

Explanatory Memorandum to the Agricultural Wages (Wales) Order 2025

This Explanatory Memorandum has been prepared by the Agriculture – Sustainable Development Division and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Agricultural Wages (Wales) Order 2025. I am satisfied the benefits justify the likely costs.

Huw Irranca-Davies MS

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

11 March 2025

Description

1. The Agricultural Wages (Wales) Order 2025 (“the 2025 Order”) makes provision about the minimum rates of remuneration and other terms and conditions of employment for agricultural, horticultural and forestry workers. The 2025 Order revokes and replaces the Agricultural Wages (Wales) Order 2024 (“the 2024 Order”). with changes which include increases to the minimum hourly rates of pay.

Matters of special interest to the Legislation, Justice and Constitution Committee

2. The following technical and drafting amendments have been made in response to points raised by the Senedd’s Legislation, Justice and Constitution Committee in its report on the Agricultural Wages Order 2024¹:
 - a) Article 2 definition of “Apprenticeship Framework” is updated to reflect how apprenticeship frameworks are issued and published by Welsh Government and Lantra respectively.
 - b) Article 2 definitions of “birth and adoption grant”, “night work” and “on-call” are moved to new Article 15(2),
 - c) Article 2 definition of “child” is updated to replace “will” with “is”.
 - d) Article 2 definition of “employment” - “and “employed” (“*a gyflogir*”) and “employer” (“*cyflogwr*”) are to be construed accordingly” is removed.
 - e) Article 2 definition of “qualifying days” - the term is defined and given a different meaning in article 22(4). Therefore, the definition in Article 2 is updated to include “other than in article 22” to clarify where the definition is applied in the Order.
 - f) Article 2 definition of “national minimum wage” is removed as the term is not used in the Order, other than in the title of the National Minimum Wage Act 1998.
 - g) Article 2 definition of “working time” is removed as the term is not used in the Order, other than in the title of the Working Time Regulations 1998.
 - h) Article 2 definition of “work” is added.
 - i) Article 15(1)b on call allowance – the term “cannot” is replaced with “must not”.
 - j) Article 20(1) on limitation on entitlement to agricultural sick pay – “will not” is replaced with “is not”.
 - k) Article 22(4) on calculating agricultural sick pay is removed as there are no circumstances in which it would apply.
 - l) Article 25(1) recovering agricultural sick pay – “can” is replaced with “may”

¹ <https://business.senedd.wales/documents/s500013097/LJC6-12-24%20-%20Paper%201%20-%20Draft%20report.pdf>

- m) Article 40(2) bereavement leave is reformatted. Instead of listing “a child” as a separate item, the revised version directly states that persons in Category A are a child, making the text clearer and more straightforward.
- n) Article 41(5) on calculating entitlement to bereavement leave – “where this article applies” is removed.
- o) Article 42 (1) Agricultural bereavement leave pay – “shall” is replaced with “is”
- p) Article 42(2) Agricultural bereavement leave pay – “in accordance with article 43(1)” is amended to “in accordance with paragraph (1)”.

Legislative background

3. The Panel is an independent advisory body 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.
4. Section 2 of the Act and article 3(2) of the Panel Order specify the Panel’s functions. A key function of the Panel is to prepare agricultural wages orders in draft, to consult upon them and submit them to Welsh Ministers for approval.
5. The 2025 Order is made pursuant to sections 3, 4(1) and 17 of the 2014 Act and pursuant to section 17(3) of the 2014 Act is subject to the negative procedure.
6. 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. In particular, pursuant to section 3(2), an agricultural wages order may include provision specifying (among other things) the minimum rates of remuneration to be paid to agricultural workers.
7. Section 3(3) provides an agricultural wages order may specify different rates and make different provision for different descriptions of agricultural worker.
8. In accordance with their functions, the Panel reviewed the provisions of the 2024 Order and proposed several amendments. They consulted on the proposed changes between 18 October and 15 November 2024 and subsequently prepared a draft Order for the Welsh Ministers consideration. The draft 2025 Order was submitted to the Welsh Ministers for approval on 16 December 2024.
9. 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 and re-submission.
10. Section 17(1) provides the 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 Act and to make different provision for different purposes.

Purpose and intended effect of the legislation

11. The purpose of the Order is to safeguard employment conditions and allowances unique to the agricultural sector. It recognises the distinct nature of agricultural employment, including seasonality, dominance of casual employment and the use of on-farm accommodation. Provisions in the 2025 Order will continue to reward qualifications and/or experience in agriculture which includes pay differentials based on the level of skill required at each grade. This provides an incentive for skills development within the sector and supports the existence of a well-trained and skilled workforce which in turn can increase productivity and efficiency.
12. Ensuring wage progression for agricultural workers improves their job prospects for the future and supports rural communities through effects on household incomes.
13. It also 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.
14. The Panel recommends:
 - increases to minimum hourly rates for all grades and categories of agricultural worker;
 - increases to all allowances;
 - changes to the definition on basic hours and overtime;
 - removal of the pay protection provision;
 - changes to the rules about training costs;
 - changes to holiday entitlement calculations, particularly for workers employed for only part of the year;
 - an update to the provisions on unpaid leave to reflect wider employment law; and
 - several technical and drafting amendments.

Consultation

15. A public consultation on the proposals was conducted between 18 October and 15 November 2024. The proposals were emailed to an extensive list of stakeholders and were made available on the Welsh Government Consultations webpage. Hard copies were also available on request.

16. There were only two responses to the consultation document. One response supported the proposed changes, while the other contended that minimum rates should not exceed those in comparable sectors without clear justification. This respondent also agreed with the goal of simplifying overtime rules but noted that the new wording might not achieve this objective. Additionally, they raised issues with the holiday pay calculations for irregular hours workers and suggested aligning the accommodation offset allowance with national minimum wage legislation.
17. The Panel acknowledged and considered both responses. However, on balance they decided to maintain their original proposals, while noting that some points raised will be considered in future discussion.

