

Explanatory Memorandum to the Agricultural Wages (Wales) Order 2018

This Explanatory Memorandum has been prepared by the Department for Energy, Planning and Rural Affairs and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Agricultural Wages (Wales) Order 2018. I am satisfied the benefits justify the likely costs.

Lesley Griffiths AM
Cabinet Secretary for the Energy, Planning and Rural Affairs

29 March 2018

1 Description

The Agricultural Wages (Wales) Order 2018 (“the 2018 Order”) makes provision about the minimum rates of remuneration and other terms and conditions of employment for agricultural workers. The 2018 Order revokes and replaces the Agricultural Wages (Wales) Order 2017 (“the 2017 Order”) with changes which increase the 2017 pay levels for agricultural workers.

The Agricultural Advisory Panel for Wales (the Panel) is an independent advisory body which was established under Section 2 (1) of the Agricultural Sector (Wales) Act 2014 (the 2014 Act) by the Agricultural Advisory Panel for Wales (Establishment) Order 2016 (the Panel Order) on 1 April 2016.

The Panel Order sets the number of Panel members at seven; two representatives from UNITE the Union, one representative from the Farmers’ Union of Wales, one representative from National Farmers Union Cymru and three independent members, including an independent Chair. The independent members and Chair are selected via the Public Appointment process.

Article 3(2) of the Panel Order sets out the Panel’s functions. One of the key functions of the Panel is to review agricultural wages and prepare agricultural wages orders in draft, to consult upon them and subsequently submit them to the Welsh Ministers for approval. In accordance with Section 4(1) of the 2014 Act, the Welsh Ministers have the power to a) approve and make the order by Statutory Instrument, or b) refer the order back to the Panel for further consideration.

The Panel reviewed the level of minimum hourly rates and other agriculture related allowances and benefits prescribed in the 2017 Order and, in accordance with their functions, prepared the 2018 Order which increases minimum hourly rates for all Grades and categories of agricultural worker. The panel conducted a targeted consultation on the new proposed rates for the draft 2018 Order in the autumn of 2017.

The intention of the Panel is to have the new Order in force on 1 April, the same date the NLW and NMW increases take effect. The Panel’s aim is to align the agricultural minimum wage (AMW) increase with NLW and NMW changes, avoiding employers and employees having to cope with a transitional period during which the NLW/NMW would override the AMW levels in Wales.

2 Matters of special interest to the Constitutional and Legislative Affairs Committee

Breaching the 21 day rule is proposed to ensure the 2018 Order comes into force on the day after it is made. This will minimise the time taken to bring the new AMW rates into force.

A breach of the 21 day rule is thought necessary and justifiable in this case on the basis it will bring the uplifted agricultural wage rates in line with changes in the National Minimum Wage (NMW) and National Living Wage (NLW), thereby minimising the time period some agricultural workers in Wales will be subject to the UK NMW and NLW levels, rather than the uplifted AMW rates.

Any delay would further penalise those agricultural workers who are currently being paid lower rates of pay than they would have anticipated receiving from 1 April 2018.

3 Legislative background

The 2018 Order is made pursuant to sections 3, 4(1) and 17 of the 2014 Act.

Section 3(1) provides an agricultural wages order is an order making provision about the minimum rates of remuneration and other terms and conditions of employment for agricultural workers. Pursuant to section 3(2), an agricultural wages order may include provision specifying (among other things) the minimum rates of remuneration for agricultural workers.

Section 3(3) provides an agricultural wages order may specify different rates and make different provision for different descriptions of agricultural worker.

Section 4(1) stipulates the Welsh Ministers may, after receiving a draft agricultural wages order from the Panel, either approve and make the order or refer the order back to the Panel for further consideration and resubmission.

Section 17(1) provides that any power of the Welsh Ministers to make an order is exercisable by statutory instrument and includes power to make such incidental, consequential, supplemental, transitional, transitory or saving provision as the Welsh Ministers consider necessary or expedient for the purposes of the 2014 Act.

Pursuant to section 17(3) of the 2014 Act agricultural wages orders are subject to the negative procedure.

4. Purpose & intended effect of the legislation

The statutory AMW regime in Wales safeguards employment conditions and allowances unique to the agricultural sector. It recognises and rewards qualifications and experience through a six grade career structure and provides remuneration rates for each grade and category of worker.

Given the distinct nature of agricultural employment, including seasonality, dominance of casual employment and the use of on-farm accommodation, it is considered desirable to have a separate system of wage setting and employment provisions. This was previously managed by the Agricultural Wages Board (AWB) for England and Wales until its abolition (without reference to the Welsh Government) by the UK Government on 25 June

2013. The Panel carries out similar functions to the AWB by reviewing wages and other employment conditions of agricultural workers in Wales. In addition, the Panel's remit includes promoting skills and career development in the agricultural sector.

The structure of agricultural wages orders rewards qualifications and experience in agriculture through a six grade structure and provides remuneration rates for each grade and category of worker.

Grade 1 is seen as a transitional Grade. The statutory provisions allow Grade 1 workers to gain the necessary qualifications to move to Grade 2 following 30 weeks of continuous employment, at the expense of their employer. The differential between Grade 1 and Grade 2, and the subsequent higher grades, provides an incentive for the further up-skilling of the agricultural workforce and helps set clear career paths for all those employed in agriculture.

Agricultural wages orders contain provisions for apprentices who undertake training under government approved apprenticeship schemes. These provisions support succession, skills development and skills retention within the industry, all of which are considered crucial for the future success of agriculture in Wales. Attractive rates offered to apprentices can help the sector to become a viable and appealing career choice.

The 2018 Order ensures the Welsh agricultural sector operates in accordance with provisions that are in step with current economic conditions, including increased cost of living and changes to the national minimum wage and national living wage levels.

The 2018 Order will replace the 2017 Order and increase the 2017 minimum pay levels for all categories and grades of agricultural workers in Wales. The Panel agreed a 4% increase for Grade 1 workers of compulsory school age, an increase of 5% for Grade 1 workers aged 16-24 and an increase of 10% for Grade 2 workers. The rates of Grade 1 and Grade 2 were agreed in the context of the national minimum wage and national living wage increases. The Panel agreed increases of 4-7% for workers employed at Grades 3-6 and as apprentices.

The Panel proposed the following increases for the Agricultural Wages (Wales) Order 2018.

| Grade | 2018 rates | 2017 rates |
|--|------------|------------|
| Grade 1 Worker of compulsory school age (13-16) | £3.47 | £3.34 |
| Grade 1 Worker (16-24 years of age) | £7.38 | £7.06 |
| Grade 1 Worker (aged 25+) | £7.83 | £7.51 |
| Grade 2 – Standard Worker | £8.29 | £7.54 |
| Grade 3 – Lead Worker | £8.54 | £8.22 |
| Grade 4 – Craft Grade | £9.16 | £8.82 |
| Grade 5 – Supervisory Grade | £9.70 | £9.34 |
| Grade 6 – Farm Management Grade | £10.48 | £10.09 |
| Year 1 Apprentice | £3.93 | £3.78 |
| Year 2 Apprentice (aged 16-17) | £4.21 | £4.05 |
| Year 2 Apprentice (aged 18-20) | £5.90 | £5.60 |
| Year 2 Apprentice (aged 21-24) | £7.38 | £7.05 |
| Year 2 Apprentice (aged 25+) | £8.05 | £7.50 |
| Changes proposed for allowances - | | |
| The dog allowance- per dog to be paid weekly where an agricultural worker is required by their employer to keep one or more dogs | £8.02 | £7.72) |
| The night work allowance for each hour of night work | £1.52 | £1.46 |
| The birth and adoption grant | £63.09 | £60.72 |

Agricultural wages orders provide a range of additional agriculture related allowances. Some of these are linked to the appropriate basic pay rates, such

as overtime rates and on-call allowance. These provisions acknowledge the unique nature of agricultural work, for example many workers are required to work above their contracted hours during busy periods. The 2018 Order will maintain overtime rates at 1.5 times above the applicable basic rates – this will apply to all workers and apprentices.

There are rate rises proposed for the Dog allowance: proposed rate £8.02 (2017 Order £7.72), the Night work allowance: proposed rate £1.52 per hour of night work (2017 Order £1.46) and the Birth and Adoption grant: proposed rate £63.09 for each child (2017 Order £60.72)

The Dog and Night Work Allowances recognise that workers often require a dog to assist them in carrying out their duties and that agricultural workers can be required to work at times outside the normal working day for example to assist in maintaining animal welfare standards.

The Dog allowance is paid weekly where an agricultural worker is required by their employer to keep one or more dogs. The Night work supplement is paid for each hour of night work and is applicable to work undertaken between 7pm in the evening of a given day and 6am the next morning and is payable on top of the worker's applicable hourly rate. It does not apply for the first two hours of night work.

The Birth and Adoption grant is a payment that an agricultural worker is entitled to receive from their employer on the birth of their child or upon the adoption of a child. The grant is payable on production of the child's Birth certificate of Adoption Order.

5. Consultation

The Panel met to decide whether to propose changes to the 2017 wages order on 9 September. A targeted consultation on their proposals was conducted 28 September – 3 November 2017. The proposals were emailed to an extensive list of people and organisations and were made available on the Panel's web platform. Copies of the consultation were also available on request.

Key stakeholders, including the farming unions, UNITE, agricultural colleges and bodies such as the Association of Labour Providers were included. Panel members were encouraged to share the proposals throughout their networks.

Four responses were received. There was overall support for the proposals but significant discontent from the NFU on the proposed rate rises which they maintained would be difficult to afford for the industry. The Panel met to discuss the responses to the consultation on 19 November and decided to submit their proposals to Welsh Government.

