

Deputy President Kovacic,  
Fair Work Commission  
Re (AM2014/196 and AM2014/197) Casual and Part time employment – Horticulture

Dear Sir.

I am a retired fruit grower from Ardmona in the Goulburn Valley, retaining investments in orchards. I have sold most of my fruit growing assets to two of my sons. Our family orchard business has been in operation for 126 years, still owning operating the original 28 acre allotment purchased by my great grandfather on his arrival from Northern England in 1892.

Regarding the Full bench decision of the Fair Work Commission released on August 9th 2018 regarding changes in overtime the Horticultural Award for Casual workers.

At the outset, I need to make the point that the Commissioners appear to have made this decision with very little, or no, due regard to the commercial implications for fruit growers and many employees in the industry, substantially focusing on the aligning this award with other industry awards.

I don't agree that this is an acceptable approach to determine award conditions and wage rates, because of the vast difference in operations between different industries, and different types of fruit growing. When the climate is thrown into the mix, the difference can become very significant and so the "one cap fits all approach" is inappropriate.

Because this industry's cost structure is heavily weighted towards labour costs, some in the vicinity of 80% of production and harvest costs, changes like you are proposing will most likely put some growers out of business, either by the Grower closing down, or by pressure from Lenders. This means direct and indirect jobs are lost including wealth generation. Not a desirable outcome.

I know it is not possible nor acceptable for employees to "fund" poor employers, but killing off industries as a result of "award alignment" and convenience is also totally unacceptable.

In the canning industry, both growers and canners, are struggling to survive and have probably reached the terminally ill stage.

The fresh fruit pear industry is also terminally ill. Both these industries were major exporters up until some ten years ago, but it is becoming increasingly difficult to compete internationally, due to our very high cost structure

I believe the Commission needs have a much more flexible and dynamic approach in the determination of award wages and working conditions.

It appears that, at present, it is not the maintenance and creation of jobs that is important to the FWC, but the wages and conditions that could apply to jobs if they are available.

1. Any industry in Australia that has a high reliance on labour in its business and, is subject to international competition, has a difficult and risky future.
  - (a) It appears that minimum weekly wages are set to ensure that Employees receive a "Living Wage". The needs of the Employers to maintain profitable enterprises is not considered. I believe that this is inappropriate.
  - (b) Additionally, conditions of employment, eg overtime and penalty rates etc. add significant additional costs, that are not in tune with the reality of the operations and employment conditions of our industry.
  - (c) In the deciduous canning fruit industry, the only canner left, SPC Ardmona, is processing only about 25% of the tonnage processed 10 years ago and has closed 2 of its 3 factories. I estimate that over 1000 equivalent full time jobs in this company have been

lost. Adding to this is the loss of the “value add” factor that is associated with fruit processing, which could double that figure.

- (d) Significant segments of fresh fruit industry are also in rapid decline.
- (e) Orchards are being removed at a rapid rate, and are not easily replaced. Lead times to bring new orchards into production and the capital required to replant, are significant.
- (f) A significant amount of this decline in production is due to militant union demands over a long period of time. The detrimental flow on effect of this loss of income has been a disaster for local towns of the Goulburn Valley. Shepparton is littered with empty commercial and retail premises.
- (g) Wage increases and other employment costs that are not offset by productivity gains, will, over time, result in severe contractions of industries with the subsequent loss of jobs and economic activity.
- (h) As industries contract, the shortfall in supply is filled by imports.
- (i) The methodology for the setting of wages and employment conditions under the current system is resulting in these Australian Industries exporting jobs.

Labour intensive industries in Australia that face international competition in the selling of their goods and services are at a severe disadvantage to those who don't.

- (a) Those industries that are not subject to international competition eg, the Building industry, Government and Semi Government institutions, Banks, most of the Service industries and Retailers etc., are the “pacemakers” in gaining above inflation increases in wage rates and improved working conditions. The employers can adjust the pricing of their products or services to absorb these extra costs.
- (b) The flow on effect, very soon, is forced on “international competition” industries, who, in many cases, don't have the capacity to pay. Hence the decline in the Manufacturing industry and labour intensive rural industries.
- (c) The claims highlight the highly destructive environment in which this industry operates, and the damage that would be done if the Commission were to accede to the claims.

## Conclusion

The damage that would result from the introduction of these proposed clauses into the Horticultural Award will be a killer blow to a growing number of businesses and employees in our industry, affecting many country towns, as a result of the flow on effect.

If the Commission is determined to introduce this clause into the Horticultural Award, it is only reasonable that there be consideration given to a reduction to the 25% Casual Loading, otherwise double dipping occurs.

We request that these matters be given due consideration when making your final decision.

Yours Sincerely

Ross Turnbull. 31/8/2018

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