PART 2 - REGULATORY IMPACT ASSESSMENT

Options

18. The independent Agricultural Advisory Panel for Wales (the Panel) makes recommendations to Welsh Government on minimum rates of pay and allowances for agricultural workers.
19. This assessment considers two options
- a. Do Nothing
 - b. Implement the Panel's recommendations.
20. The preferred option is to implement the Panel's recommendations. This is to ensure the agricultural minimum wage is fair and balanced for both employees and employers.
21. The Panel arrive at their recommendations through a comprehensive and collaborative approach, discussing and debating initial proposals submitted by the farming unions (on behalf of the employers) and Unite the Union (on behalf of employees).
22. In a bid to reduce complexity, in [insert year] the Panel agreed set differentials separating each grade. This allows wage rate discussions to focus on the base rate alone, allowing for a more streamlined and efficient process. The agreed differentials are:
- | | |
|---------------------|-------|
| a. Grade A1-A3: | 0% |
| b. Grade B1 and Bs: | 0% |
| c. Grade B3: | 3.1% |
| d. Grade C: | 6.2% |
| e. Grade D: | 16.5% |
| f. Grade E: | 27.9% |
23. Unites proposal advocated for the Real Living Wage to be the base rate, highlighting the need for fair compensation that reflects the cost of living and ensures a decent standard of living for workers. The proposal was supported by data on farm incomes, indicating many farms could afford to pay higher wages. It also included information on the cost of living, inflation rates, and the financial pressures faced by agricultural workers. Additionally, it discussed the competition for labour in Wales, emphasising the need for agricultural wages to be competitive to attract and retain workers.
24. In contrast, the farming unions advocated for the National Minimum Wage to be the base rate, emphasising affordability and sustainability for businesses. The

proposal was supported by a range of information including farm incomes showing significant income variations across farm types. It also considered the economic context, including the impact of inflation, the cost of complying with regulations, and the financial effects of Bovine TB. The proposal also highlighted the reliance on family and self-employed workers in the Welsh agricultural labour market.

25. The Panel discussed and debated the proposals at their meetings on 9 and 10 September 2024. They considered the potential impacts of various wage levels on both employers and employees, as well as the sustainability of farming businesses.
26. The Panel agreed, by majority, on a compromise position which based the lower grades on the National Minimum Wage, addressing employers concern about cost. For the higher grades, the base rate was set at a midpoint between the assumed National Living Wage and the Real Living Wage (final rates were not announced until the Autumn budget), plus the previously set differentials. It was agreed allowances would increase by 10%, the rate the RLW had increased by in the previous two years. This approach acknowledged the employees' demands for fair wages while also considering the economic realities faced by employers.
27. Detailed minutes of Panel meetings demonstrating how they arrived at their decisions can be viewed at <https://gov.wales/node/119/latest-external-org-content>.

Option 1 – Do Nothing

28. This is the baseline policy option to maintain the minimum wage rates, and other terms and conditions, of agricultural workers at 2024 levels in accordance with the provisions of the Agricultural Wages Order (Wales) 2024.
29. It is important to note the baseline option represents a situation where the agricultural minimum wage (“AMW”) continues. 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 AMW itself. Instead, it is an assessment of additional costs and benefits of the 2025 Order relative to the 2024 Order scenario which also takes account of the National Minimum Wage and National Living Wage (NMW/NLW) changes from April 2025.

Option 2 – Implement the Panel’s recommendations

30. This is the policy alternative, which would involve replacing the 2024 Order with a new Order (2025) as recommended by the Panel.

31. The changes to the minimum rates for different categories of workers are set out in **Error! Reference source not found.**

32. Overall, the proposed changes mainly affect higher grades (B3, C, D, and E), while lower grades and apprentices see no changes. The percentage increases for the affected grades against the baseline range from 3% to 10%.

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

Grade or category of worker	2025 Order	2024 Order	2025 NMW/ NLW	Basic pay increase	% change
A1 (16-17 years)	£ 7.55	£ 6.56	£ 7.55	£ 0.00	0%
A2 (18-20 years)	£ 10.00	£ 8.82	£ 10.00	£ 0.00	0%
A3 (21 years+)	£ 12.21	£ 11.73	£ 12.21	£ 0.00	0%
B1 (16-17 years)	£ 7.55	£ 6.56	£ 7.55	£ 0.00	0%
B2 (18-20 years)	£ 10.00	£ 8.82	£ 10.00	£ 0.00	0%
B3 (21 years+)	£ 12.59	£ 11.79	£ 12.21	£ 0.38	3%
C	£ 13.48	£ 12.27	£ 12.21	£ 1.21	10%
D	£ 14.79	£ 13.46	£ 12.21	£ 1.33	10%
E	£ 16.23	£ 14.77	£ 12.21	£ 1.46	10%
Apprentice rates:					
Year 1	£ 7.55	£ 6.40	£ 7.55	£ 0.00	0%
Year 2 (16-17 years)	£ 7.55	£ 6.40	£ 7.55	£ 0.00	0%
Year 2 & beyond (18-20 years)	£ 10.00	£ 8.60	£ 10.00	£ 0.00	0%
Year 2 & beyond (21 years+)	£ 12.21	£ 11.44	£ 12.21	£ 0.00	0%

* the baseline, which is *in italics*, represents the higher value between the 2024 Order rate and the 2025 NLM/NMW.

33. The rates for the dog allowance, night work and birth / adoption grant will be increased by 10% (Table 2).

Table 2: Summary of proposed changes to allowances

Allowances	Current Rate in 2024 Order	Proposed Rate in 2025 Order
Dog Allowance	£10.16	£11.18 (Current rate + 10 %)
Night Work Allowance	£1.93 per hour	£2.12 (Current rate + 10%)
Birth / Adoption Grant	£79.86 per child	£87.85 (Current rate + 10 %)

Other proposed changes

34. The overtime rules are simplified as follows:

- a) the definition of “basic hours” is updated to a *maximum* of 39 hours per week or any other agreed hours under the worker's contract or apprenticeship. This aims to clarify that part-time workers must receive overtime pay for hours worked beyond their basic contractual hours.
- b) the definition of overtime is changed to replace “(i) in addition to an 8 hour working day (ii) in addition to the agreed hours of work in their contract” with “(i) in excess of basic hours of work”. This aims to simplify and clarify as to when overtime is payable, will enable greater flexibility to extend a working day beyond 8 hours where the needs of the farm business require it (without incurring overtime), and remove the anomalous scenario where overtime is payable before basic hours of work in a week have been completed.

35. The pay protections provisions are removed. The provision was introduced to protect agricultural workers pay when the grading system changed in April 2022. It ensured workers did not suffer a reduction in pay because of assimilation to a new grade. This protection will no longer be required under the proposed minimum pay rates, which exceed 2022 rates for comparable grades.

36. Training costs provisions are updated to allow employers to recoup these costs if an employee leaves their employment during or within 12 months of completing the training. The scope of recovery is limited to costs funded by the employer and excludes funding provided by a third party. It also excludes situations where the employer has terminated the employment, unless the termination is due to gross misconduct. This is a common rule in many sectors and aims to ensure fairness between employers and agricultural workers.

37. The provisions for holiday entitlement and holiday pay for workers with irregular hours and part-year employment have been updated to simplify the calculation process. These updates are based on the Working Time Regulations 1998.

Instead of using a 52-week period to calculate holiday pay, a percentage calculation based on the worker's weekly holiday entitlement will now be used.