Regulatory Impact Assessment of the Agricultural Wages (Wales) Order 2018

1. Proposed changes in AWO 2018

The Panel proposes to change the minimum hourly rates of pay as follows.

| Grade or category of worker | Minimum hourly rate of pay |
|--|----------------------------|
| Grade 1 worker under compulsory school age | £3.47 |
| Grade 1 worker (16 – 24 years of age) | £7.38 |
| Grade 1 worker (aged 25+) | £7.83 |
| Grade 2 worker | £8.29 |
| Grade 3 worker | £8.54 |
| Grade 4 worker | £9.16 |
| Grade 5 worker | £9.70 |
| Grade 6 worker | £10.48 |
| Year 1 Apprentice | £3.93 |
| Year 2 Apprentice (aged 16-17) | £4.21 |
| Year 2 Apprentice (aged 18-20) | £5.90 |
| Year 2 Apprentice (aged 21-24) | £7.38 |
| Year 2 Apprentice (aged 25+) | £8.05 |

Dog allowance: £8.02 (2017 Order £7.72)

Night work allowance: £1.52 per hour of night work (2017 Order £1.46)

Birth and adoption grant: £63.09 for each child (2017 Order £60.72)

4. Impact assessment

4.1 Summary of Policy options

In this impact assessment, two policy options are considered, reflecting the baseline arrangements (defined below) and the recommendations negotiated by the Panel. Broad categories of costs and benefits are identified. Where sufficient data are available, costs and benefits are quantified for a 12-month period (until which point it is assumed that the new Agricultural Wage Order 2019 will come into effect)¹. However, constrained by data availability, it is not possible to produce a fully quantified analysis of costs and benefits. Some of the costs and benefits are discussed qualitatively.

Option 1: Do Nothing. This is the baseline policy option to maintain the minimum wage rates for agricultural workers at 2017 levels in accordance with the provisions of the Agricultural Wages Order (Wales) 2017. In addition, the 2014 Act provides provisions that hourly wage rates cannot be below the statutory UK NMW/NLW. In the baseline scenario, the minimum wage rates are adjusted to the 2018 NMW/NLW rates where the rates in AWO 2017

¹ Cumulative effects across years arising from AWOs are not considered within this RIA.

would fall below the NMW/NLW from April 2018. The costs and benefits will be measured against this baseline policy option.

An important context to this baseline is that it maintains the long standing and well-known AMW regulatory regime (preserved by the 2014 Act) for relevant agricultural workers, which safeguards employment conditions and allowances unique to the agricultural sector. The AMW regime recognises and rewards qualifications and experience through a six grade career structure and provides remuneration rates for each grade and category of worker. Having a separate system of wage setting and employment provisions was justified on the basis of the distinct nature of agricultural employment, including seasonality, dominance of casual employment and the use of on-farm accommodation. This system was previously managed by the Agricultural Wages Board (AWB) using Agricultural Wages Orders (AWO). The final wages order issued by the AWB in 2012 (prior to its abolition) was replaced by the interim AWO 2016 in April 2016 and AWWO 2017 to ensure that the agricultural sector in Wales operated under provisions which would be in step with changes in economic conditions, until the Panel was set up and able to commence its work. The previous regulatory impact assessments suggested that the benefits of AWO 2016 and AWO2017 include:

- Assisting the effective functioning of the agricultural sector by supporting the existence of a well-trained and skilled workforce which in turn can increase productivity and efficiency.
- Ensuring wage progression for agricultural workers and supporting rural communities - which is an issue of importance within the context of the Welsh Government's Tackling Poverty agenda - through effects on household incomes and improving the skills base of agricultural workers.
- Support agricultural workers and apprentices to gain skills and qualifications, which can improve their job prospects in the future.

The AMW regime also sets rates for young workers under the age of 16 and apprentices as part of a minimum wage rate structure intended to support entry and development of an appropriately skilled workforce. Having attractive minimum wage rates for these categories of workers can help encourage the younger generation to choose a career in agriculture.

Retaining these identified benefits of having an AMW regime is likely to be particularly important when skill shortage is a prevalent issue for the agriculture sector. More generally, as stated in the Agricultural Sector (Wales) Bill, the benefits of the AMW regime include:

- *It provides a structure to reward skill and experience and maintains a balanced and well-functioning sector in Wales.*
- *It recognises that the agricultural sector is different from other sectors and acknowledges the nature of seasonal work by having special provisions for flexible workers and safeguards the succession of skilled workers by specifying provisions for apprentices and trainees.*

- *It helps farmers and farm workers to specify the terms and conditions of their employment and avoid potential disputes and the need for lengthy negotiations with individuals.*

It is important to note that the baseline option represents a situation where the AMW regime exists. Therefore, the costs and benefits of policy alternatives relative to this baseline do not include the benefits or costs associated with the existence of the Agricultural Minimum Wage (AMW) regime. Instead, it is an assessment of additional costs and benefits of AWO 2018 relative to the AWO 2017 scenario which also takes account of the NMW/NLW changes from April 2018.

Option 2: Implementing New Order. This is the policy alternative, which would involve replacing the current Order (2017) with a new Order (2018). The new order includes all the recommendations from the Agricultural Advisory Panel for Wales. In particular, the new order includes the following key changes to the minimum rates for different categories of workers (see Table 1).

Table 1: Summary of proposed changes to the minimum wage rates by grade

| Grade or category of worker | AWO (2017) | AWO (2018) | % increase from 2017 rate |
|---|---|------------|---------------------------|
| Grade 1 worker under compulsory school age | £3.34 | £3.47 | 4% |
| Grade 1 worker over compulsory school age (16-24) | £7.06 (will rise to £4.20 to £7.38 in 2018 depending on age)* | £7.38 | 5% |
| Grade 1 work (aged 25+) | £7.51 (will rise to £7.83 in 2018) | £7.83 | 4% |
| Grade 2 worker | £7.54 | £8.29 | 10% |
| Grade 3 worker | £8.22 | £8.54 | 4% |
| Grade 4 worker | £8.82 | £9.16 | 4% |
| Grade 5 worker | £9.34 | £9.70 | 4% |
| Grade 6 worker | £10.09 | £10.48 | 4% |
| Year 1 Apprentice | £3.78 | £3.93 | 4% |
| Year 2 Apprentice (aged 16-17) | £4.05 | £4.21 | 4% |
| Year 2 Apprentice (aged 18-20) | £5.60 | £5.90 | 5% |
| Year 2 Apprentice (aged 21 -24) | £7.05 | £7.38 | 5% |
| Year 2 Apprentice (aged 25+) | £7.50 | £8.05 | 7% |

Note *: There are NMW rates from April 2018-£7.38 for workers aged 21 to 24; £5.90 for workers aged 10 to 20; £4.20 for workers aged under 18.

These increases of 4-10% compare to average wage inflation of 2.2% in the UK between November 2016 and November 2017 (the latest data available)².

The Panel considered a range of statistical information including published data on cost of living increases and the retail index as well as the projected rises to the National Minimum Wage and the National Living Wage when discussing their recommendations for the Order.

- **Grade 1 worker under compulsory school age**

The pay rate for Grade 1 workers under compulsory school age will increase to by 4% to £3.47 in the proposed AWO 2018. Young workers aged between 13 and 16 are only allowed to work part time, specifically 12 hours per week during term time and 25 hours per week during school holidays. However, as there is no data on the number of workers within this category, it is not possible to quantify the changes in total labour costs or earnings.

- **Grade 1 worker over compulsory school age (16-24)**

There hourly minimum wage rate for Grade 1 workers aged between 16 and 24 was £7.06 within AWO 2017. In the proposed AWO 2018, this will be set at £7.38 (NMW adult rate). The proposed rate represents 5% increase from the rate for 2017. However, as the 2014 Act provides provisions that hourly wage rates cannot be below the statutory UK NMW, the AWO 2017 rate would increase to £7.38 (the statutory NMW rate) from April 2018 in any case. Therefore, there would be no difference to the baseline as the proposed rate just matches the NMW level in 2018.

- **Grade 1 workers (aged 25+) and Grade 2-6 workers**

Compared to the hourly rates in 2017 AWO, the proposed changes in the AWO (Wales) 2018 includes 10% increases in the minimum wage rate for Grade 2 workers and 4-5% for workers in other grades.

The biggest increase in minimum wage rates is for Grade 2 workers.

For grade 1 workers aged over 21, the hourly wage rate proposed in AWO 2018 just matches the level of NMW from April 2018. Therefore for this group of workers, there will be no change from the baseline.

For Grade 1 workers aged 16-20, the hourly rate will go up by 5% from £7.06 to £7.38 and young workers within this grade would benefit from this increase. However, the benefit cannot be quantified due to lack of data on the agricultural workers by grade or age in Wales. Given that Grade 1 is considered to be a transitional grade with the right to appropriate training to reach Grade 2 after 30 weeks, we assume that the number of workers in this Grade and the number of workers aged 16-20 in this grade will be small (on a full-time or part-time basis).

² Average Weekly Earnings time series, ONS

Traditionally, the AWB maintained a pay differential between Grade 1 and 2 at around 10% in order to underline the transitional nature of Grade 1 (initial Grade) and encourage workers' entry to Grade 2 (standard Grade).

Within the proposal of AWO 2018, the difference between the minimum wage rates for Grade 1 (over 25) and Grade 2 becomes smaller compared to those in AWO 2012 and AWO 2016 (see Table 2) but larger than that in AWO 2017. In AWO 2018, the proposed minimum wage rate for Grade 2 workers is 6% higher³ than that for Grade 1 workers aged 25 and above.

