EXPLANATORY NOTE

(This note is not part of the Order)

This Order prescribes units of production for the assessment of the productive capacity of agricultural land situated in Wales and sets out the amount which is to be regarded as the net annual income from each such unit for the year 12 September 2010 to 11 September 2011 inclusive for certain purposes of the Agricultural Holdings Act 1986 ("the 1986 Act"). This Order revokes the Agricultural Holdings (Units of Production) (Wales) Order 2009.

An assessment of the productive capacity of agricultural land is required in determining whether or not the land in question is a "commercial unit of agricultural land" for the purposes of the succession provisions in the 1986 Act: see in particular sections 36(3) and 50(2). A "commercial unit of agricultural land" is a unit of agricultural land which, when farmed under competent management, is capable of producing a net annual income which is not less than the aggregate of the average annual earnings of two full-time male agricultural workers aged 20 years or over (paragraph 3 of Schedule 6 to the 1986 Act). Article 2 of this Order provides that, in determining this annual income figure, whenever a particular farming use mentioned in column 1 of the Schedule is relevant to the assessment of the productive capacity of the land in question, the units of production and the net annual income specified in columns 2 and 3 respectively will form the basis of that assessment.

This Order includes net annual income figures for land which was, in 2009, an eligible hectare for the purposes of Council Regulation (EC) No 73/2009 (OJ No L 30, 31.1.2009, p.16), which establishes the Single Payment Scheme. There are separate figures in the Schedule for severely disadvantaged land, disadvantaged land and other land. There are also separate figures for land which was set aside from production in 2009.

A Regulatory Impact Assessment has not been produced for this instrument as no impact on business or the private or voluntary sector is foreseen.