38. The provisions for unpaid leave are updated to recognise statutory obligations under the Carer's Leave Regulations 2024 and Maternity and Parental Leave etc Regulations 1999. This update will ensure agricultural workers are not restricted to taking unpaid leave only with the employer's consent when statutory obligations apply. For instance, under the Carer's Leave Regulations, employers cannot refuse a request for carer's leave from an eligible agricultural worker. However, they can delay the leave, provided an alternative date within one month of the requested leave date is agreed upon.
39. The following technical and drafting amendments have been made in response to points raised by the Senedd's Legislation, Justice and Constitution Committee in its report on the Agricultural Wages Order 2024²:
- a) Article 2 definition of "Apprenticeship Framework" is updated to reflect how apprenticeship frameworks are issued and published by Welsh Government and Lantra respectively.
 - b) Article 2 definitions of "birth and adoption grant", "night work" and "on-call" are moved to new Article 15(2),
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² <https://business.senedd.wales/documents/s500013097/LJC6-12-24%20-%20Paper%201%20-%20Draft%20report.pdf>

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Costs and Benefits

40. This assessment focuses on the costs and benefits of the wage rate proposals. It doesn't consider the Panel's other recommendations because they either follow existing laws, are minor drafting changes, or lack enough evidence to evaluate.

Option 1 – Do Nothing

41. This baseline option maintains the minimum wage rates and other terms and conditions of agricultural workers, at 2024 levels, in accordance with the provisions of the 2024 Order. The 2014 Act provides that hourly wage rates cannot fall below the statutory UK NMW/NLW. Therefore, in this baseline scenario, the UK NMW/NLW would supersede any 2024 rates that fall below the statutory minimum.
42. Since this baseline option involves maintaining the wage rates at 2024 levels and only adjusting them to meet the minimum statutory requirements, there is no increase or decrease in wages that would result in additional costs or savings. It does not introduce any new financial burden or benefit beyond what is already mandated by law.
43. Furthermore, by keeping the terms and conditions unchanged, the baseline option ensures that there are no new policies or changes that could lead to additional administrative costs or benefits. The existing framework remains intact, and any adjustments are purely to ensure compliance with the minimum wage laws.
44. As such, there are no additional costs or benefits associated with this ‘do nothing’ option.

Option 2 – Implement the Panel’s recommendations

Labour Costs

45. Estimates of the additional labour costs for a 12-month period relative to the baseline (until which point it is assumed that new minimum rates will come into effect), considering full-time, part-time, and casual workers across the various grades were calculated and are provided in Tables 3a to 3d. The calculations assume all workers are paid the minimum rate.
46. Data on the employment status (full-time and part-time) of agricultural workers has not been collected in Welsh Governments June Agricultural Survey since 2015. Additionally, data on the numbers of workers in each grade, hours worked per week and weeks worked per year has not been collected since Defra ceased their Earnings and Hours of Agricultural and Horticultural Workers Survey in 2011. Therefore, the estimates are based on the following assumptions:
- a. The employment status of workers is the same as the average percentage composition of workers between 2009 and 2015³ (see Table 8, Annex A).
 - b. The distribution of workers at each grade, hours worked per week and weeks worked per year remains the same as UK 2012 assumptions⁴ (Tables 9, 11 and 12, Appendix A).
47. In addition, total hours worked are based on estimates from the report Agriculture in Wales: Welsh Labour Market Information (Brookdale Consulting, 2018) (Table 10, Annex A).
48. Although the UK data is dated, it was the only available source of data that provided a break down by grade of workers. It should be noted that this data was not specific to Wales but represented the labour structure for both 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 2012 costings model.
49. Data on the age distribution of Grade A1-A3 and B1-B3 workers is not available, therefore the value range of wage cost impact is estimated. The lowest impact assumes no B1-B3 workers are Grade B3, while the highest assumes all are Grade B3, leading to a 3% wage increase. Four scenarios are considered: 0%, 25%, 50%, and 100% of B1-B3 workers being Grade B3.

³Welsh Government. Welsh Agricultural Statistics, 2016. <https://www.gov.wales/sites/default/files/statistics-and-research/2018-12/180130-welsh-agricultural-statistics-2016-ency.pdf>

⁴ Defra. *Farm Labour and Wage Statistics*. 2012

50. These uncertainties add to the complexity of accurately predicting the overall wage cost impact. Consequently, the estimates should be interpreted with caution, acknowledging the potential variability in the actual distribution of workers across grades and age bands.

51. The key points are:

a. **Grade B3 accounting for 0% of Grades B1-B3**

The total additional costs are calculated at £7,263,264 with the significant increases in basic and overtime pay for Grades C, D & E being the major contributors

b. **Grade B3 accounting for 25% of Grades B1-B3**

The total additional costs are calculated at £8,108,744 with added costs from Grade B3 being a major contributor along with the costs from Grades C, D and E.

c. **Grade B3 accounting for 50% of Grades B1-B3**

The total additional costs are calculated at £8,954,224 with increased costs from Grade B3, along with consistent contributions from Grades C, D, and E

d. **Grade B3 accounting for 100% of Grades B1-B3**

The total additional costs are calculated at £10,645,183. This scenario has the highest costs from Grade B3, with substantial contributions from Grades C, D, and E.

52. The additional labour costs increase with the proportion of Grade B3 workers, ranging from approximately £7.26 million to £10.64 million per year. Grades C, D, and E consistently contribute the most to the additional costs, with significant increases in both basic and overtime pay.

53. This option could create a wage difference between Wales and England, potentially disadvantaging Welsh farmers who compete with English producers, especially in the dairy industry. It would generally affect wage rates, labour mobility, and increase costs.

54. The cost increase might lead to lower profits, fewer hours worked, or higher prices. However, Welsh farm businesses, like English businesses, operate in a national or international market with very limited product differentiation. They usually cannot control the prices of their goods, so they have limited ability to pass on these cost increases to consumers.

55. Despite this, the increased costs will likely have some negative impact on the sector's competitiveness compared to businesses in England, although these impacts are expected to be relatively small overall.
56. In general, market conditions have a much larger impact on the agricultural sector than wage rates. Structural changes in agriculture are more likely driven by market conditions, while wage rate differences have a relatively modest impact.
57. A higher minimum wage in Wales, could make agricultural jobs more attractive, helping to address labour shortages and improve worker retention. This could lead to a more stable and skilled workforce and higher productivity. The scope available to each farm to exploit productivity improvements will depend largely 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.
58. In the absence of other adjustments, increased wage costs would be expected to put a downward pressure on profits (reflecting the benefit 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 (see section on Sector Impacts).
59. Further details on the evidence of the effects on prices, productivity, and farm businesses can be found in Regulatory Impact Assessments for previous years orders. For example, Regulatory Impact Assessment (RIA) of the Agricultural Wages (Wales) Order 2024⁵.