Table 2: Hourly Wages Rates by Grade in AWO 2012, 2016, 2017 and 2018.

| Grade | Hourly Wage Rates | | | | % Paid above the previous grade | | | |
|---------------------------|-------------------|-------|--------|--------|---------------------------------|------|-------------|------|
| | 2012 | 2016 | 2017 | 2018 | 2012 | 2016 | 2017 | 2018 |
| Grade 1 worker (aged 25+) | 6.21 | £7.2 | £7.51 | £7.83 | - | - | - | - |
| Grade 2 worker | 6.96 | £7.39 | £7.54 | £8.29 | 12% | 10% | 0.4% | 6% |
| Grade 3 worker | 7.66 | £8.12 | £8.22 | £8.54 | 10% | 10% | 9% | 3% |
| Grade 4 worker | 8.21 | £8.72 | £8.82 | £9.16 | 7% | 7% | 7% | 7% |
| Grade 5 worker | 8.7 | £9.23 | £9.34 | £9.70 | 6% | 6% | 6% | 6% |
| Grade 6 worker | 9.4 | £9.97 | £10.09 | £10.48 | 8% | 8% | 8% | |

Source: Hourly wage rates are from AWO 2012, 2016, 2017 and the AWO 2018 proposal. Percentage paid above the previous grade are calculated from minimum hourly wage rates.

Similarly, the difference between the minimum wage rates for Grade 2 and Grade 3 also becomes smaller at 3%. In previous AWOs the difference between the two grades was around 10%. This change means may lead to reduced incentives for Grade 2 workers to upskill so as to progress to Grade 3 although some workers may still be incentivised to pursue training to reach even higher grades.

- **Year 1 and Year 2 Apprentice**

The minimum wage rates for the Y1 and Y2 apprentices within AWO 2018 are higher than the national minimum wage rates for Apprentice which other sectors would abide to. This will help the agricultural sector to become a viable and appealing career choice.

The hourly pay rates for Y1 Apprentice and Y2 Apprentice under 24 years old in the proposed AWO 2018 are 4-5% higher than the AWO 2017 rates.

³ The wage rates compared also reflects changes in NMW/NLW rates from April 2017.

The hourly rate (£8.05) for Y2 Apprentices aged 25 and older in AWO 2018 is 7% higher than the AWO 2017. It should be noted that this hourly wage rate is even higher than that (£7.83) for Grade 1 workers proposed in 2018.

However, as there is no data available on the number of apprentices working in agriculture, the impact of changes in minimum wage rates of these Apprentice grades cannot be quantified.

- **Changes in other provisions**

In addition to the changes in minimum wage rates for different types of agricultural workers, there are a few other changes in other provisions (see Table 3). These include changes to dog allowance, night allowance and birth and adoption grants, all of which has a 4% increase from the AWO 2017 rate.

Table 3: Changes to other provisions

| Type | AWO 2017 | AWO 2018 | % increase |
|---------------------------|----------|----------|------------|
| Dog allowance | £7.72 | £8.02 | 4% |
| Night allowance | £1.46 | £1.52 | 4% |
| Birth and adoption grants | £60.72 | £63.09 | 4% |

The costs and benefits of these changes cannot be quantified due to lack of data.

- **Summary of quantification of wage costs/earnings**

Due to data availability, the breakdown by grade is not available for many of the worker groups. Therefore, only the costs and benefits associated with agricultural workers for Grade 1 (aged 25+) to Grade 6 were estimated for both basic pay and overtime pay in the RIA where the number of workers in each grade were estimated based on data from Farm Labour and Wage Statistics (Defra, 2012)⁴. These estimates were based on Defra's costings model and the hours worked per week collected from the Earnings & Hours survey, run by Defra's Economics and Statistics Programme. The hours were broken down into basic and overtime, and the calculation of the wage costs reflected this. Although the data is dated, it represented the only available source of data that contained break down information by grade of workers. It should also be noted that this was not Wales specific data and represented the labour structure by grade of workers for England and Wales. Therefore, the assumption was made that the labour structure in Wales was similar to the overall estimate made by Defra in their survey.

The changes in costs or benefits related to other categories of workers are expected to be very small due to small number of people involved in those

⁴ Available at:

<http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-earnings-labour2012-120627.pdf>

categories, which include Grade 1 workers aged between 16-24 and Year 2 Apprentice.

- **Enforcement cost**

In terms of enforcement costs, it is anticipated that administrative costs accruing to the Welsh Government would be broadly similar under Agricultural Wages Order 2018 option as the Welsh Government is enforcing the Orders introduced under the 2014 Act.

The government enforcement costs associated with the 2014 Act for enforcing the provisions of the 2012 wages order was estimated at around £3,000 per year in the previous RIAs of the wages orders in 2016 and 2017. This was based on a reactive enforcement mechanism, where the Welsh Government would investigate any claims of potential underpayment and if necessary, issue enforcement notices. There were 3 formal cases needing varying levels of investigation 2016-2018. It is difficult to predict the number of cases arising, or their precise nature. Enforcement costs continue to be based on the assumption that there are two cases per year to investigate.

No separate costing to Welsh Government associated with inspection/enforcement work should the Act be continued. It is difficult to predict accurately the number of cases that may come forward but these will be met from existing provision.

- **Administrative cost**

There would be an annual cost involved with the operation of the Panel should the Act be continued. This would include expenses incurred by the Panel individually, meeting room costs, legal and research costs. This is estimated to be an average annual cost of approximately £60,000

In addition to the cost of compliance, there will be a cost to farm businesses for adjusting to the requirements of the new AWO and changes in associated calculations in Wales.

Farmers will need to be familiar with both the Welsh AWO provisions and UK labour legislation (for example, in relation to the national minimum wage) to ensure that workers are being correctly remunerated.

It is assumed that each employer would need one hour⁵ to familiarise themselves with the new Order and make adjustments to pay rates and other provisions. Based on data from the Office for National Statistics (ONS)' Annual Survey of Hours and Earnings (2017)⁶, it is assumed that the average

⁵ This is consistent with the estimates used in the RIA of abolishment of AWB by Defra and the RIA of the Act 2014.

⁶ Estimates for 2017 (provisional) of paid hours worked, weekly, hourly and annual earnings for UK employees by gender and full/part-time working by 2 digit Standard Industrial Classification 2007. Industry (2 digit SIC) - ASHE: Table 4.6a. Available at:

cost per hour of a farmer's time is £11.32 (figure for all employees in the agriculture, forestry and fishing industry, excluding overtime pay). The median value of agricultural labour cost from the same source was £9.47 per hour. Inclusion of non-wage labour costs, such as employer's national insurance and pension contributions would serve to increase such cost estimates. In addition, the hourly rate used here is an average/median value for all farm workers. In reality, however, those whose time is involved are likely to be the farmer owners or farm business managers whose wage rates are likely to be at the higher end of the wage rate distribution.

According to ONS statistics on business population by region and by sector, there are 14,490 businesses in agriculture, forestry and fishing sector in Wales in 2016 with 3,170 businesses being employers⁷. The administrative costs to farm businesses are therefore estimated at £36k for Wales. If using the median value for the labour cost (£9.47 per hour), the total admin costs to farm businesses are estimated at £30k. The estimated cost would be higher if the wage rates for farm managers/owners were used and non-wage costs were reflected in the rates. However, it should also be noted that not all the 3,170 agricultural businesses who employed labour are using the AWO but it is not known how many of these businesses being users of the AWO.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/industry2digitsicashetable4>

⁷ Table 21 Number of businesses in the private sector and their associated employment and turnover, by number of employees and industry section in Wales, start 2016 within statistics on BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2016. Available at: <https://www.gov.uk/government/statistics/business-population-estimates-2016>.

1.1 Evidence Review

In this RIA, we have reviewed the evidence presented in the previous RIAs of AWO 2016, AWO 2017 and considered additional literature where relevant. Our conclusion is that the key points made in the previous RIA on the minimum wage impacts are still valid, which are summarised as follows. However, it should be noted that the evidence was focused on the impact of minimum wages while the economic evidence on the effects of the multi-grade minimum wage structure (i.e. multiple wage floors) is rather limited.

- *Employment:* Provided minimum wage levels are set cautiously, their negative effect on employment levels within affected sectors can be minimised. Some evidence has been found for a reduction in hours worked, but this is not conclusive. There is also evidence suggesting that the introduction of the minimum wages was associated with an increase in labour productivity. On balance, the evidence suggests that there are limited effects of the introduction of the minimum wages on employment. This is especially the case where the minimum wage rates have been set incrementally within context of economic/labour market conditions.
- *Wage rates and structure:* If minimum wages are set above current market rates, they act to raise the wage floor, tending to compress the wage structure by raising the wages of the lowest paid relative to others. The effect may be transmitted up the pay structure, leading to wage rises for those being paid more than the statutory minimum, although the extent to which this has taken place has varied across different minimum wage regimes.
- *In-work poverty:* Minimum wages tend to benefit the lowest-earning working households, thus having some positive impact on in-work poverty. This positive impact, however, may not necessarily positively impact on low earning households. Overall, the impact of minimum wages on poverty is very small. The Institute for Fiscal Studies⁸ has found that the National Living Wage will raise household incomes by less than 1% on average, even for poorer households.
- *Company level impacts:* Research suggests that firm responses to involuntary increases in wage costs can include increasing prices, increasing labour productivity⁹, accepting reduced profits, organisational changes (such as tighter human resource practices, increased performance standards at work, and better management

⁸ Institutes for Fiscal Studies (IFS), 2016. Living Standards, Poverty and Inequality in the UK: 2015-16 to 2020-2. IFS Report R114.

⁹ Research on labour productivity growth in general tends to demonstrate linkages between the NMW and productivity that are positive but not statistically significant. [Source: David Metcalf, 'Why has the British National Minimum Wages had Little or No Impact on Employment?'. Journal of Industrial Relations, Vol 50:3, pp. 489-512 (pp. 501-502).]

practices), efficiency wage¹⁰ and training responses (increasing training provisions to employees). However, the relationships between company level responses and the pay structure with multiple minimum wage levels are an under-explored area within the literature.

