1. Summary of Submission

a. The majority of businesses in the Apple, Pear and Cherry Industries are small to medium businesses with very tight margins and any major change in inputs reduces the margins even further. The result is that many smaller operators have already left the industry by retiring, removing the crop and living on the property and/or sold their land for other developments eg, housing. If the difficult times continue the number of businesses will continue to decline.

b. With the more recent introduction of the minimum remuneration and the wage categories defined within the appropriate industrial awards it has now become impossible to pay different skilled people different rates of pay. An employer required to pay the minimum wage will always look at employing the most skilled person/people available. As a result the very unskilled and semi-skilled person is not being offered work.

c. As unemployment increases those employers seeking staff will have a better skilled workforce to select from and as a result the unskilled and semi-skilled people will find it even harder to gain employment.

d. While there is a strong push for the Australian Horticulture Industries to increase export of produce to global markets the reality is that Australia has one of the highest ‘cost of production’ rates in the World. We find it very difficult to compete with the low cost countries like Chile, South Africa and China. This will be made even more difficult if the wage rate for employees is increased.

e. The Apple, Pear and Cherry Industries would continue to support a differential rate of pay for junior workers and/or employees to whom training arrangements apply. To move these employment categories to the minimum wage would jeopardise their opportunity for employment.

f. At this point in time the Apple, Pear and Cherry Industries could not support an increase in the minimum wage particularly without achieving some productivity gains.

g. If the Commission was to make a decision to increase the minimum wage it should be at maximum the appropriate annual Consumer Price Index (CPI).
2. Economic prosperity

2.1 The capacity for the unemployed and low paid to obtain and remain in employment

The Apple, Pear and Cherry Industries have historically employed a range of permanent fulltime staff as well as a high level of part time and/or casual staff particularly at peak times throughout the year when they are required for pruning, hand thinning and harvesting. In addition they have been major employers of unskilled and/or semi-skilled particularly for those tasks listed above.

When employers are seeking employees particularly through labour hire agencies they mainly receive people that are from the ranks of the medium to long term unemployed or are new arrivals to the country seeking work. Very often these people either do not want to work or are only capable of undertaking very basic tasks.

With the more recent introduction of the minimum remuneration and the wage categories defined within the appropriate industrial awards it has now become impossible to pay different skilled people different rates of pay. An employer required to pay the minimum wage will always look at employing the most skilled person/people available. As a result the very unskilled and semi-skilled person is not being offered work. This situation will only increase as the global and Australian economies continue through this difficult period. As unemployment increases those employers seeking staff will have a better skilled workforce to select from and as a result the unskilled and semi-skilled people will find it even harder again to gain employment.

2.2 Employment and competitiveness across the economy

The Apple, Pear and Cherry Industries, like most Horticultural Industries within South Australia or Australia, are very much affected by the broader environmental and economic aspects in which they operate. While these industries are reliant on permanent fulltime employees and part time and/or casual staff, when the conditions become difficult both categories of staff are adversely effected.

Over the past number of years these industries have faced some very difficult times as a result of:-

- Long periods of drought
- Extreme environmental and/or climatic conditions including frost and hail often in periods close to harvest.
- Unusual seasonal rain during the harvest period.
- Inability to maintain and/or access new global markets because of quarantine and/or biosecurity issues.
- Reduced margins as a result of the retail duopoly that operates within Australia.
- Constant changes in the industrial relations environment resulting in instability within the employment arena.
High input costs particularly relating to fuel, fertilizers and chemical.
Limited or reducing resources eg. water.
Increased regulations and ‘red tape’ at all levels of Government.
Poorly negotiated and implemented Trading Agreements.
High interest rates.
The recent fires in Victoria and other natural disasters in other growing regions.

Individually each of these factors has reduced the competitiveness of the relevant businesses but two or more combined have made it an increasingly impossible environment for not only the individual businesses but the industry at large.
The majority of businesses in the Apple, Pear and Cherry Industries are small to medium businesses with very tight margins and any major change in inputs reduces the margins even further. The result is that many smaller operators have already left the industry by retiring, removing the crop and living on the property and/or sold their land for other developments eg, housing. If the difficult times continue the number of businesses will continue to decline.

While we accept that in recent times there have been some improvements including the reduction in
- fuel costs,
- input costs for fertilizers and
- interest rates,
these have not been enough to offset the past higher input costs and the difficult environmental and climatic conditions faced by these businesses.

These improvements in some areas can be balanced by the proposed changes that will create new input pressures including:
- New Industrial relations laws,
- Award modernisation that will take away flexibility for employers particularly at peak periods like harvest,
- Carbon Emission Trading Scheme,
- Implementation of new and increased Full Cost recovery programs by Government Agencies.

No longer are these businesses earning sufficient income to remain competitive and viable. As a result more will leave the industry and/or down size and this will result in the reduction of the workforce particularly in the area of casual and/or part time employees.

While there is a strong push for the Australian Horticulture Industries to increase export of produce to global markets the reality is that Australia has one of the highest ‘cost of production’ rates in the World. We find it very difficult to compete with the low cost countries like Chile, South Africa and China. This will be made even more difficult if the wage rate for employees is increased.
2.3 **The provision of a safety net for the low paid**
While there is a need to ensure that any employee receives a fair wage it should be under the principle of ‘a fair days pay for a fair days work based on the individual skill level’.
The base standard minimum wage and therefore the safety net for the low paid has effectively taken away the flexibility for employers to pay under that principle. Why would you pay an unskilled worker the same as a semi-skilled and/or skilled worker?

2.4 **The provision of minimum wages for junior employees, employees to whom training arrangements apply and employees with disabilities that ensure those employees are competitive in the labour market**
The Apple, Pear and Cherry Industries would continue to support a differential rate of pay for junior workers and/or employees to whom training arrangements apply.
To move these employment categories to the minimum wage would jeopardise their opportunity for employment.
These groups of people are, at the time of seeking employment, unskilled or at best have limited skills yet an employer is expected to employ these people at the same rate as a semi-skilled or skilled worker. Employers are always going to select the latter group. Again the lack of flexibility in paying based on skill level is working against these categories of potential employees.

3. **Issues Arising from Previous Decision**
The Apple, Pear and Cherry Industries had no option but to implement the 2008 Minimum wage increase. Along with many of the issues detailed above that reduced their competitiveness and viability all businesses have had a reduction in their profitability resulting in either the closure of businesses and/or severe downsizing.
In addition the introduction of the minimum wage has reduced flexibility for both employer and employee to negotiate a rate of pay commensurate with the skill level of the employee for the particular work required.

4. **Conclusion**
At this point in time the Apple, Pear and Cherry Industries could not support an increase in the minimum wage particularly without achieving some productivity gains.

If the Commission was to make a decision to increase the minimum wage it should be at maximum the appropriate annual Consumer Price Increase.