⁵ <https://senedd.wales/media/ssvj3nqj/sub-ld16415-em-e.pdf>

Table 3a: Additional labour costs per year (Grade B3 accounting for 0% of Grades B1-B3)

Grade	Full-time (£)		Part-time (£)		Casual (£)		Total (£)
	Basic	Overtime	Basic	Overtime	Basic	Overtime	
1 (A1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A3)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B3)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
3 (C)	£ 652,035.18	£ 152,915.31	£ 268,023.60	£ 402,035.39	£ -	£ -	£ 1,475,009.47
4 (C)	£ 2,173,450.59	£ 509,717.69	£ 421,179.94	£ 631,769.90	£ -	£ -	£ 3,736,118.12
5 (D)	£ 875,966.45	£ 205,431.67	£ 126,259.05	£ 189,388.57	£ -	£ -	£ 1,397,045.75
6 (E)	£ 437,085.11	£ 102,505.21	£ 46,200.05	£ 69,300.08	£ -	£ -	£ 655,090.45
Total	£ 4,138,537.33	£ 970,569.88	£ 861,662.63	£1,292,493.95	£ -	£ -	£ 7,263,263.79

Table 3b: Additional labour costs per year (Grade B3 accounting for 25% of Grades B1-B3)

Grade	Full-time (£)		Part-time (£)		Casual (£)		Total (£)
	Basic	Overtime	Basic	Overtime	Basic	Overtime	
1 (A1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A3)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B3)	£ 221,835.66	£ 52,024.90	£ 189,388.57	£ 284,082.86	£ 84,308.56	£ 13,839.33	£ 845,479.89
3 (C)	£ 652,035.18	£ 152,915.31	£ 268,023.60	£ 402,035.39	£ -	£ -	£ 1,475,009.47
4 (C)	£ 2,173,450.59	£ 509,717.69	£ 421,179.94	£ 631,769.90	£ -	£ -	£ 3,736,118.12
5 (D)	£ 875,966.45	£ 205,431.67	£ 126,259.05	£ 189,388.57	£ -	£ -	£ 1,397,045.75
6 (E)	£ 437,085.11	£ 102,505.21	£ 46,200.05	£ 69,300.08	£ -	£ -	£ 655,090.45
Total	£ 4,360,372.99	£1,022,594.78	£1,051,051.21	£1,576,576.81	£ -	£ 13,839.33	£ 8,108,743.68

Table 3c: Additional labour costs per year (Grade B3 accounting for 50% of Grades B1-B3)

Grade	Full-time (£)		Part-time (£)		Casual (£)		Total (£)
	Basic	Overtime	Basic	Overtime	Basic	Overtime	
1 (A1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A3)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B3)	£ 443,671.32	£ 104,049.81	£ 378,777.15	£ 568,165.72	£ 168,617.12	£ 27,678.66	£ 1,690,959.77
3 (C)	£ 652,035.18	£ 152,915.31	£ 268,023.60	£ 402,035.39	£ -	£ -	£ 1,475,009.47
4 (C)	£ 2,173,450.59	£ 509,717.69	£ 421,179.94	£ 631,769.90	£ -	£ -	£ 3,736,118.12
5 (D)	£ 875,966.45	£ 205,431.67	£ 126,259.05	£ 189,388.57	£ -	£ -	£ 1,397,045.75
6 (E)	£ 437,085.11	£ 102,505.21	£ 46,200.05	£ 69,300.08	£ -	£ -	£ 655,090.45
Total	£ 4,582,208.65	£1,074,619.69	£1,240,439.78	£1,860,659.67	£ -	£ 27,678.66	£ 8,954,223.57

Table 3d: Additional labour costs per year (Grade B3 accounting for 100% of Grades B1-B3)

Grade	Full-time (£)		Part-time (£)		Casual (£)		Total (£)
	Basic	Overtime	Basic	Overtime	Basic	Overtime	
1 (A1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
1 (A3)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B1)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B2)	£ -	£ -	£ -	£ -	£ -	£ -	£ -
2 (B3)	£ 887,342.64	£ 208,099.62	£ 757,554.30	£1,136,331.44	£ 337,234.23	£ 55,357.32	£ 3,381,919.54
3 (C)	£ 652,035.18	£ 152,915.31	£ 268,023.60	£ 402,035.39	£ -	£ -	£ 1,475,009.47
4 (C)	£ 2,173,450.59	£ 509,717.69	£ 421,179.94	£ 631,769.90	£ -	£ -	£ 3,736,118.12
5 (D)	£ 875,966.45	£ 205,431.67	£ 126,259.05	£ 189,388.57	£ -	£ -	£ 1,397,045.75
6 (E)	£ 437,085.11	£ 102,505.21	£ 46,200.05	£ 69,300.08	£ -	£ -	£ 655,090.45
Total	£ 5,025,879.97	£1,178,669.50	£1,619,216.93	£2,428,825.40	£ -	£ 55,357.32	£10,645,183.34

Enforcement costs

60. In terms of enforcement costs, it is anticipated that administrative costs accruing to the Welsh Government would be broadly similar to previous Orders as the Welsh Government enforces all Orders introduced under the 2014 Act.
61. The government enforcement costs associated with the 2014 Act, related to enforcing the 2012 Order, were estimated at around £3,000 per year in previous Regulatory Impact Assessments. 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 seven formal cases needing varying levels of investigation during 2016-2024.
62. 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 is one case per year to investigate and remains at the same level as in previous years.

Administrative costs

63. In addition to the cost of compliance, there will be a cost to farm businesses for adjusting to the requirements of the 2025 Order.
64. Farmers with relevant employed labour will need to be familiar with both the provisions of the 2025 Order and UK employment legislation (for example, in relation to the NMW) to ensure that workers are being correctly remunerated.
65. It is assumed that each employer would need one hour⁶ to familiarise themselves with the 2025 Order and adjust pay rates and other provisions. Based on data from the Office of National Statistics (ONS) Annual Survey of Hours and Earnings (2024)⁷, the average cost per hour of a farmer's time was £15.76 (average 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 £13.50 per hour. In addition, the hourly rate used here is an average/median value for all farm workers. In reality, those individuals whose time is involved are likely to be the farmer owners or farm business managers. Wage rates of these farmers are likely to be at the higher end of the wage rate distribution.

⁶ This is consistent with the estimates used in the regulatory impact assessment of abolishment of the Agricultura Wages Board for England and Wales by Defra and that undertaken for the 2014 Act.