1.2 Costs & benefits

This section assesses the potential costs and benefits for both policy options. However, significant limitations exist across data and methodology. Specifically, disaggregated up to date data for Wales are not always available and few methodologies exist to demonstrate the relationship between employment, business performance of the agricultural sector and minimum wages. As a result, some impacts cannot be quantified with any degree of accuracy. The quantification was focused on the impact on wage costs/earnings for Grade 1-6 agricultural workers where disaggregated data are most available. However, the distribution by grade of workers was based on Defra study in 2012 which was not Wales specific data. The impact on other categories of workers or the impact of changes in other allowances generally affect very small groups of workers and the impacts are expected to be minimal. Due to lack of detailed data on these groups, the impacts of changes related to them were not estimated. However, the administrative costs to the farmers are estimated for their time to familiarise themselves with and make adjustments in accordance to AWO 2018. Where estimates are provided, they are indicative, with Appendix A containing the detailed calculations of how these estimates were derived.

In terms of minimum wage rate changes, the Agricultural Wages (Wales) Order 2018 represents a rise of 4-6% rise for agricultural workers within Grade 2-6. The most significant changes in pay rates are for Grade 2 agricultural workers, which represent a 6% increase from the AWO 2017 level at April 2018. This affects over 3,766 workers (28% of the total workforce)¹¹ in this Grade (with 80% of whom being part-time and casual workers) out of the 13,621 paid agricultural workers in Wales in 2016.

As a result, this RIA takes the following approach to assessing each option:

- **Option 1:** Baseline option.
- **Option 2:** Provides more detailed estimates as to the impact of changes in minimum wage levels for Grades 1 to 6, aiming to calculate additional impacts that directly relate to Option 2.

¹⁰ The efficiency wages are based on the notion that wages do not only determine employment but also affect employees' productive behaviour or quality. Under certain conditions, it is optimal for employers to set compensation above the market clearing level in order to recruit, retain or motivate employees.

¹¹ Calculated based on the number of agricultural workers in Wales and distribution by grade of workers from Defra's estimates in 2012 and Agricultural Statistics for Wales (2016).

Option 1: Do nothing

This is the baseline option and the costs and benefits associated with this 'do nothing' option are only estimated to measure the difference between this option and the policy alternative.

Option 2: Introducing Agricultural Wages (Wales) Order 2018 to replace AWO 2017.

1: Impact on Employment

Standard neo-classical theory predicts that minimum wage floors (above market clearing levels) will reduce labour demand (reducing employment levels or hours), but to date the large number of studies examining the employment impacts of the NMW/NLW suggest that labour demand has remained broadly unchanged despite this legislated rise in earnings for the lowest paid¹². This is consistent with the findings from the literature review in the previous RIAs of AWO 2016, AWO 2017 for Wales.

In the previous RIAs, employment effect was estimated using a minimum wage elasticity of -0.19 (an average value from the literature).

The agricultural labour force in Wales during 2016 totalled 53,524 people, with 13,621 of these being employed as farm workers (see in Table 7 Appendix A). No data is available as to the proportion of the total farm workers in each grade in Wales. However, such data is available for the UK as a whole for 2012 from Defra which is based on historic data and assumptions. The estimates from the Defra study can be combined with the 2016 data for the total agricultural labour force in Wales to provide crude estimates of workforce grade composition (see in Table 8 Appendix A). It is estimated that some 3,148 workers may be within Grade 1, 7,550 workers within Grade 2 and some 2,900 workers within Grades (3-6).

Based on these estimates and an application of the mean elasticity estimate (0.19), it is estimated that there would be a reduction in employment of 132 farm workers¹³ (see Table 15 in Appendix B for detailed calculations). It should be noted that these minimum pay rate increases are not the full difference between AWO 2017 and AWO 2018; instead, it has taken account of forthcoming increases in NMW and NLW from April 2018. If using the median value of elasticity coefficient -0.03, the reduction in employment would be 21 people (see Table 16 at Appendix B).

In terms of reductions to hours worked, some evidence suggests that it is likely that some farm businesses will seek to absorb higher labour costs

¹² Riley, R. and Bondibene, C. (2015). Raising the Standard: Minimum Wages and Firm Productivity. National Institute of Economic and Social Research.

¹³ The number of workers reduced = $0.19 * 0.13\% * 3859$ (Grade 1) - $0.19 * 0.5\% * 9257$ (Grade 2) - $0.19 * 1.1\% * 3539$ (Grade 3-6) = 17

through reducing the number of hours worked in addition to other effects on employment, although this cannot be estimated with any degree of accuracy.

2: Earnings

In 2012, Defra published a labour force model which was used to calculate gross wage costs at a UK level. The estimated additional costs of the proposed pay rate increases for each worker type (full time, part time and casual) have been calculated by multiplying the increase per hour for the respective grades, the number of hours worked per week, the number of weeks worked per year and the number of workers in the industry (not adjusted to taking account of non-wage labour costs). There are separate costings for basic and overtime. As disaggregated data by grade of workers for Wales were not available, the cost estimates are based on these 2012 UK assumptions combined with 2016 agricultural labour force data for Wales (see Table 7 to Table 10 in Appendix A) of changes in gross annual wage costs for Option 2 relative to the baseline option. These estimates are also provided in Table 4, which suggests that the changes in costs for Option 2 are estimated at £5.5million with the largest impact from Grade 2 workers. Although the basis used to estimate the number of workers in each grade, the number of hours worked per week and the number of weeks worked per year is partly relying on data from Defra cost model which is dated back to 2012, it still represents the best estimate that is available for calculating the additional labour costs as a result of pay rate rises.

It should also be noted that the difference in minimum wage rates between Option 1 and 2 is not the full difference between AWO 2017 and AWO 2018. It also takes account of forthcoming statutory NMW and NLW from April 2018.

Table 4: Estimated changes in annual wage costs, waged agricultural workforce, Wales 2018 (a-c)

| Grade | Full-time (£) | | Part-time (£) | | Casual (£) | | Total (£) |
|------------------|-------------------|-----------------|-------------------|-----------|-----------------|----------------|-------------------|
| | Basic | Overtime | Basic | Overtime | Basic | Overtime | |
| 1 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| 2 | £1,376,343 | £324,662 | £1,176,080 | £0 | £459,092 | £75,360 | £3,411,538 |
| 3 | £220,951 | £52,120 | £90,905 | £0 | £0 | £0 | £363,976 |
| 4 | £782,536 | £184,591 | £151,778 | £0 | £0 | £0 | £1,118,905 |
| 5 | £303,808 | £71,665 | £43,829 | £0 | £0 | £0 | £419,302 |
| 6 | £149,603 | £35,289 | £15,827 | £0 | £0 | £0 | £200,719 |
| Total (£) | £2,833,242 | £668,326 | £1,478,419 | £0 | £459,092 | £75,360 | £5,514,440 |

Notes:

(a) Data assumes that workers are earning no more than the hourly minimum.

(b) Defra assumed that part-time workers do not work overtime.

(c) Totals may not sum due to rounding.

Source: Authors' calculations

Option 2 may create a wage difference between Wales and England, potentially disadvantaging farmers who largely compete with producers based in England, as is the case for the dairy industry. More generally, this would affect actual wage rates/terms and mobility of labour and potentially increase to the cost base. This relative increase to the cost base may accentuate the degree to which decreases in profits/ hours worked, or increases in prices may take place. However, farmer businesses in Wales are generally price-takers with limited power to influence the price of their goods and there will be limited scope to pass on cost increases via price rises. Despite this, it is reasonable to conclude that the increased cost base associated with Option 2 will have some negative impact on the sector's competitive positioning with those businesses located in England, but that such impacts are likely to be relatively marginal in overall terms. Changes in market conditions may lead to structural changes within the sector rather than differences in wage rates, although other market conditions will also apply to farm businesses elsewhere.

As there are some uncertainties around the distribution of farm workers by grade, sensitivity analysis was carried out to test the impact on the results.

The distribution by grade was based on data from Defra which was not Wales specific data and has not been updated after 2012. Three tests were carried out varying the percentages for Grade 2, Grade 4 or Grade 5 full-time workers. Composition 1 is the baseline; composition 2 increasing Grade 2 workers by 10% and reducing Grade 4 workers by 10%; composition 3 increasing Grade 2 workers by 10% and reducing Grade 5 workers by 10%¹⁴. For composition 1, the wage cost of Option 2 is estimated at £5.51 million. The wage cost based on composition 2 is £5.63million and £5.61 million based on composition 3. Collection of data on farm workers by grade in Wales would help improving accuracy of estimates.

| composition 1 | | | |
|---------------|-----------|-----------|--------|
| Grade | Full-time | Part-time | Casual |
| Grade 1 | 6% | 14% | 39% |
| Grade 2 | 39% | 63% | 61% |
| Grade 3 | 9% | 7% | |
| Grade 4 | 30% | 11% | |
| Grade 5 | 11% | 3% | |
| Grade 6 | 5% | 1% | |

| Composition 2 | | | |
|---------------|-----------|-----------|--------|
| Grade | Full-time | Part-time | Casual |
| Grade 1 | 6% | 14% | 39% |

¹⁴ 10% is an arbitrary number. As the actual distribution by grade for Wales is not known, a 10% redistribution between grades was assumed and deemed to be big enough to test sensitivity.

| | | | |
|---------|-----|-----|-----|
| Grade 2 | 49% | 63% | 61% |
| Grade 3 | 9% | 7% | |
| Grade 4 | 20% | 11% | |
| Grade 5 | 11% | 3% | |
| Grade 6 | 5% | 1% | |

| composition 3 | | | |
|---------------|-----------|-----------|--------|
| Grade | Full-time | Part-time | Casual |
| Grade 1 | 6% | 14% | 39% |
| Grade 2 | 49% | 63% | 61% |
| Grade 3 | 9% | 7% | |
| Grade 4 | 30% | 11% | |
| Grade 5 | 1% | 3% | |
| Grade 6 | 5% | 1% | |

1.3 Impact on prices, productivity and profitability

As well as impacting on total wage costs and labour inputs, increases to the cost base caused by additional wage costs may be expected to impact on farm businesses – and three issues profits, prices and productivity are briefly discussed. The extent to which these outcomes will occur in relation to Option 2 depends on a broad range of factors affecting individual farm businesses. Existing literature is unclear on the linkages between minimum wages and these factors, which are therefore assessed qualitatively.

