminated, shall be so treated for the purposes of this section.
- (3) In this section—
- " quota " and " holding " have the same meanings as in the Dairy Produce Quotas Regulations 1986;
 - " tenant " and " tenancy " have the same meanings as in the Agricultural Holdings Act 1986.
- (4) Section 95 of that Act (Crown land) applies to this section as it applies to the provisions of that Act.

16 Rent arbitrations: milk quotas, Scotland

- (1) Paragraph 1 and the other provisions of Schedule 2 to this Act referred to therein shall have effect for the interpretation of this section, as they do in relation to that Schedule.
- (2) This section applies where an arbiter or the Scottish Land Court is dealing with a reference under—
- (a) section 6 of the 1886 Act;
 - (b) section 32(7) of the 1911 Act;
 - (c) section 7 of the 1949 Act; or
 - (d) section 5(3) of the 1955 Act,
- (determination of rent) and the tenant has milk quota, including transferred quota by virtue of a transaction the cost of which was borne wholly or partly by him, registered as his in relation to a holding consisting of or including the tenancy.
- (3) Where this section applies, the arbiter or, as the case may be, the Land Court shall disregard any increase in the rental value of the tenancy which is due to—
- (a) where the tenancy comprises the holding, the proportion of the transferred quota which reflects the proportion of the cost of the transaction borne by the tenant;
 - (b) where such transferred quota affects part only of the tenancy, that proportion of so much of the transferred quota as would fall to be apportioned to the tenancy under the 1986 Regulations on a change of occupation of the tenancy.
- (4) For the purposes of determining whether transferred quota has been acquired by virtue of a transaction the cost of which was borne wholly or partly by the tenant any payment

by a tenant when he was granted a lease, or when a lease was assigned to him, shall be disregarded.

- (5) Paragraph 3 of Schedule 2 to this Act (in so far as it relates to transferred quota) shall apply in relation to the operation of this section as it applies in relation to the operation of that Schedule.
- (6) This section shall apply where paragraph 4 of Schedule 2 to this Act applies, and in any question between the original landlord and the head tenant, this section shall apply as if any transferred quota acquired by the sub-tenant by virtue of any transaction during the subsistence of the sub-lease had been acquired by the head tenant by virtue of that transaction.
- (7) Section 86 of the 1949 Act (Crown land) shall have effect in relation to this section as it does in relation to that Act.