⁷ Estimates for 2024 (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: [Earnings and hours worked, industry by two-digit SIC: ASHE Table 4 - Office for National Statistics](#)

66. According to ONS statistics on business population by region and by sector⁸, there were 14,785 businesses in the agriculture, forestry and fishing sector in Wales at the start of 2023 with 3,030 businesses being employers. The administrative costs to farm businesses are therefore estimated at £47,000 (using the average labour cost at £15.76 per hour) for Wales assuming one hour is required per business. If the median value for labour costs is used (£13.50 per hour), the total administrative costs to farm businesses are estimated at £41,000. 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.
67. Anecdotal evidence indicates many farm businesses pay market rates above the minimum, so they would not be affected by the proposed increases in the 2025 Order. The exact number of such businesses is unknown.
68. According to the survey conducted by ADAS in early 2016, approximately 20% of the agricultural businesses employing paid labour referred to the Wages Orders. A more recent, albeit small-scale, online survey and interviews with accountants completed by ADAS (2021) indicated a potential decline in the use of the legislation in recent years.

Employment effect

69. The effect on employment is measured using wage elasticity, which measures how sensitive the labour demand is to changes in wages. Tables 4a and 4b estimate the changes in the number of workers across various grades assuming two different wage elasticities: -0.19 (an average value from literature) and -0.03. These are the same wage elasticity values as applied in earlier RIAs. Previous empirical studies have shown that the employment effect of minimum wages is negligible, with a very small average wage elasticity value (for further information on the evidence review regarding the employment effect see the Agricultural Wages (Wales) Order 2024 RIA⁹).
70. No data is available as to the proportion of the total farm workers in each grade in Wales. However, a crude estimate of workforce grade composition has been calculated by combining 2012 UK data for the UK with 2024 data for the total agricultural labour force in Wales (see in **Error! Reference source not found.8** and 9 in Appendix A). These estimates show that 2,800 workers may be within

⁸ 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 2024 within statistics on BUSINESS POPULATION ESTIMATES FOR THE UK AND REGIONS 2024. Available at:

https://assets.publishing.service.gov.uk/media/66f554dcc71e42688b65ecd3/BPE_2024_detailed_tables.xlsx

⁹ <https://senedd.wales/media/ssvj3nqj/sub-ld16415-em-e.pdf>

Grades A1-A3; 6,800 workers within Grades B1-B3 and 2,500 workers within Grades (C-E).

71. Table 4a shows that higher wage elasticity (-0.19) results in a larger decrease in the number of workers, with a total reduction of between 47 and 87 workers.

72. Table 4b shows that lower wage elasticity (-0.03) results in a smaller decrease in the number of workers, with a total reduction of between 7 and 14 workers.

73. The changes in labour demand are more pronounced with a higher wage elasticity, indicating that farm businesses are more responsive to wage changes in this scenario. The most significant reductions occur in Grades B1-B3 and C.

Table 4a: Change in labour demand assuming wage elasticity = -0.19

Grade	No. Workers	Wage elasticity	Change in wage %	Absolute changes in no. of workers (d) (d=a*b*c)
1 (A1-A3)	0 - 2800	-0.19	0.000	0
2 (B1-B3)	0 - 6800	-0.19	0.031	-40 ~ 0
3 (C)	500	-0.19	0.099	-9
4 (C)	1300	-0.19	0.099	-24
5 (D)	500	-0.19	0.099	-9
6 (E)	200	-0.19	0.099	-4
Total				-47 ~ -87

Table 4b: Change in labour demand assuming wage elasticity = -0.03

Grade	No. Workers	Wage elasticity	Change in wage %	Absolute changes in no. of workers (d) (d=a*b*c)
1 (A1-A3)	0 - 2800	-0.03	0.00	0
2 (B1-B3)	0- 6600	-0.03	0.03	-6 ~ 0
3 (C)	500	-0.03	0.10	-1
4 (C)	1400	-0.03	0.10	-4
5 (D)	500	-0.03	0.10	-1
6 (E)	200	-0.03	0.10	-1
Total				-7 ~ -14

Impact on Earnings

74. Based on the assumptions in Table 3a to 3d, the proposed changes to minimum wage rates will lead to an estimated increase of between £7.26million and £10.64million in 2025 of total pre-tax wages received by agricultural workers, assuming all are paid minimum rates. This represents an equivalent transfer from agricultural businesses to farm labour. However, given that the available evidence suggests fewer than 20% refer to the Wages Orders when setting wages, the impact on wages/costs is likely to be much lower.

75. 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).

Impact on poverty including in-work poverty

76. Increasing the minimum wage is likely to boost individual employee income. However, this could have mixed effects on in-work poverty. While higher wages might help, they could be offset by fewer working hours or job losses. Additionally, the tax and benefits system might reduce the overall benefit, as workers could pay more taxes or receive fewer benefits. The overall impact also depends on decisions made by businesses and workers.

77. Raising minimum wage levels can help reduce in-work poverty by increasing wages for the lowest-paid workers. Although there is limited evidence on the effects of having multiple wage floors, it may impact more workers than a single wage floor.. In 2024, there were 12,200 waged agricultural workers in Wales, with 26% full-time and 74% part-time, seasonal, or casual. Part-time, seasonal, and casual workers, who make up about 9,030 of these workers, are generally more likely to experience in-work poverty¹⁰.

78. There is an increase of 10% in hourly rates for Grade C-E workers. This could positively impact some 1,745 people on full-time basis and 778 on part-time basis. Additionally, a portion of Grade B farm workers might be impacted due to the proposed 3% wage increase compared to the baseline (see Table 10 in Appendix A).

79. 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.

¹⁰ The percentages for full-time, part-time, and casual workers are based on the average of data from 2009 to 2015

Impact on training and skills

80. The 2025 Order is expected to help develop and retain skills by providing a clear career structure in the agricultural sector.
81. A 2003 study¹¹ found no evidence that the introduction of the NMW reduced training. Instead, it suggested that the NMW may have increased training frequency and intensity. Riley and Bondibene (2017)¹² found that higher minimum wages reduce worker turnover, leading to higher productivity and increased incentives for firms to provide training. Bellmann, L. (2017)¹³ found a slight reduction in employer-financed training intensity due to minimum wages, mainly affecting medium and high-skilled employees, with no significant impact on low-skilled employees.
82. A 2016 ADAS survey indicated that the Wages Orders were seen as somewhat useful for skill development by 49% of users and 45% of non-users, though the actual impact on training and skills might be limited due to low usage.
83. Overall, there is limited evidence that increasing agricultural minimum wage levels in Wales will incentivise skills acquisition, partly due to the low use of the Wages Order.
84. The higher minimum wage rates in the 2025 Order for more skilled workers should help retain employment and skills in the agricultural industry, but the increased labour costs may negatively affect employer-supported training.