In relation to output prices, farms in Wales are generally price-takers with limited power to influence the price of their goods. While such influence will vary according to the type and nature of the product being sold, Welsh farmers are generally operating in a national or international market with relatively limited product differentiation. When combined with current market pressures, this means that passing on cost increases via price rises seems unlikely, although farms in some sectors may be more likely than others to have a marginally greater ability to increase prices.

There is limited evidence as to the linkage between minimum wage structure and labour productivity on farms in Wales. The scope available to each farm to exploit productivity improvements will depend to a large extent on issues such as technology adoption, characteristics of the farm and farmer and any scope for economies of scale. Overall, there is insufficient evidence to assess the likely outcomes in terms of productivity implications.

In the absence of other adjustments, increased wage costs would be expected to put downward pressure on profits (reflecting the transfers to agricultural workers). In relation to profitability, there is great variation between farms in Wales and the extent of impacts will vary across farms.

1.4 Cost: government enforcement

It is considered that the enforcement cost related to Option 2 would remain at similar levels with Option 1.

1.5 Benefits

1: Impact on Earnings

Under the previously explained assumptions, the proposed changes in AWO 2018 minimum wage rates are estimated would raise total wages received by agricultural workers by some £5.5 million per annum. It should be noted that these benefits are not related to full change between AWO 2017 and AWO 2018; instead, they relate to the changes in wage rates taking account of forthcoming increases in NMW and NLW from April 2018.

This sum can be expected to have further indirect impacts in terms of localised spending power, with a greater concentration within rural areas with a higher proportion of agricultural workers although this also depends on patterns of expenditure that would have taken place from farm businesses (given the transfers).

2: Impact on poverty including in-work poverty

By raising the earnings floor, minimum wages might be expected to raise household income, all else being equal, with some potential impact on in-work poverty, although this could be offset by a reduction in hours worked/employment and, where relevant, could be dampened by the effects of the tax and benefits system whereby workers would pay more tax on increased pay and/or receive reduced benefits. The effect also depends on business and individual labour decisions.

Impact will vary depending on the proportion of the population in component wage jobs. The raising of minimum wage levels will have had some impact on in-work poverty by supporting the wages of the lowest paid workers. Although evidence is not available on the effects of multiple wage floors compared to single wage floors, the use of multiple minimal wage structure may accentuate impact on in work poverty, given that more workers will be affected than would be the case for a single wage floor. Putting this into the context of agricultural workers in Wales, of the 13,621 waged workers in agriculture within Wales in 2016, 3,783 (28%) were full time. The remaining 72% were part-time, seasonal or casual. The probability of in-work poverty is generally higher for part-time, seasonal or casual workers than full-time workers. This relates to around 10,000 farm workers on part-time or seasonal basis.

The most significant increase in the minimum wage rate is for Grade 2 workers (increased by 6% from previous year). This could positively impact some 1,475 people on full time basis, 2,308 on part-time basis and 3,766 casual workers (see Table 10) in Appendix A, which represents 39% of the total workforce. For other grades, there is 4-5% increase in wage rates and would also benefit farmer workers in relevant grades.

However, total impact on overall in-work poverty, and on rural poverty in general, will be limited due to the small number of people involved and the more uncertain impact on household poverty.

3: Impact on training and skills

It is anticipated that AWO 2018 will continue to enabling upskilling and a clearer career structure within the agricultural sector. It will contribute to developing and retaining skills across the entire agricultural sector.

Overall, the increase to agricultural minimum wage levels in Wales offers the opportunity to incentivise skills acquisition within the agricultural sector, potentially increasing the number of people receiving all types of training within the sector, and potentially enhancing the supply of skilled labour. As the minimum wage rates set out in AWO 2018 are generally higher than NMW/NLW and it maintains a privilege rate not universally enjoyed by other sectors than agriculture, this should help to retain the employment and skills within the agricultural industry. The upskilling impact is more related to the pay structure, which will be maintained under AWO 2018. However, as the wage rate for Y2 Apprentice (aged 25+) is set at £8.05 which is higher than that (£7.83) for Grade 1 workers (aged 25+), this may discourage upskilling to Grade 1 but should not affect people of upskilling to higher Grades from Apprenticeship. The potential increase in labour cost may to some extent negatively affect the provision of upskilling by employers.

1.6 Sector impacts

1. Impact on local government

No evidence of significant differential impact.

2. Impact on voluntary sector

No evidence of significant differential impact.

3. Impact on small businesses

The increase in costs associated with pay and other amended terms and conditions will affect farm businesses, including small businesses in the sector. The minimum agricultural wage rates had been updated annually by AWB until 2013. Grade 1 workers' pay rates were adjusted between 2013 and 2015 in line with NMW/NLW. The pay rates were further raised in the AWO 2016 and AWO 2017. It is important to acknowledge though that these rates only set statutory minimum wage levels and that employers may pay higher wages to workers to reflect their skills and the level of responsibilities taken on farm.

According to the Office for National Statistics (see Table 5), there are 14,490 agricultural, forestry and fishing businesses in Wales and 22% are employer businesses. The figures for England were 102,905 and 39%. This suggests

that agriculture in Wales is dominated by small businesses (18% being businesses that employ less than five employees) and the majority of businesses do not employ labour (78%). For smaller business with paid labour, the increases in labour costs as a result of increases in AMW may have a negative impact on business profitability.

ADAS carried out a study on the use of AWO for Welsh Government in early 2016 which involves a survey of 176 farm businesses that employed labour across different farm size and type. The study suggested that the average labour cost (for paid labour) was around 18% of the total inputs but no statistically significant differences were found between different farm sizes. This suggests that in terms of the cost structure (% of paid labour cost within total costs), it is similar across all farm sizes and there is no indication that smaller businesses would be affected disproportionately due to increases in the cost of paid labour.

Table 5: Number of agricultural businesses by size band in England and Wales (2016)

| Agriculture, Forestry and Fishing | England | | Wales | |
|-----------------------------------|-------------------|-------|-------------------|-------|
| | No. of businesses | % | No. of businesses | % |
| All businesses | 102,905 | 100.0 | 14,490 | 100.0 |
| All employers | 40,210 | 39.1 | 3,170 | 21.9 |
| With no employees (unregistered)* | 4,540 | 4.4 | 670 | 4.6 |
| With no employees (registered)* | 58,155 | 56.5 | 10,650 | 73.5 |
| 1 | 13,840 | 13.4 | 1,350 | 9.3 |
| 2-4 | 17,855 | 17.4 | 1,325 | 9.1 |
| 5-9 | 5,425 | 5.3 | 360 | 2.5 |
| 10-19 | 1,910 | 1.9 | 110 | 0.8 |
| 20-49 | 820 | 0.8 | 20 | 0.1 |
| 50-99 | 215 | 0.2 | 5 | 0.0 |
| 100-199 | 85 | 0.1 | 0 | 0.0 |
| 200-249 | 20 | 0.0 | 0 | 0.0 |
| 250-499 | 25 | 0.0 | 0 | 0.0 |
| 500 or more | 15 | 0.0 | 0 | 0.0 |

Source: ONS (2016) Business population estimates for the UK and regions 2016, Table 20 and Table 21.

Note: * Businesses with no employees can either be 'registered' for VAT or PAYE or are 'unregistered'.

The majority of farms in Wales are small businesses and the policy has been developed to within this context. As a result, the impact of Option 2 is not expected to impose any additional or disproportionate impact on small businesses. The larger farms, dairy farms and horticultural businesses tend to use more paid labour than the smaller businesses or other farm types. These farms may face more pressure from labour cost increases.

4. Impact by sector

The impact on different sectors may vary depending on the composition of cost base of the farm businesses. The Farm Business Survey data for Wales (2016-2017) suggests that the costs for casual and regular labour accounted for 4-6% of their agricultural cost base (see Table 6).

Table 6 : Labour cost as a percent of total input for farm businesses in Wales by sector (2016-2017)

| Farm type | Labour cost (£), casual and regular labour | Agricultural cost (£) | Share of labour cost |
|--------------------------------|--|-----------------------|----------------------|
| LFA Cattle and Sheep Farms | 3,500 | 81,700 | 4% |
| Lowland Cattle and Sheep Farms | 4,100 | 77,900 | 5% |
| Dairy | 17,000 | 271,100 | 6% |
| All Farm Types | 5,800 | 112,200 | 5% |

Source: Calculated from Farm Business Survey (FBS) data for Wales (2016/2017)

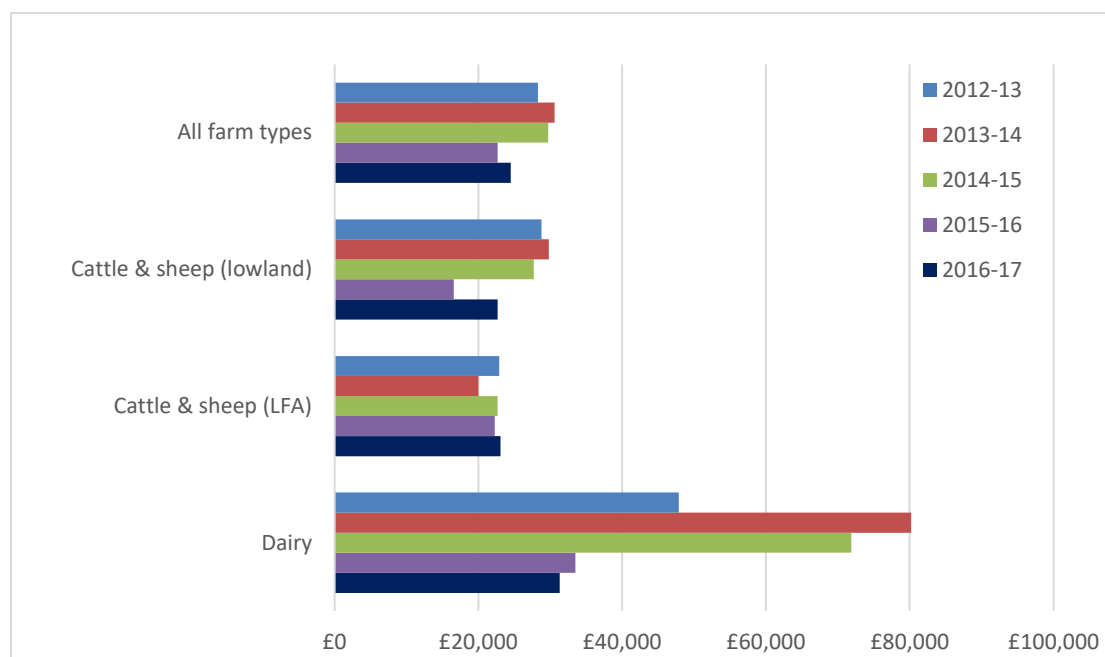
There is limited evidence as to labour productivity on farms in Wales. The scope available to each farm to exploit productivity improvements will depend to a large extent on issues such as technology adoption, characteristics of the farm and farmer and any scope for economies of scale. Overall, there is insufficient evidence to assess the likely outcomes in terms of productivity improvements.

