

# Environment and Sustainability Committee

E&S(4)–04–13 paper 2

## Inquiry into the proposed abolition of the Agricultural Wages Board – Evidence from the Farmers’ Union of Wales

### Introduction

1. The Farmers’ Union of Wales welcomes this opportunity to contribute to the Environment and Sustainability Committee Inquiry into the Future of the Agricultural Wages Board in Wales, with particular reference to the impact the removal of the Wages Board will have on employees in the Welsh agricultural sector and the Union’s views on the future provision of a body to set the conditions of employment and the rates of pay for the sector in Wales.
2. The Farmers’ Union of Wales (FUW) remains fully supportive of the retention of the Agricultural Wages Board and believes that it has an important role in determining the pay and conditions of service which reflects the unique labour requirements of the agricultural industry, particularly in Wales.
3. Agricultural workers are required to be flexible in their working arrangements to cover busy periods, fine weather and unsociable hours. This type of flexibility is not covered by general employment law provision; therefore, the Union believes that there is a vital role for additional minimum rates of pay for agricultural workers.
4. The Union has lobbied the Department of Environment, Food and Rural Affairs (Defra) and the Westminster Government to reconsider their position on the future of the Agricultural Wages Board and its Committees or, at the very least, to put sufficient powers in place to allow the Board to be retained in Wales to reflect the support amongst farmers and the Welsh Government to retain its provisions.
5. The Union’s support for the retention of the Agricultural Wages Board was recognised in the report entitled ‘The Agricultural Wages Board: The Welsh Case for Retention’<sup>1</sup> published by Mr Mick Antoniw AM, Assembly Member for Pontypridd.
6. The Union also welcomed the cross party support by Assembly Members, as part of a short debate on retaining the Agricultural Wages Board in Wales held during the National Assembly for Wales’ Plenary Session on Wednesday 10<sup>th</sup> October 2012<sup>2</sup>.

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<sup>1</sup> [http://media.wix.com/ugd//1a03b2\\_b3b882b78ecadd09711f4f40d4a7e328.pdf](http://media.wix.com/ugd//1a03b2_b3b882b78ecadd09711f4f40d4a7e328.pdf)

<sup>2</sup> <http://www.senedd.assemblywales.org/ieListDocuments.aspx?MId=1198>

## **Farmers' Union of Wales Position**

7. The Union's County Offices regularly receive requests for information on the terms, conditions and specific benefits, such as dog allowances, night working and tied accommodation, agreed by the Agricultural Wages Board and it is clear that the work of the Board and its Committees is much appreciated by Welsh farmers.
8. The majority of the Union's members believe that the removal of the minimum wage for agricultural workers will be a retrograde step for an industry which has been struggling to attract new skills and expertise over recent years.
9. The Union was extremely concerned at the amendments made following the consultation on the Future of the Agricultural Wages Board for England and Wales<sup>3</sup>, which were added at the Committee Stage in the House of Lords, which means that the legislation to abolish the Wages Board will be included in the Enterprise and Regulatory Reform Bill instead of the Public Bodies Bill<sup>4</sup>. If these amendments are agreed, the Westminster Government could argue that, as employment is not a devolved issue, it will no longer be obliged to seek the views of the National Assembly for Wales on the future of the Board in Wales<sup>5</sup>.
10. At the time of writing, the FUW welcomes the intervention of the Lords who dissented at the Committee stage on 16<sup>th</sup> January, which has forced a vote by the House of Lords on the future of the Board at the end of February or beginning of March
11. The FUW believes that, given the diverse nature of farming, particularly in Wales, where the majority of farms are small family businesses employing one or two workers, there is a real need for guidance on terms and conditions, as staff tend to be a long term investment for the business.
12. The Union is aware that many farmers in Wales may also be employed to undertake farm work elsewhere in order to supplement their own incomes. Any negative impacts that result from abolishing the Wages Board will not stop at full time agricultural workers.
13. As many farms in Wales run with relatively few staff, or indeed with family labour, the Agricultural Wages Board is considered an important means of

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<sup>3</sup> <http://www.defra.gov.uk/consult/files/awb-consult-summary-responses-121219.pdf> Page 1

<sup>4</sup> Enterprise and Regulatory Reform Bill Clause 63: Amendment proposed by Lord Marland and Viscount Younger of Leckie. <http://www.publications.parliament.uk/pa/bills/lbill/2012-2013/0045/amend/su045-vb.htm> (19th December 2012) and <http://www.publications.parliament.uk/pa/bills/lbill/2012-2013/0045/amend/ml045-vii.htm> (19th January 2013)

<sup>5</sup> <http://wales.gov.uk/about/cabinet/cabinetstatements/2012/awb/:jsessionid=083F782D447E57BF76B9B7BB37A8D700?lang=en>

avoiding potential conflict and lengthy negotiations with individual members of staff.