Sector impacts

85. There is no evidence of significant differential impact on Local Government or the voluntary sector.

Impact on small businesses

86. The increase in pay and other amended terms will impact farm businesses, including small ones, that employ farm workers. Since 2016, the minimum agricultural wage rates have been increased annually. While these rates set statutory minimums, employers may choose to pay higher wages based on

¹¹ Arulampalam, W., et.al. (2003). Work-related Training and the New National Minimum Wage in Britain. Institute for Social and Economic Research (ISER) Working Papers Number 2003-5.

¹² Riley, R. and Bondibene (2017). Impacts of minimum wages: review of the international evidence.

¹³ Bellmann, L. (2017). Training and minimum wages: first evidence from the introduction of the minimum wage in Germany. IZA Journal of Labor Economics volume 6, Article number: 8 (2017).

workers' skills and responsibilities. Additionally, some businesses may employ self-employed workers or contractors instead.

87. According to the ONS (see Table 5), there were 14,475 agricultural, forestry and fishing businesses in Wales, of which 2,955 (21.1%) were employer businesses at the start of 2024. The figures for England were 95,615 and 39.9%. The data suggests that agriculture in Wales is dominated by small businesses (17.0% being businesses that employ less than five employees and 4.1% being businesses with five and more employees) and the majority of businesses do not employ labour (76.2%). For smaller businesses with paid labour, the additional labour costs as a result of increases in the agricultural minimum wage may have a negative impact on business profitability.

88. The 2016 ADAS study suggested the average 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 (cost of paid labour as a percentage of 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 (2024)

Agriculture, Forestry and Fishing	England		Wales	
	No. of Businesses	%	No. of Businesses	%
All businesses	95,505	100	14,785	100
All employers	37,890	40	3,030	20.5
With no employees (unregistered)[Note 2]	4,370	5	1,115	7.5
With no employees (registered) [Note 2][Note 4]	53,245	56	10,640	72
1	12,220	13	1,080	7.3
2 to 4	16,835	18	1,305	8.8
5 to 9	5,565	6	445	3
10 to 19	1,880	2	160	1.1
20 to 49	895	1	25	0.2
50 to 99	280	0	10	0.1
100 to 199	105	0	5	0
200 to 249	30	0	0	0
250 to 499	40	0	0	0
500 or more	40	0	0	0

Source: ONS (2024) Business population estimates for the UK and regions 2024, Table 20 and Table 21.

https://assets.publishing.service.gov.uk/media/66f554dcc71e42688b65ecd3/BPE_2024_detailed_tables.xlsx

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

Sectoral Impacts

89. The impact on different farm types may vary based on the cost structure of farm businesses. According to the latest Farm Business Survey data for Wales (2023/2024), the costs for casual and regular labour made up 3-6% of their total agricultural costs (see Table 6).

Table 6: Labour cost as a percentage of total input for farm businesses in Wales over five years by sector

Farm type	Labour cost (000 £), casual and regular labour					Agricultural cost (000 £)					Share of labour cost (%)				
	19-20	20-21	21-22	22-23	23-24	19-20	20-21	21-22	22-23	23-24	19-20	20-21	21-22	22-23	23-24
LFA Cattle and Sheep	3.4	3.2	3.6	3.1	3.1	85.4	84.6	94.7	96.8	96.5	4%	4%	4%	3%	3%
Lowland Cattle and Sheep	3.4	3	3.3	3.4	2.2	85.5	77	91	103.9	95.4	4%	4%	4%	3%	2%
Dairy	24.9	28.7	27.6	28.1	33.4	372.8	396.8	411	527	576	7%	7%	7%	5%	6%
All Farms	6.9	7.5	7.8	7.6	8.2	132.8	135.3	147.6	169.9	177.1	5%	6%	5%	5%	5%

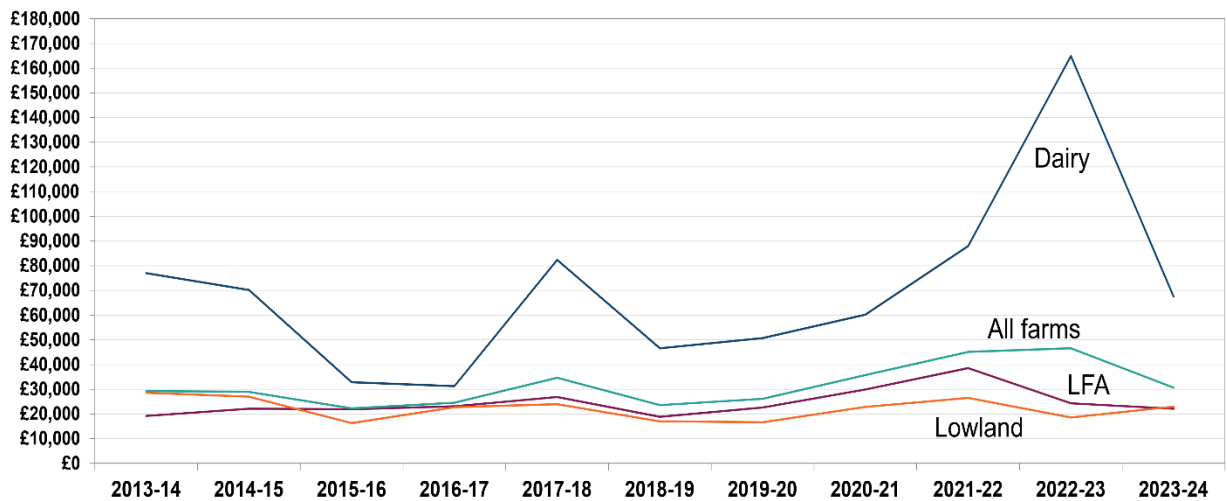
90. There is limited evidence about labour productivity on farms in Wales. How much each farm can improve productivity depends on factors like technology use, farm and farmer characteristics, and economies of scale. Overall, there is not enough evidence to predict likely impacts in terms of productivity improvements.

91. Farm profitability varies a lot in Wales. Data from 2023-2024 shows that dairy farms had an average income of about £67,500, while cattle and sheep farms in Less Favoured Areas (LFA) made around £22,200, and low land cattle and sheep farms made about £23,000.

92. Over time, the Farm Business Survey shows farm incomes have generally stayed low, especially for cattle and sheep farms, and there are differences between years and farm types. Dairy farm incomes have fluctuated a lot over the past ten years, rising sharply in 22/23 before dropping dramatically a year later. However, dairy farm income remains higher than all other farm types (Fig 1.)

