

From: Steve Chapman [mailto:steve@chappies.com.au]

Sent: Friday, 31 August 2018 3:37 PM

To: Chambers - Kovacic DP

Subject: AM2014/196 and 2017/197 Casual and Part Time Employment Horticulture

Following, please find my submission to:

AM2014/196 and 2017/197 Casual and Part Time Employment Horticulture.

My name is Steve Chapman. My brother and I are fourth generation cherry growers in the Yarra Valley, Victoria.

I fear that the introduction of penalty rates for casual labour in horticulture will be the catalyst that ensures there will be no fifth generation on our farm as it will rapidly become unviable. Labour costs are greater than 50% of our turnover. Fresh soft fruits, particularly raspberries must be harvested seven days a week to maintain freshness, quality and to service the seven days a week demand of the modern consumer supply system. Raspberries left unpicked for even one day become too dark and soft for harvest.

The introduction of penalty rates in the horticulture sector will undoubtedly lead to,

- *reduced employment in the sector
- *increased cost of produce
- *increased imports of fresh fruit
- *decrease in competitiveness in export markets
- *increase in red tape, taxation and compliance issues for farmers and workers
- *increase in the use of labour hire contractors

The following facts are relevant.

The majority of horticultural labour is casual labour during harvesting. Most horticultural properties are not near cities or towns and lack modern accommodation and facilities. Most workers are transient and work at farms to earn as much money as possible in the shortest possible time. Restricting hours and number of days worked will increase the number of weeks employees need to reside at a farm and ultimately reduce their earning capacity.

Horticultural business's, in order to survive financially, may be inventive to avoid paying penalty rates for casual workers. Potentially they could rotate workers with other farms when the maximum period has been reached or simply just employ a new group of workers. In either case workers and farmers would be inconvenienced at best. If workers hours are limited they may need to sit around their camp or accommodation for days wasting their own time and ultimately reducing their opportunity to save money in the limited harvest period.

The introduction of casual penalty rates will lead to even more farmers using labour hire companies as they have the ability to rotate workers between growers and therefore not break the trigger for penalty rates at any individual farm.

Horticulture employees would on average be far better off if Fair Work Australia ensured all farmers were paying the current award rates. The work already done in this area has already significantly improved compliance.

If the current award rate is judged to be inadequate by the FWC an across the board increase to the pay rate would be a far more equitable and enforceable way to improve pay rates. I note that for several years award increases to the casual rate have been well in excess of CPI.

Penalty rates will only further distort and increase compliance issues. Penalty rates will also potentially create an untenable situation where some fresh fruit is shipped interstate just because soft fruits will not be able to be harvested viably on a Sunday. My calculation is that I will lose \$1.50 per 125g punnet for every punnet harvested on Sundays at a 225% penalty rate. Supermarkets and customers demand fresh fruit deliveries daily.

Extreme increases in the cost of labour or the lack of labour itself, are the biggest threats to horticulture. Gradual steps to the base rate as we have been sustaining for several years are the best most equitable way to improve horticultural workers pay and conditions. Representations from unions that suggest otherwise are not well informed.

I genuinely believe that unions have a valid role to play and mostly serve their members well. Unions currently have extremely low levels of engagement in the horticulture sector. I do not know a single grower who has even one worker in a union. It is nice to negotiate on behalf of workers but if the union does not understand the industry, has minimal representation, and the outcome does not increase the pay or conditions of the workers, whose interest is served?

Two further questions if I may.

I feel no adequate explanation was given in the draft as to why some of the NFF submissions were withheld. Is more information forthcoming?

Piecework. The statement that, "most harvest labour is piecework anyway" seems to suggest that piecework will not be subjected to penalty rates. Indeed I agree that much of the harvest labour is piecework however since piecework is actually based on the casual rate plus 15 %, I perceive that the idea that piecework is not subject to penalty rates is open to challenge. Could you please clarify and clearly document the situation with piecework.

In closing I would ask that for the benefit of workers, farmers, the general public and the economy please reconsider the need for penalty rates for the Horticulture award.

A steady increase to the base rate of pay would have much greater benefits for all concerned.

With Respect,

Steve Chapman

Former president, Victorian Cherry association

Former Vice president Raspberries and Blackberries Australia, BSc

PS apologies for my lack of typing and computer skills.

Steve Chapman

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