
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 12th September 1999 to 11th September 2000 inclusive. This Order revokes the Agricultural Holdings (Units of Production) Order 1998 in so far as it relates to Wales.

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 Agricultural Holdings Act 1986: see in particular sections 36(3) and 50(2). A “commercial unit of agricultural land” is 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). In determining this annual income figure, neither the system of farming carried out on a particular holding nor historical data from that holding will necessarily be used. Instead, whenever a particular farming use mentioned in column 1 of the Schedule to this Order is relevant to this determination, the units of production and the net annual income specified in columns 2 and 3 respectively will form the basis of the assessment of the productive capacity of the land in question.

The net annual income figures in column 3 of the Schedule specify the net annual income from one unit of production. In some cases the net annual income is derived from a unit which would have been on the land for the full twelve-month period. In other cases the net annual income is derived from a unit which would have been on the land for only part of the year, and there may be more than one production cycle in the twelve-month period. The assessment of the productive capacity of the land will take account of the total production in the course of a year.