Figure 1: Average farm business income in Wales, 2013-14 to 2023-24

Average farm business income per farm (£)

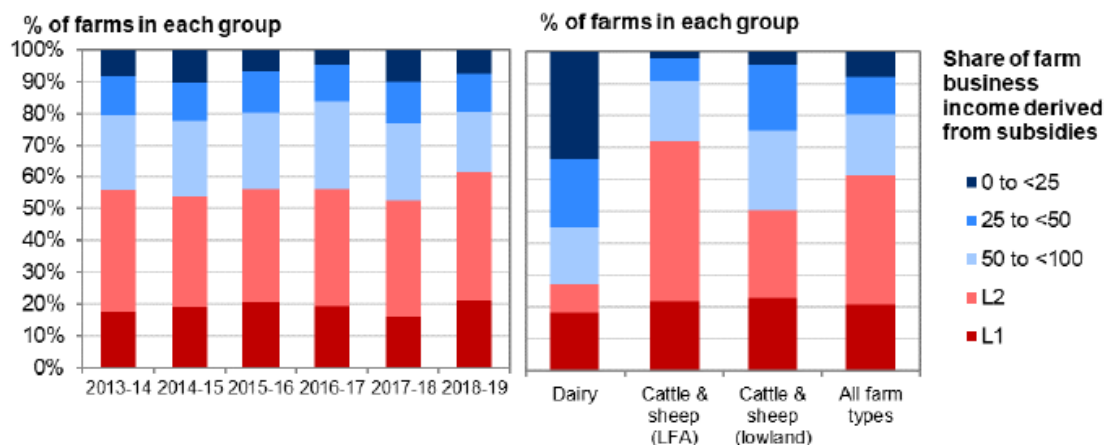


Source: [Farm incomes: April 2023 to March 2024 \[HTML\] | GOV.WALES](#)

93. It is important to note when considering farm profitability data that many farms depend heavily on financial support from the government. This reliance on public subsidies can significantly affect their profitability, so the data may not fully reflect the farm's financial health without them. The Farm Business Survey shows that over 50% of farms would have made a loss without subsidies since 2013-14, and this increased to over 60% in 2018-19 (Fig 2). The level of dependence varies by farm type, with around 70% of LFA cattle and sheep farms, 50% of lowland cattle and sheep farms, and 25% of dairy farms needing subsidies to avoid losses in 2018-19.

94. The reliance on subsidies makes farms vulnerable to policy changes and market conditions, especially after Brexit. Higher labour costs would further pressure farm profitability, particularly for those already making losses with or without subsidies.

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

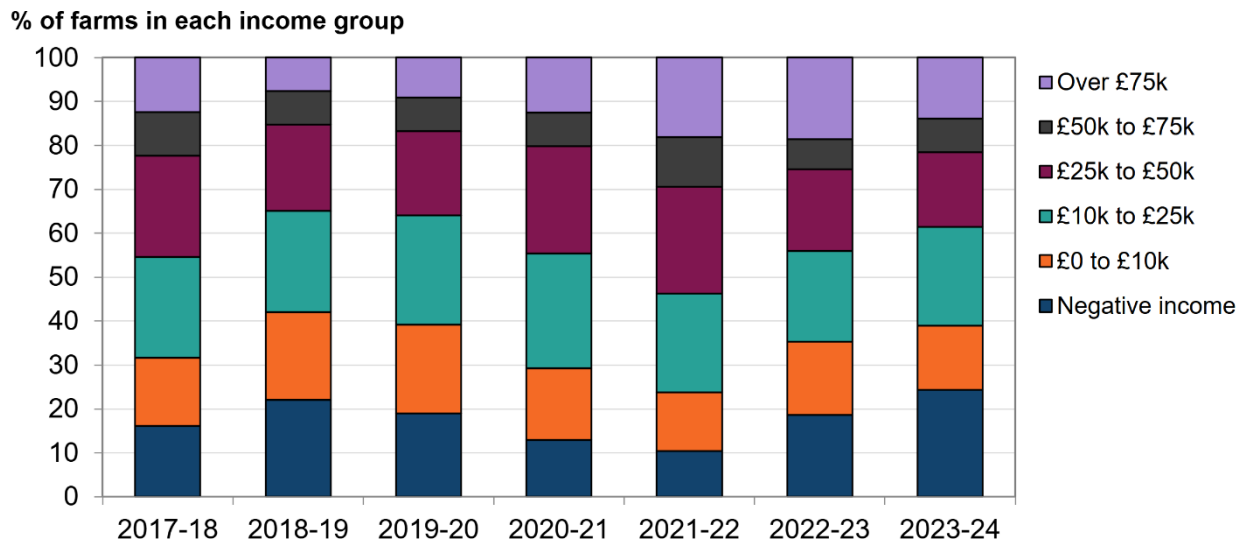


Source: Farm Business Survey Quoted in Statistics Release on Farm Incomes in Wales 2018/19.

Note *: subsidies include agri-environment payments and single farm payments; L1 - Including subsidy, the farm made a loss; L2 - Without subsidy, farm would have made a loss.

95. The FBS data from year 2017-18 to year 2022-23 shows that including subsidies, about 10-20% farm businesses in Wales have a negative income (Fig 3).

Figure 3: Percentage of farms in each income group



Source: Statistics on Farm Incomes (2023-2024). Available at: <https://www.gov.wales/farm-incomes-april-2023-march-2024-html>

96. Generally, increasing agricultural costs will affect farm income and profitability, but the extent of which cannot be predicted accurately. The 2025 Order may add more pressure to these costs, especially considering the impacts of the Covid-19 pandemic, Brexit, the phase-out of Direct Payments, and rises in living costs and inflation.

Competition Assessment

97. See Appendix B.

Conclusion

98. The Agricultural Wages (Wales) Order 2025 introduces several key changes aimed at improving remuneration and working conditions for agricultural workers in Wales. These changes include increases in minimum hourly rates, adjustments to allowances, and updates to overtime rules and holiday entitlements. The Order seeks to balance the need for fair wages with the economic realities faced by farm businesses.

99. The impact assessment estimates the additional labour costs associated with Option 2 are between £7.26 million and £10.64 million in 2025. While these

increased wage rates will benefit agricultural workers by raising their income, they will also impose additional costs on farm businesses. This could lead to a reduction of about 7 to 87 agricultural jobs in Wales. However, the overall impact on employment is negligible, although reductions in hours worked may occur (but cannot be quantified).

