MEDIA RELEASE

1 February 2021

Re: The Shearing Contractors Association of Australia (SCAA) recommends a pay rate increase for shearing industry workers

After months of monitoring the extraordinary 'pay-rate explosion' in the price of shearing, that is occurring in many parts of Australia, the SCAA have made the unprecedented recommendation to their members, to pay their workers a 15% increase on the current Award rates. This would generate a recommended flock rate of $3.73 per head.

SCAA Secretary, Jason Letchford said "ABS data shows that the industry lost more than 32% of our workforce between 2006 and 2016 and more since then. Given that only 18% of our workforce have incomes above the 'National Average', with about half our workforce earning less than $50,000 per annum, it's these facts that give weight to the argument the shearing industry's workforce, are under-paid at present.

SCAA is well aware of the unusual nature of an employer-body recommending an increase in wages, as it is normally the domain of a worker's Union to make such a recommendation.

Mr Letchford said, "The move is definitely out of the ordinary, but it is an extraordinary situation the industry currently finds itself in. The decision to make the recommendation supports the SCAA's 'middle ground' approach between woolgrowers and workers, a role that it has played for much of its 90-year history"

Traditionally it is the position of the Australian Workers Union (AWU), to argue for increases to workers pay rates but given that the AWU's loss of influence on conditions and pay rates since the early 1980s, it can be argued that worker's pay rates have fallen too far behind other industries.

Mr Letchford said, "Our unofficial charter is to ensure that the cost of shearing is not prohibitively high, discouraging farmers away from sheep production but conversely, the shearing industry obviously needs skilled workers to harvest sheep producers' livelihoods".

"The declining retention rate of shearers in the industry reflects that the current industry pay rates, are not high enough to compete with other comparable industries. This, combined with shearing being a 'tough' job and being perform in some tough conditions, pay needs to be addressed as one of numerous factors required to improve our ability to attract and retain workers" Mr *Letchford said.*

SCAA President, Michael Schofield said, "The new recommended rate schedule is certainly not compulsory and only a recommendation. Consequently, it will not be adopted across all of the country".

The SCAA members in South Australia, Tasmania, Western Australia and some parts of Victoria, will be sticking to the award.

Mr Schofield said, "As a general rule, it is the regions which have slower shearing sheep, who are adopting the recommended rate as an offset to the lower tallies and daily pay. It is in these 'traditional' merino sheep regions, when a worker leaves the region to pursue faster shearing sheep or better pay, that region cannot find a replacement for that worker at Award rates. This is the main reason that more than 70% of members, voted in favour of such a recommendation"

"It is also worth noting than the 'Recommended rate' of $3.73 is still 7% lower than the rates currently paid in many areas of $4.00 or more. The lower rate is designed to provide some stability for regions who are

Mail: PO Box 1143 Manly NSW 1655 Ph: 0412 600 586 Fax: 02 9400 9083 Email: scaa@scaa.org.au

more severely affected by shearer shortages, without fuelling the current 'bidding-war' being led by Growers who need to 'queue jump' the long waiting list to have their sheep shorn", said Mr Schofield

Even with wool prices being a long way from their pre-Covid highs, sheep production income is still very strong and a 15% increase in shearing costs, represents less than 1% cost to sheep-production revenue. Even with the increase, the cost price of contract-shearing one sheep is still several dollars lower than the sheep agent's fees for selling that sheep and we all know who has the easier job.

The new rates are suggested to be paid from 1 February to 30 March with the SCAA keeping a close watch on the situation.

The reason that the recommendation has an 'end date', is due to 'supply and demand' factors. New Zealand workers will be certainly watching the 'state of play' here in Australia and the pay-rate increase will no doubt act as a strong incentive for NZ shearing workers to come to Australia sooner rather than later. With their main shear slowing down around April, the influx of NZ workers, may happen here, sooner rather than later.

Mr Letchford said, "In other words, if the supply of shearers does increase, the SCAA does not want members being caught in an 'uncompetitive' situation and should forewarn its workers that these rates may not be permanent."

"The SCAA is very clear in their understanding that this pay-rate increase is not solving the current crisis but hoping it will help stabilise the situation in many regions. The status quo won't improve in the medium to long term, unless we increase the supply of shearers." said *Mr Letchford.*

To this end, the SCAA is working with WoolProducers Australia, Australian Wool Innovation, National Farmers Federation and the various state farming bodies on other strategies to attract and maintain the required number of workers, to harvest the nation's wool clip.

ENDS

SCAA Contact

Jason Letchford
Secretary
0412600586