In relation to profitability, there is variation between farms in Wales. Information on farm business income for 2016-17 suggests that there is variation across the major farm types. For dairy farms, the average farm business income was around £31,000 and cattle and sheep farms in the Less Favoured Area (LFA) around 23,000¹⁵.

Time series of farm business income data (see Figure 1) suggests that business profitability across the main farm types stays at a low level and that there is also variation between years and between farm types. For example, the farm business income for the dairy sector has declined dramatically in recent years and income for LFA cattle and sheep farms have been relatively stable but at low levels.

¹⁵ Source: Welsh Government 2017. Statistics on Farm Incomes. Available at: <http://gov.wales/statistics-and-research/farm-incomes/?lang=en>. For lowland cattle and sheep farms, there was a significant increase (+40% from the previous year) in farm business income in the year 2016-17 e.

Figure 1: Farm Business Income (in 2016/17 real prices) in Recent Years (2012/13-2016/2017) by Farm Type



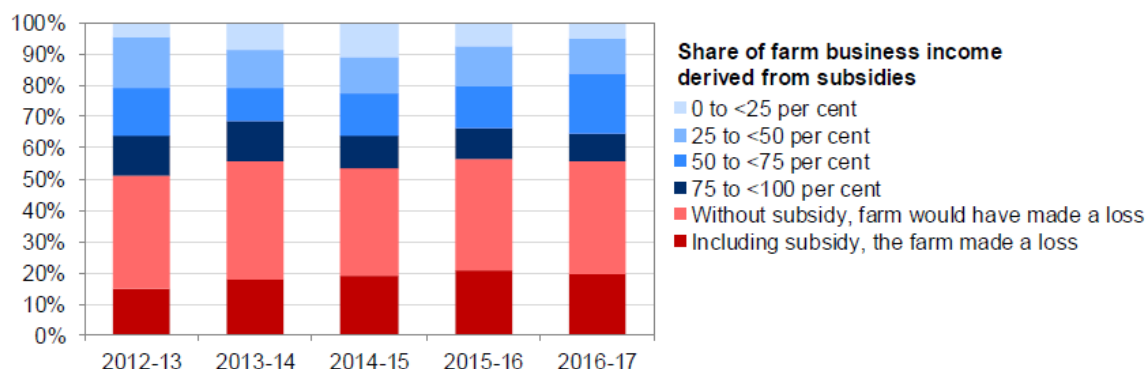
Source: Based on Statistics on Farm Incomes (2017).

It should be noted however, the profitability data of farm businesses should be interpreted in the context that the industry is currently heavily relying on public subsidies. According to the Farm Business Survey, over 50% of all farms either made a loss or would have done so without subsidy in year 2016-17 (see Figure 2). The level of dependence varies between farm types. In 2016-17, around 62% of cattle & sheep (LFA) farms either made a loss or would have done so without subsidy, compared with around 41% cattle & sheep (lowland) farms and around 44% of dairy farms. Subsidy was a small component of farm business income (less than 25%) on 3% of cattle & sheep (LFA) farms, compared with 26% of dairy farms.¹⁶

As a wider context, this dependence on subsidy can leave farms vulnerable to policy changes especially after Brexit. Increases in labour cost would add more pressure to farm business profitability particularly for those farms that are making a loss with and without subsidies.

Figure 2: Variation in subsidies* as a share of farm business income in Wales

¹⁶ Source: Farm Business Survey Quoted in Statistics Release on Farm Incomes in Wales 2016-2017. Available at: <http://gov.wales/statistics-and-research/farm-incomes/?lang=en>



Source: Farm Business Survey Quoted in Statistics Release on Farm Incomes in Wales 2016-2017.

Note *: subsidies include agri-environment payments and single farm payments.

In general terms, increases to the agricultural cost base will impact on farm income and profitability, but the extent of this cannot be accurately forecast. However, it is reasonable to assume that the greater increase in cost base associated with AWO 2018 when compared to baseline will have more pronounced impacts.

4.8 Consultation

The Panel met to decide whether to propose changes to the 2017 wages order on 9 September. A targeted consultation on their proposals was conducted 28 September – 3 November 2017. The proposals were directly emailed to an extensive list of people and organisations and was made available on the Panel’s web platform. Copies may be requested by contacting the mailbox SLMenquiries@gov.wales or sending a request in writing to Agricultural Wages, Welsh Government Office, Rhodfa Padarn, Llanbadarn Fawr, Aberystwyth, Ceredigion SY23 3UR.

Key stakeholders, including the farming unions, UNITE, agricultural colleges and bodies such as the Association of Labour Providers were included. Panel members were encouraged to share the proposals throughout their networks. The Panel met to discuss the responses to the consultation 19 November and decided to submit their proposals to Welsh Government.

4 responses were received. There was overall support for the proposals but significant discontent from the NFU on the proposed rate rises which they maintained would be difficult to afford for the industry.

4.9 Competition Assessment

See Appendix C.

4.10 Conclusion

Potential costs and benefits for both policy options are considered and compared. However, significant limitations exist across data and

methodology. Specifically, disaggregated up to date data for Wales are not always available and few methodologies exist to demonstrate the relationship between employment, business performance of the agricultural sector and minimum wages. As a result, some impacts cannot be quantified with any degree of accuracy. The quantification was focused on the impact on wage costs/earnings for Grade 1-6 agricultural workers where disaggregated data are most available. However, the distribution by grade of workers was based on Defra study in 2012 which was not Wales specific data. The impact on other categories of workers or the impact of changes in other allowances generally affect very small groups of workers and the impacts are expected to be minimal. Due to lack of detailed data on these groups, the impacts of changes related to them were not estimated. However, the administrative costs to the farmers are estimated for their time to familiarise themselves with and make adjustments in accordance to AWO 2107. It should also be noted that the two policy scenarios are not the full difference between AWO 2017 and 2018; the differences in labour minimum wage rates also take account of the forthcoming changes in NMW and NLW from April 2018.

In terms of the relative increases within the pay structure, the wage rate for Grade 1 workers (aged 25 and above) is set at the NLW level from April 2018. This increase represents a 4% increase from the AWO 1017 rate. The biggest increase is for Grade 2 workers (6% increase from previous year) and there is a 4%-5% increase for all other grades except for Y2 Apprentice (aged 25 and above). It should be noted that the increase in wage rate for Y2 Apprentice (aged 25+) is 7% from the previous year and the absolute rate level (£8.05) is higher than Grade 1 workers (aged 25+).

Potential costs that are additional for Option 2 are summarised as follows:

1. *Employment*: The proposed increases may lead to some less than 20 fewer agricultural jobs in Wales. Reductions in hours worked may take place, but cannot be quantified.
2. *Earnings*: The total transfer could be raised by some £5.5 million per annum. This is the estimate for additional earnings under AWO 2018 also taking account of changes in NMW/NLW from April 2018.
3. *Prices, productivity and profitability*: All else given, this is likely to put downward pressure on farm business profits, but with an unclear effect on productivity. Output price rises enabling margins to be maintained seem unlikely given that the farm businesses are generally price-takers and there is limited pricing power of farm businesses. In terms changes in agricultural outputs, they are more directly affected by broader agricultural market conditions.
4. *Government enforcement*: It is likely that administrative costs accruing to the Welsh Government would be broadly similar under both options as the Welsh Government is already enforcing the AWO regime that has been preserved under the 2014 Act assuming no changes in the volume of case work to investigate each year.

Potential benefits that are additional to Option 2 include:

1. *Earnings*: The proposed minimum wage rate changes are estimated to transfer some £5.5 million per annum to agricultural workers (from employers) (excluding the effects of non-wage labour costs) in terms of their total gross income, with potential impacts throughout the wages distribution associated with the differential minimum wage rates for the different grades.
2. *In-work poverty*: Option 2 would be expected to reduce in-work poverty to some extent (to the extent that the higher hourly wage rates are not offset by reduced hours/employment), with a geographic focus on areas with a higher concentration of agricultural employment. However, this effect varies across businesses and individual labours depending on individual circumstances and decisions.
3. *Training and skills*: Uprating minimum wages throughout the grade structure and for all categories of workers, including apprentices, will provide greater incentives for workers to acquire skills and progress through the grade system. Compared to other industries, as the AWO 2018 minimum wage rates are generally higher than NMW and NLW, it maintains a privilege rate that is not universally enjoyed by other sectors than agriculture. This should help to retain the employment and skills within the agricultural industry. Option 2 would increase wages for all grades in line with previous arrangements under the AWO 2017. It is reasonable to conclude that Option 2 could be more likely to support upskilling within the sector, as well as potentially having a positive impact on efficiency. However, this upskilling benefit is more related to the grade structure itself rather than the pay rates and also depends on the ability of the businesses to pay for further training after the increase in labour costs.