100. Increased costs may lead to reduced profitability, but the impact on productivity is unclear. It is unlikely that output price rises will enable margins to be maintained, as farm businesses are generally price-takers with limited pricing power. Changes in agricultural outputs are more directly affected by broader market conditions.
101. Farm businesses will incur administrative costs for adjusting to the 2025 Order, estimated between £41,000 and £47,000. The administrative costs for the Welsh Government are expected to be similar under both options, as it is already enforcing the agricultural minimum wage regime preserved under the 2014 Act, assuming no changes in the volume of case work each year.
102. The reliance on public subsidies makes the agricultural sector vulnerable to policy changes and market conditions, especially post-Brexit. Increased labour costs could exacerbate these vulnerabilities, but the Order aims to support a well-trained and skilled workforce, essential for the sector's long-term sustainability.
103. In conclusion, Option 2 offers a well-established and previously accepted method for setting minimum wages, adjusting pay structures, and other employment aspects in the agricultural sector. With wage rates increasing, the 2025 Order will benefit the waged workforce by boosting earnings and promoting further upskilling within the industry.
104. However, it is important to note that the cost and benefit estimates for Option 2 assume that all paid agricultural workers are paid minimum rates. In reality, many are likely to be paid market rates above the minimum, so the actual impact of the 2025 changes may be smaller than estimated.

APPENDIX A: SUPPORTING DATA FOR COST AND BENEFIT CALCULATIONS AND DATA QUALITY

105. Disaggregated data by worker grade for Wales are not available. Therefore, the cost estimates are based on 2012 UK assumptions¹⁴, combined with the average percentage composition of different worker types (full-time, part-time, and seasonal) between 2009 and 2015¹⁵ and 2024 agricultural labour force data for Wales¹⁶.
106. The calculations assume all employees are paid minimum rates. However, anecdotal evidence suggests most workers are paid market rates, so the actual impact on wages and costs is likely to be much lower.
107. Although the estimates rely partly on historic data from the 2012 Defra cost model, this still represents the best available estimate for calculating additional labour costs due to pay rate increases. It should be noted that this data was not specific to Wales but represented the labour structure for England and Wales. The assumption is that the labour structure in Wales is similar to the overall estimate made by Defra, making it a relevant benchmark for the agricultural labour force by grade. The use of 2012 Defra labour survey data affects the data quality of the estimates.
108. Obtaining more up-to-date and relevant data, which may ultimately be of questionable quality, is deemed disproportionate to the reach and impact of the policy area, especially given the significant financial pressures currently facing the Welsh Government.

¹⁴ 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>

¹⁵ Source: Welsh agricultural statistics, 2016: labour. [online] <https://www.gov.wales/sites/default/files/statistics-and-research/2019-01/180130-welsh-agricultural-statistics-2016-chapter-3-ency.ods>

¹⁶ Source: [Survey of agriculture and horticulture: June 2024 \[HTML\]](#) | GOV.WALES

Employment Data

Table 7: Persons engaged in work on agricultural holdings (a) 2009-2016

		2009	2010	2011	2012	2013	2014	2015	2016	average 2009-15	average % composition 2009-15
Total farmers, partners, directors and spouses:											
	Full-time	19,492	16,413	19,945	19,869	17,873	19,507	19,307	18,564		
	Part-time	24,317	27,586	25,001	25,179	22,078	23,142	22,312	21,339		
	Total	43,809	43,999	44,946	45,048	39,951	42,649	41,619	39,903		
Farm workers:											
	Regular full-time	3,720	3,697	3,306	3,146	3,278	4,406	4,638	..	3,742	26%
	Regular part-time	4,623	4,951	3,100	3,422	3,337	4,682	4,492	..	4,087	29%
	Seasonal or casual workers	4,489	5,181	7,063	6,758	6,398	7,884	7,570	..	6,478	45%
	Total farm workers	12,832	13,829	13,469	13,326	13,013	16,972	16,700	13,621	14,306	100%
Total labour force		56,641	57,828	58,415	58,374	52,964	59,621	58,319	53,524		

Source: Welsh Agricultural Statistics, 2016

Available at: [Welsh Agricultural Statistics 2016 / Ystadegau amaethyddol Cymru 2016](#)

Table 8: persons engaged in work on agricultural holdings in Wales (2024)

Type of Labour		Number of people
Total farmers, partners, directors and spouses: (a)		
	Full-time	16,600
	Part-time (b)	20,700
	Total	37,300
Farm workers:		
	Regular full-time (c)	3,172*
	Regular part-time (b) (c)	3,538*
	Seasonal or casual workers	5,490*
	Total farm workers	12,200
Total labour force		49,500

Source: Welsh Government, June 2024 Survey of Agriculture and Horticulture: Results for Wales. Available at: [Survey of agriculture and horticulture: June 2024 \[HTML\] | GOV.WALES](#)

Note:

(a) Figures are for main and minor holdings.

(b) Part-time defined as less than 39 hours per week.

(c) Includes salaried managers.

* Calculated based on average percentage composition of different types of workers between 2009 and 2015.

Earnings

Table 9: Profile of workers at each 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.

109. Table 10 combines data from Table 8 and 9 **Error! Reference source not found.** 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 2024.

Table 10: Number of workers at each grade, estimated for Wales 2024

Grade*	Full-time	Part-time	Casual
1 (A1-A3)	190	495	2,141
2 (B1-B3)	1,237	2,229	3,349
3 (C)	285	248	
4 (C)	952	389	
5 (D)	349	106	
6 (E)	159	35	
Total	3,172	3,503	5,490

Note*: The old grades prior to 2022 (Grade 2, Grade 4 or Grade 5) were referred to because the calculations used the Defra labour force survey data from 2012 when the old grades were in use

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 (a)	42.5	36.3	6.2
Part time (b)	17.2	17.2	0
Casual (c)	29.4	26.5	2.9

Source: (a) and (b) Total no. of hours worked are based on estimates from Brookdale Consulting Report to the Welsh Government (2018). Agriculture in Wales: Welsh Labour Market Information. Basic and overtime hours are estimated based on total no. of hours and split between basic and overtime hours from the Defra (2012) Farm Labour and Wage Statistics..

(c) 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: (b) Assumed that part-time workers do not work overtime.

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: Hourly pay rates, baseline and basic and overtime pay increases 2025

Grade or category of worker	Basic Pay 2025	Baseline Basic Pay	Basic Pay increase	Overtime pay increase*
Grade 1 work (aged 25+) (Grade A3, 21+)	£12.21	£12.21	£ -	£ -
Grade 2 worker (Grade B3, 21+)	£12.59	£12.21	£0.38	£0.57
Grade 3 worker (Grade C)	£13.48	£12.27	£1.21	£1.82
Grade 4 worker (Grade C)	£13.48	£12.27	£1.21	£1.82
Grade 5 worker (Grade D)	£14.79	£13.46	£1.33	£2.00
Grade 6 worker (Grade E)	£16.23	£14.77	£1.46	£2.19

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

APPENDIX B: COMPETITION ASSESSMENT

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