14. There are also implications for dealing with and understanding the finer details of employment law which would be required once the Board is abolished. The Agricultural Wages Order reduces the burden of red tape on these businesses as it covers a great deal of information that farmers would have to seek elsewhere if it did not exist.
15. Despite Defra publicising its intentions to extend the National Minimum Wage provision to the agricultural sector, there has been a dearth of information on how this will be undertaken. The FUW is concerned that the unique nature of agricultural workers and their enhanced terms and conditions will not be recognised by the National Minimum Wage provisions and that both employees and the wider agricultural industry will suffer without the Board or a similar body.
16. The Union believes that it is vital to ensure that the enhanced terms and conditions which reflect the dedication of agricultural workers must be fully retained as part of any future arrangements.
17. The Union strongly believes that the future of farming is dependent on attracting highly trained and skilled technicians into the industry. The economic climate within the agricultural industry has made it a less attractive option for many young people and in the Union's view, rewarding skills, qualifications, and levels of responsibility, is a vital means of persuading high calibre people to remain in or enter the industry. Reliance on a single national minimum wage will inevitably result in an erosion of talent and skills from farming as more lucrative and less physically challenging professions are taken up.
18. In attracting young people into the agricultural industry it is noted that the rates of pay provided by the Agricultural Wages Order for agricultural apprentices are particularly attractive when compared with the rates provided under the National Minimum Wage legislation. The Agricultural Wages Order entitles first year agricultural apprentices to a minimum of £3.57 per hour rising to between £3.68 and £6.19 in their second year depending on their age<sup>6</sup>. This is very favourable when compared with the provision of £2.65 per hour<sup>7</sup> under the National Minimum Wage.
19. The FUW welcomes the higher rate of pay for agricultural apprentices when compared to apprentices in other industrial sectors and believes that, in conjunction with other incentives, such as the Welsh Government's Jobs Growth Wales and the opportunities for the agricultural apprenticeship scheme being implemented by Lantra, this could provide a real opportunity to attract young people into the agricultural sector.

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<sup>6</sup> <http://www.defra.gov.uk/publications/files/awo2012-guidance.pdf> Page 9

<sup>7</sup> <https://www.gov.uk/national-minimum-wage-rates>

20. The National Minimum Wage provisions do not recognise any additional skills, training or qualifications held by an employee whereas these are fully recognised within the Agricultural Wages Order through the establishment of minimum pay rates for different Grades of agricultural workers, depending on their responsibilities, qualifications and number of hours worked. This Grading structure provides an incentive for employees to undertake further training as a means of gaining qualifications, therefore, progressing up the grading structure to earn a better wage.
21. Given that the running costs of the Agricultural Wages Board for the whole of England and Wales was reported to be £57,000<sup>8</sup> per annum, the Union believes that, to benefit the industry and to circumvent the issues that abolishing the Board could create, the Welsh Government should investigate the feasibility of establishing a Wages Board that would be unique to Wales and takes into account the needs of its agricultural sector.
22. The devolved administrations in Scotland<sup>9</sup> and Northern Ireland<sup>10</sup> have their own Wages Boards to set the pay and conditions for workers within their agricultural sectors. These Boards mirror the structure of the Board for England and Wales and have similar roles and responsibilities.
23. The Union would urge the Welsh Government to undertake an urgent assessment of whether the Scottish Agricultural Wages Board or the Agricultural Wages Board for Northern Ireland provide a suitable model which could be used as the basis for establishing an Agricultural Wages Board in Wales.
24. Given the enhanced law making powers which were afforded to the National Assembly for Wales following the Referendum held in May 2011, the Union would also urge the Welsh Government to investigate whether it is possible to make use of these powers, in conjunction with the devolved powers relating to the agricultural industry, to bring forward a 'Welsh Agricultural Wages Act' to provide the legislative basis for the establishment of an Agricultural Wages Board for Wales and the long term protection of the pay and conditions for Welsh agricultural workers.

18<sup>th</sup> January 2013

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<sup>8</sup> <http://www.assemblywales.org/bus-home/bus-chamber-fourth-assembly-rop/rop20121010qv.pdf?langoption=3&ttl=The%20Record%20%28PDF%2C%20241KB%29> Page 140 - 141

<sup>9</sup> Scotland <http://www.scotland.gov.uk/Topics/farmingrural/Rural/business/18107>

<sup>10</sup> Northern Ireland <http://www.dardni.gov.uk/index/fisheries-farming-and-food/enforcement-awb.htm>