In conclusion, Option 2 provides an established and previously accepted approach to the setting of minimum wages and other aspects of the employment relationship. With wage rates increasing and linked to NMW (for Grade 1 and 2 workers), the AWO 2017 will benefit the waged workforce in terms of increasing earnings and supporting further upskilling within the industry. However, this upskilling benefit is more related to the grade structure itself rather than the pay rates and may be offset to some extent by the pressure from increases in labour costs for farm businesses.

APPENDIX A: Supporting Calculations for Cost and Benefit Estimates

1. Employment Data

Table 7: Persons engaged in work on agricultural holdings, Wales (2016)

| Type of Labour | Number of people |
|---|------------------|
| Total farmers, partners, directors and spouses: (a) | |
| Full-time | 18,564 |
| Part-time (b) | 21,339 |
| Total | 39,903 |
| Farm workers: | |
| Regular full-time (c) | 3,783 |
| Regular part-time (b) (c) | 3,664 |
| Seasonal or casual workers | 6,174 |
| Total farm workers | 13,621 |
| Total labour force | 53,524 |

Source: Welsh Government, Welsh Agricultural Statistics, 2016 [online]

<http://gov.wales/statistics-and-research/welsh-agricultural-statistics/?lang=en>

Note:

- (a) Figures are for main and minor holdings.
- (b) Part-time defined as less than 39 hours per week.
- (c) Includes salaried managers.

2. Earnings

Table 8: Persons engaged in work on agricultural holdings, Wales (2016)

| Type of labour | No. of people | % composition | |
|--------------------------|---------------------------------|---------------|------|
| Full-time | Regular full-time farm workers* | 3,783 | 28% |
| Part-time | Regular part-time farm workers | 3,664 | 27% |
| Casual | Seasonal or casual workers | 6,174 | 45% |
| Total waged labour force | | 13,621 | 100% |

Note: * including salaried managers

Source: Figures for farm workers by type are from Welsh Government, Welsh Agricultural Statistics, 2016 [online] <http://gov.wales/statistics-and-research/welsh-agricultural-statistics/?lang=en>.

Percentages are Authors' calculations based on no. of workers in each category.

Table 9: Profile of workers at each AWO grade (average %), UK (2007-2010)

| Grade | Full-time | Part-time (a) | Casual |
|---------|-----------|---------------|--------|
| Grade 1 | 6% | 14% | 39% |
| Grade 2 | 39% | 63% | 61% |
| Grade 3 | 9% | 7% | |
| Grade 4 | 30% | 11% | |
| Grade 5 | 11% | 3% | |
| Grade 6 | 5% | 1% | |

Source: Defra Farm Labour and Wage Statistics, 2012. [online] <http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-earnings-labour2012-120627.pdf>, Table 12 on p.13.

Note: (a) Totals do not sum to 100% due to rounding.

Table 10 combines data from Table 8 and Table 9 to provide rough estimates of the number of full time, part-time and casual staff within each grade in Wales using employment data for year 2016.

Table 10: Number of workers at each AWO grade, estimated for Wales 2016(a)

| Grade | Full-time | Part-time | Casual |
|--------------|--------------|--------------|--------------|
| Grade 1 | 278 | 513 | 2,408 |
| Grade 2 | 1,809 | 2,308 | 3,766 |
| Grade 3 | 417 | 256 | |
| Grade 4 | 1,391 | 403 | |
| Grade 5 | 510 | 110 | |
| Grade 6 | 232 | 37 | |
| Total | 3,783 | 3,627 | 6,174 |

Note: (a) Totals do not add up to 16,700 due to rounding in Table 9.

Table 11 provides Defra's estimates of the average hours worked by full time, part-time and casual staff.

Table 11: Hours worked by worker type per week, UK, 2003 to 2010 average

| Worker type | Total hours worked | Basic hours | Overtime hours |
|---------------|--------------------|-------------|----------------|
| full time | 45.7 | 39 | 6.7 |
| part time (a) | 21.3 | 21.3 | 0 |
| Casual | 29.4 | 26.5 | 2.9 |

Source: Defra Farm Labour and Wage Statistics, 2012. [online] <http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-earnings-labour2012-120627.pdf>, Table 10 on p.12.

Note: (a) Assumed that part-time workers do not work overtime.

Table 13 summarises the number of weeks that each type of workers worked per year.

Table 12: Number of weeks worked per year by different type of employment

| Worker type | No. of weeks worked at Basic hours | No. of weeks worked at overtime hours |
|---------------|------------------------------------|---------------------------------------|
| full time | 52 | 47.6 |
| part time (a) | 52 | 49.2 |
| Casual | 10 | 10 |

Source: Defra Farm Labour and Wage Statistics, 2012. [online] <http://webarchive.nationalarchives.gov.uk/20130123162956/http://www.defra.gov.uk/statistics/files/defra-stats-foodfarm-farmmanage-earnings-labour2012-120627.pdf>, Table 39 on p.36.

Table 13 provides the agricultural minimum wages set in the AWO 2017 and 2018 for the agricultural industry and the increases in wage rates by grade for both basic and overtime pay.

Table 13: AWO hourly pay rates, 2017 and 2018

| Grade or category of worker | Basic pay 2017 | Basic pay 2018 | Basic pay increase | Overtime pay increase* |
|-----------------------------|----------------|----------------|--------------------|------------------------|
| Grade 1 work (aged 25+) | £7.83** | £7.83 | £0.00 | £0.00 |
| Grade 2 worker | £7.83** | £8.29 | £0.46 | £0.69 |
| Grade 3 worker | £8.22 | £8.54 | £0.32 | £0.48 |
| Grade 4 worker | £8.82 | £9.16 | £0.34 | £0.51 |
| Grade 5 worker | £9.34 | £9.70 | £0.36 | £0.54 |
| Grade 6 worker | £10.09 | £10.48 | £0.39 | £0.59 |

Source: UK Government, Agricultural Workers' Rights [online] <https://www.gov.uk/agricultural-workers-rights/pay-and-overtime>

Note: * Overtime pay levels are set at 1.5 times of basic rates.

** The rates set at NLW levels from April 2018.

Table 14 combines data in Table 8, Table 10-Table 13 to provide a rough estimate of the additional labour costs per year for Option 2 relative to Option 1 in Wales across all grades for full time, part time and casual workers. The calculations for the additional wages costs were based on the number of workers in each grade by type (full time, part time and casual) multiplied by the increase per hour for the respective grades, the number of hours worked per week and the number of weeks worked per year.

Table 14: Additional labour costs per year for Option 2.

| Grade | Full-time (£) | | Part-time (£) | | Casual (£) | | Total (£) |
|------------------|-------------------|-----------------|-------------------|-----------|-----------------|----------------|-------------------|
| | Basic | Overtime | Basic | Overtime | Basic | Overtime | |
| 1 | £0 | £0 | £0 | £0 | £0 | £0 | £0 |
| 2 | £1,376,343 | £324,662 | £1,176,080 | £0 | £459,092 | £75,360 | £3,411,538 |
| 3 | £220,951 | £52,120 | £90,905 | £0 | £0 | £0 | £363,976 |
| 4 | £782,536 | £184,591 | £151,778 | £0 | £0 | £0 | £1,118,905 |
| 5 | £303,808 | £71,665 | £43,829 | £0 | £0 | £0 | £419,302 |
| 6 | £149,603 | £35,289 | £15,827 | £0 | £0 | £0 | £200,719 |
| Total (£) | £2,833,242 | £668,326 | £1,478,419 | £0 | £459,092 | £75,360 | £5,514,440 |

APPENDIX B: Calculations of Employment Effect

Wage elasticity of supply is the grade of influence on the supply of labour caused by a change of wages.

The formula for wage elasticity is: Wage elasticity = change of supply of labour in percentage / change of wage in percentage.

Therefore:

- Change of supply of labour in percentage = wage elasticity * change of wage in percentage;
- Absolute change in labour supply = number of workers * change of supply of labour in percentage (i.e. wage elasticity * change of wage in percentage)

Table 15: Change in labour supply assuming wage elasticity=-0.19

| | No. of workers (a) | Wage elasticity (b) | Change of wage in % (c) | Absolute changes in no, of workers (d) (d=a*b*c) |
|-------------------|--------------------|---------------------|-------------------------|--|
| Grade 1 workers | 3,148 | -0.19 | 4.00% | -24 |
| Grade 2 workers | 7,550 | -0.19 | 6.00% | -86 |
| Grade 3-6 workers | 2,923 | -0.19 | 4.00% | -22 |
| Total | - | - | - | -132 |

Table 16: Change in labour supply assuming wage elasticity=-0.03

| | No. of workers (a) | Wage elasticity (b) | Change of wage in % (c) | Absolute changes in no, of workers (d) (d=a*b*c) |
|-------------------|--------------------|---------------------|-------------------------|--|
| Grade 1 workers | 3,148 | -0.03 | 4.00% | -4 |
| Grade 2 workers | 7,550 | -0.03 | 6.00% | -14 |
| Grade 3-6 workers | 2,923 | -0.03 | 4.00% | -3 |
| Total | - | - | - | -21 |

APPENDIX C: The Competition Assessment

Answers to the competition filter test

| The competition filter test | |
|--|----------------------------|
| Question | Answer yes or no |
| Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share? | No |
| Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share? | No |
| Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share? | No |
| Q4: Would the costs of the regulation affect some firms substantially more than others? | No |
| Q5: Is the regulation likely to affect the market structure, changing the number or size of businesses/organisation? | No |
| Q6: Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet? | No |
| Q7: Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet? | No |
| Q8: Is the sector characterised by rapid technological change? | No |
| Q9: Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products? | No |

Annex 1 - The Panel's consultation letter

Agricultural Advisory Panel for Wales

Dear Consultee

The Agricultural Sector (Wales) Act 2014 established the Agricultural Advisory Panel for Wales. One of its key responsibilities is “to prepare agricultural wages orders in draft, consulting on such orders and submitting them to Ministers for approval”.

