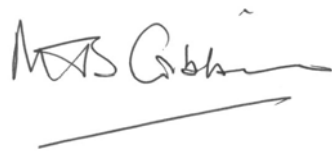
 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	Abolition of the Agricultural Wages Board	
Lead Department/Agency	Department for the Environment Food and Rural Affairs	
Stage	Final	
Origin	Domestic	
IA Number	Defra 1462	
Date submitted to RPC	14/08/2012	
RPC Opinion date and reference	22/08/2012	RPC-DEFRA-1422
Overall Assessment	AMBER	
<p>The IA is fit for purpose. We understand that Ministers have agreed that the removal of the Agricultural Minimum Wage (AMW), which is administered by the Agricultural Wages Board (AWB) should be treated as outside of the scope of One-in, One-out (OIOO). Based on the evidence presented, the RPC believes that this is inconsistent with the current OIOO methodology and with how previous proposals, with similar types of impacts on business, have been treated for OIOO purposes.</p> <p>We are aware though that Ministers have previously decided that the National Minimum Wage (NMW) is considered out of scope for the same reasons. While we made explicitly clear at the time that we did not agree with that view, we accepted it is ultimately for Ministers to determine what is in and out of scope of OIOO and we acknowledge that this decision is consistent with that taken for the NMW.</p>		
Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options		
<p><i>Impacts of removing the Agricultural Minimum Wage.</i> The costs and benefits of removing the Agricultural Minimum Wage (AMW) have been adequately assessed. The IA says that if the wage premium attributed to the AWB is eroded over the appraisal period as a result of the proposal, then wages may fall by up to £140.5m. The IA could benefit from providing more clarity around the methodology and conclusions of the external research commissioned by the department, for example how the wage premium of 13-15p per hour has been estimated.</p>		
Have the necessary burden reductions required by One-in, One-out been identified and are they robust?		
<p>We have been advised that Ministers consider that the removal of the Agricultural Minimum Wage (AMW), which is administered by the Agricultural Wages Board, as being out of scope of OIOO. This is because a change in the AMW is considered equivalent to a "fee or charge". The IA therefore states that this proposal is out of scope of OIOO.</p> <p>Our position is that we do not believe that this regulatory change resulting in reduced labour costs for businesses should be considered a "fee or a charge" for the</p>		

purposes of OIOO. Moreover we note that there have been previous regulatory changes that have resulted in similar types of transfers between employers and employees, which have not been considered a "fee or a charge" and have accordingly been treated as being in scope of OIOO.

It is however relevant here to note that Ministers decided that the recent National Minimum Wage (NMW) proposals were considered out of scope also because they were considered equivalent to a "fee or charge". While we made explicitly clear at the time that we did not agree with that view, we accepted it is ultimately for Ministers to determine what is in and out of scope of OIOO. Similarly here we do not agree that the removal of the AMW should be out of scope of OIOO in accordance with the OIOO methodology, but we acknowledge that the Ministers' decision is consistent with that taken for the NMW, and ultimately Ministers can determine the scope of OIOO.

Signed

A handwritten signature in dark ink, appearing to read "Michael Gibbons", with a long horizontal stroke underneath.

Michael Gibbons, Chairman