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Sent: Thursday, 30 August 2018 3:33 PM

To: Chambers - Kovacic DP

Cc: mallee@aph.gov.au; 'Peter Walsh'; minister@agriculture.gov.au; kelly.odwyer.mp@aph.gov.au; senator.birmingham@aph.gov.au; jaala.pulford@parliament.vic.gov.au; Chair@summerfruit.com.au; Michael Tempini; apittard@vff.org.au; seda@summerfruit.com.au; Tony Siciliano

Subject: Proposed Changes to the Horticulture Award

Attention: Deputy President Kovacic

Fair Work Commission Member

via email: chambers.kovacic.dp@fwc.gov.au

Case number: Re: **AM2014/196 and 2017/197 - Casual and Part-Time Employment – Horticulture**

We refer to the proposal and principal decision concerning overtime penalty rates for casual employees under the Horticulture Award, and respectfully, wish to make the Deputy President aware of the following;

By way of background, V F Siciliano & Sons is a respected and major participant of the Horticultural stone fruit industry in Australia. Our stone fruit is grown in the Swan Hill region of Northern Victoria, and sold domestically, in 4 States and internationally, in 5 Countries. Our combined production from our own farms and our grower group last season was in excess of 9,000 tonnes.

In respect of the case, Agriculture and the Horticulture Industry cannot be compared to and treated in the same way as any other industries. As you are aware, agriculture needs to contend to the vagaries of Mother Nature and the work demands are often not governed just by systematic work processes and choices of business owners and employees, but often all overridden by the pressures imposed by the weather particularly at harvest.

Other industries don't have the same pressures at such a critical time in their production and sale process.

It is commonly known through all levels of our economy that primary producers are "price takers" and not "price setters", but the costs for their inputs are proportionately impacted by price setters whether they are Suppliers or Regulators. Employers and employees in horticulture understand the fundamental nature of their working environment and take pride in their work, and the participation of their workers to "get the job done". Horticulture generally, and in particular, the stone fruit industry does not have a supply of experienced casual workers. Predominantly each year, new casual unskilled workers are employed who have to be trained for the harvest period, and each year the majority of this training is lost. This is inherent to the stone fruit industry's current cost of production that others industries suffer to a lesser extent.

Therefore, to compare the Horticulture industry worker remuneration structure, and then put forward demands to bring Horticulture into line with other industries is a short coming in the assessment and the decision making process that has been arrived at in the above decision.

The stone fruit industry is very labour intensive, and the above decision will have a significant impact on the cost of production and the supply of labour for our industry.

Firstly, the cost of production will increase further with the increased penalty rates applied plus on-costs, and with the administrative burden to ensure compliance with the overtime hours requirements. Most horticulture businesses do not have electronic timesheet and/or integrated payroll systems. They manually maintain their payroll records, and the business owner needs to have the skills to ensure compliance or engage payroll services to achieve the extra compliance. Any arbitrary increases in the cost of production will only erode further the horticulture industries' livelihood and their competitiveness internationally. In the stone fruit industry, we are already being told that our "clean and green" reputation will not support for much longer, the current price structure due to our higher costs of production compared to our international competitors.

More so, it will discourage current participants, and send a message to the next generation not to enter horticulture, whether it be as an employer or as a worker.

Secondly, the horticulture industry already suffers from a shortage of workers. With the prospect of the increased cost of labour (penalty rates plus on-costs), employers will attempt to scale back their employment requirements for casuals to the minimum award requirements. Casual employees will earn less over time, and this will create a further shortage as they will not be attracted to the industry as they cannot maximise their earnings over the harvest period. This will exasperate the current shortage and production will be lost. Horticultural products will not be able to be harvested in time and go to waste. Orders will not be able to be filled domestically or internationally. Income will be lost to the detriment of businesses, the local and regional economies, as well as trade, internationally.

Such outcomes will only lead farmers opting out of the industry.

Finally, there is no point having Free Trade Agreements when our horticultural products cannot compete in overseas markets due to our high cost of production. The above decision is in contradiction to Federal and State Governments promoting horticultural industries, and businesses to expand and increase production to meet export demand for our products when we are too expensive for those markets.

We trust the Commission will reconsider the principle decision to apply penalty rates for casual employees in Horticulture in light of the above comments.

With over 60 years involvement in the industry, we are very concerned for the future of our community and our region, and Australian farmers generally. If you wish to discuss further, please contact Tony Siciliano on m. 0418 170 489 or email below or directly at tony@vfsfruits.com.au .

Thank you for your time.

Regards,
per Tony Siciliano
Director

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