As Chair of the Panel I am writing to ask for your views on the Panel's proposed changes to the terms and conditions for agricultural workers, to be included in the Agricultural Wages Order 2018. Decisions on these proposals were made at the Panel's meeting on 19 September and are listed below.

The Panel proposes that the minimum rates of pay for agricultural workers should be increased as follows:

| | |
|------------------|--------|
| Grade 1 under 16 | £3.47 |
| age 16-24 | £7.34 |
| Grade 1 25 + | £7.80 |
| Grade 2 | £8.29 |
| Grade 3 | £8.54 |
| Grade 4 | £9.16 |
| Grade 5 | £9.70 |
| Grade 6 | £10.48 |

Apprentice rates to be raised as follows

| | |
|----------------|-------|
| Year 1 | £3.93 |
| Year 2(16.17) | £4.21 |
| Year 2 (18-20) | £5.82 |
| Year 2 (21-24) | £7.35 |
| Year 2 (25+) | £8.05 |

Other proposals

| | |
|---------------------------|------------------------------|
| Dog allowance: | £8.02 |
| Night work: | £1.52 per hour of night work |
| Birth and adoption grant: | £63.09 for each child |

No other changes are proposed at this stage.

I should be grateful for your comments on these proposals before 3 November so that the Panel may submit our advice to Ministers as required by the Agricultural Sector (Wales) Act 2014.

Thank you in advance for your input.

Please respond to the Panel Manager (Paula Whitfield) in writing at the address below or by email to: SLMenquires@wales.gsi.gov.uk or paula.whitfield@gov.wales

Paula Whitfield
Agricultural Advisory Panel Manager
Welsh Government
Rhodfa Padarn
Llanbadarn Fawr
Aberystwyth
SY23 3UR

Yours sincerely

Lionel Walford

Annex 2 - List of those consulted by the Panel on their proposal

British Pakistan Foundation
BVSNW - Black Voluntary Sector Network Wales
Diverse Cymru
CTP International
BENNW - Black Environment Network
Gofal Cymru
Race Council Cymru
Race equality first
North Wales Regional Equality Network (NWREN)
South East Wales Race Equality Council (SEWREC)

Religion

Muslim Council of Wales
The Jewish Leadership Council
Cafod
Baha'i Council in Wales
British Humanist Association
Evangelical Alliance Wales
Welsh Refugee Council
The Church in Wales
CYTUN
The inter faith council for wales

Welsh language

Merched Y Wawr
Welsh language commissioner

Youth Children's Rights

Contact The Campaign for the Children and Young People Assembly
for Wales
National Youth Agency
Plant yng nghymru - Children in Wales
UK Youth
Council for Wales voluntary Youth Services
Wales Council for Voluntary Youth Action
Youth United Foundation
Action for Children
British Youth Council
Anabledd Dysgu Cymru/Learning Disability Wales
Childrens commissioner wales
YFC Wales

Businesses

Associated British Ports
Atkins Global
BAM Nuttall Ltd
British Water
Canal and Rivers Trust

Chartered Institute of Housing
Clee Tompkinson and Francis
Coal Authority
Common Vision
Community Housing Cymru
Community land advice
Confederation of British Industry
Constructing Excellence in Wales
Crown Estate
Denbighshire County Council
DM Property consultats
Dwr Cymru
Dwr Cymru
ehlaw
Energy Savings Trust
Ffos Las Racecourse
Fjord Horse
Freightliner
Friends of the Earth Cymru
Landscape Institute
Llanishen Reservoir Action Group
Lloyds Bank PLC
Mid & West Wales Fire and Rescue Service
Mineral Products Association
MOD
National Sewerage Association
OFTEC
Oil Firing Technical Association Ltd (OFTEC)
RICS Wales
Royal Town Planning Institute
Scottish Government
Seven Rivers Trust
The Oil Specialists
Tir Enterprises
United Utilities
University of Bangor
Welsh Local Government Association
Coleg Sir Gar
Coleg Cambria
Edward Perkins Chartered Surveyors
IOSH (Institute of Occupational Safety and health)
TCS Management
Country land and business association

Disabilities

Disability Wales
Action on hearing Loss

All Wales People First
Cardiff & Vale Coalition of Disabled People
British Deaf Association Wales
Leonard Cheshire Trust
British Dyslexia Association
Disability Advice Project (Torfaen)
Communication Matters
Disability Powys
DiverseCymru
Employers Forum on Disability
Equality and Human Rights Commission
Epilepsy Wales
Learning Disability Wales
Mind Cymru
North Wales Deaf Association
Wales Council for Deaf People
Swansea disability forum
Scope
Disability Arts Cymru
Gofal Cymru
Mencap Cymru
National Deaf Childrens Society Wales
North Wales Deaf Association
RNIB
Wales council for the Blind

Gender/sexuality

LGBT Consortium
A:Gender
Unique Transgender network
Stonewall Cymru
Unity Group Wales

Women

Career Women Wales
Chwarae Teg
UNIFEM in Wales
BAWSO
Mewn Cymru
Wales resource centre for women in science, engineering and technology
Welsh assembly of women
Welsh womens aid
Women connect first
Women on Boards
Cymorth I Ferched Cymru Welsh Womens Aid
Women in Wales
WEN Wales

North Wales Womens Network
Womens Food and Farming Union
Wales Women in Agriculture Forum (through Menter a Busnes)
Women in property
Womens engineering society
WiRE (Women in rural enterprise)

Elderley

Age cymru
Older Peoples commissioner for wales
Age concern cardiff

Poverty

Joseph Rowntree Foundation
Bevan Foundation
National Energy Action Wales

General

Workplace Report Magazine
Oxfam Cymru
Participation cymru
WRAP Wellness Recovery Action Plan
Equality and Human Rights Commission
British Red Cross South Wales
BTCV - British Trust for Conservation Volunteers
Carers Wales / Cynhalwyr Cymru
CATCH-UP - Co-operative Action to Change & Hurry Up Progress
CCF - Cardiff Communities First
MENFA - Mentoring for All
LDW - Learning Disability Wales
Journey - Depression Alliance Cymru
Duffryn Community Link
SOVA - Supporting Others Through Volunteering Action

Agriculture

Defra
Dept for BIS
Devons Cattle Society
Dyfi Biosphere
Elan Valley Trust
Environment Agency
Eryri National Park
Farming and Countryside Education
Forest Research
Forestry Commission Wales
Future Farmers
FUW
FUW
FWAG

Horticulture Wales
HSBC Agriculture
Hybu Cig Cymru/Meat Promotion Wales
IBERS
IBERS
Institute of Chartered Foresters
Landex (Land Based Colleges Aspiring to Excellence)
Lantra
Llais Y Goedwig
Maelor Forest Nurseries Ltd
Menter a Busnes
Menter Mon
National Beef Association
Natural Resources Wales
National Trust
NFU Cymru
NFU
NFU Mutual Senior Agent
NPTC College Group
OCW
Pembrokeshire Coast
Pembrokeshire NPA
PINS
Powys County Council
RHSMR Mottershead
RSPB
RWAS
Santander
Sustainable Farming Consultant
TFA
Unite Union
Visit Wales
Wales Environment Link
Wales Wildlife and Countryside Trust
Water Regulations Advisory Service
Wales Rural Observatory
Wales Tourism Alliance
Watts and Morgan
Welsh Black Cattle Society
Welsh Lamb and Beef Promotions
West Wales European Centre
Wildfowl and Wetlands Trust
Wildlife Trusts Wales
WLGA
WWF Cymru
Wye and Usk Foundation

Whittingham Riddell
Lusitanos
Farmers Welsh lavender Ltd
Aberdeen Angus Cattle Society
ADAS
Agricultural Business
APHA
Archaeological Trust
Association of National Parks
Brecknock Wildlife Trust
Brecon Beacons National Park
British Blonde Society
British Blue cattle Society
British Limousin Cattle Society
British Simmental Cattle Society
British Veteran Association
Brown Swiss cattle society
BWW Management Planner Forum
CAAV
CADW
Campaign for the Protection of Rural Wales
Carmarthen Bay and Estuaries
Carmarthen Rivers Trust
CBI
CCFG (Continious Cover Forestry Group)
Celtic Ecology
Centre for Alternative Technology
CLA
Coastal Zone and Marine Environment Research Unit
Country Land and Business Association
Cynnal Cymru
DARDNI
Dartmoor Society
Dairy Co
Dairy Development Centre (DDC)
Dairy Strategy group
DEFRA
Dept for BIS
Devons Cattle Society
Dyfi Biosphere
Elan Valley Trust
Environment Agency
Eryri National Park
Farming and Countryside Education
Forest Research
Forestry Commission Wales

Future farmers
FUW
FWAG
Horticulture Wales
HSBC Agriculture
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Pembrokeshire Coast
Pembrokeshire NPA
PINS
Powys County Council
Public health Wales
RHSMR Mottershead
RSPB
RWAS
Santander
Sustainable Farming Consultant
TFA
UNITE
Visit Wales
Wales Environment Link
Wales Wildlife and Countryside Trust
Water Regulations Advisory Scheme
Wales Rural Observatory
Wales Tourism Alliance
Watts and Morgan
Welsh black Cattle society
Welsh lamb and Beef Promotions
West Wales European centre
Wildfowl and Wetlands Trust
Wildlife Trust Wales
WLGA

WWF Cymru
Wye and Usk Foundation
Whittingham Riddell
Lusitanos
Focus on Labour Exploitation (FLEX)
Recruitment and Employment Confederation (REC)
The Association of Professional Staffing Companies (APSCo)
The Freelancer and Contractor Services Association (FCSA)
Resolution Foundation (RF)
Centre for Social Justice (CSJ)
UNISON
Association of Labour Providers (ALP)
Confederation of Business Industry (CBI)
British Retail Consortium (BRC)
Joseph Rowntree Foundation (JRF)
Federation of Small Businesses (FSB)
Trades Union Congress (TUC)