

**Employers and Industrial Relations in the Australian
Meat Processing Industry: An Historical Analysis**

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Abstract

Some industrial relations researchers have considered the meat processing industry as one of the more strike-prone industries in Australia. Many researchers have analysed this industry from either a political economy perspective or a union industrial relations perspective. This thesis acknowledges this body of literature, but takes as its focus the ways that employers have shaped the industry's industrial relations. Employers, far from being reactive or even passive actors in shaping the industry's industrial relations, have taken a long-term active role in this area. This thesis, therefore, focuses on an historical analysis of the changing roles of employers and employer associations in the industry's industrial relations. This thesis will identify and link the relevant theoretical literature to the historical narrative, and then link this to actual events through three case studies analysing three exemplar employers. The findings of this thesis are that employers have had and made strategic choices about the industry's industrial relations, at the workplace, industry and national-levels. The rise of AMH, which forms much of the second half of the narrative and analysis, shaped the industry's industrial relations in ways not seen before in the Australian meat processing industry. Thus, the strategic choices on by many medium and larger meat-industry employers at the time, proved ineffective in the face of AMH's success in driving down the cost of the wage-effort bargain, rendering many uncompetitive on both the input and output sides of the product market.

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Abbreviations

ABP	American Beef Processors
ACTU	Australian Council of Trade Unions
AFBEU	Australasian Federated Butchers Employees' Union
AIRC	Australian Industrial Relations Commission
AMH	Australia Meat Holdings
AMIEU	Australasian Meat Industry Employees' Union
AMLC	Australian Meat and Livestock Corporation
AMWU	Amalgamated Metal Workers' Union
AWA	Australian Workplace Agreement
BCA	Business Council of Australia
BFUE	Bacon Factory Union of Employees
CMAV	Country Meatworks' Association of Victoria
Coalition	Federal Liberal-National Party Coalition
Commission	Australian Industrial Relations Commission
CPA	Communist Party of Australia
CQMEC	Central Queensland Meat Export Company
DIR	Federal Department of Industrial Relations
EFA	Enterprise Flexibility Agreement
FCSU	Federated Cold Storage Union
FDI	Foreign Direct Investment
FMIA	Federal Meat Industry Award
IBP	Iowa Beef Processors
IRR Act	<i>Industrial Relations Reform Act 1993</i>
MATFA	Meat and Allied Trades Federation of Australia
MIT	Massachusetts Institute of Technology
MTIA	Metal Trades Industry Association
NCM	Nebraska Consolidated Mills
NFF	National Farmers' Federation
NUW	National Union of Workers
NWC	National Wage Case
QIC	Queensland Industrial Court
QMCC	Queensland Meatworks' Companies Committee
QMIAA	Queensland Meatworks' Industrial Agreement Award
QMTA	Queensland Meat Traders' Association
RBA	Retail Butchers' Association (NSW)
SAMIAA	South Australian Meat Industry Agreement Award
TBVMIAA	<i>Thomas Borthwick Victorian Meatworks, Industrial Agreement Award 1982</i>
The Association	South Burnett Meat Works Co-operative Association Limited
TLC	Trades and Labour Council
TPC	Trade Practices Commission
VMA	Victorian Meatworks' Association
VMBA	<i>Victorian Meatworks and By-Products Agreement Award 1978</i>
VMIA	<i>Victorian Meatworks Industrial Agreement Award 1983</i>
WR Act	<i>Workplace Relations and other Legislation Amendment Act 1996</i>

Chapter 1

Introduction

Introduction

The meat processing industry is one of the more important primary-to-secondary industries in Australia. For over 120 years, it has generated considerable export income, and meat has been the fourth or fifth most valuable export commodity from these shores.¹ It is also a large employer of women and men, and remains largely labour intensive, despite major advances in technological innovation. An important aspect of the industry is the type of work performed. Not only is it labour intensive, but it is also dirty and has generated high levels of workplace injuries. For these reasons, there has been considerable debate over industrial relations in the industry.²

In particular, this industry has long appeared to be a site of unceasing industrial conflict, a 'strike prone' industry.³ This perception, in reality, derives from two sets of trends. In the first half of the twentieth century, the industry produced a few, notable, bitter industrial disputes of national importance against a relatively high incidence of strikes throughout the Australian workforce. In the second half of the twentieth century, the industry produced another set of particularly bitter industrial disputes of national importance, this time against an incidence of strikes that declined throughout the

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1. E.A. Beever, 1967, 'The Australian meat export trade, 1865-1939', Unpublished PhD Thesis, Melbourne University. See also Commonwealth of Australia, *Commonwealth Statistical Year Book*, various years.
 2. Industry Commission, 1994, *Meat Processing, Volume 1: Report*, Report No. 38, Melbourne, Australian Government Publishing Service, pp. 171-207.
 3. Kenneth Walker, 1970, *Australian industrial relations systems*, Cambridge, Massachusetts, Harvard University Press. See also Terrence Cutler, 1976, 'The history of the Australasian Meat Industry Employees' Union: A study of the internal dynamics of a labour organisation', Unpublished PhD Thesis, University of NSW; and A.E. Davies, 1974, *The meat workers unite*, Melbourne, AMIEU,

Australian workforce from the early 1980s.⁴ This thesis primarily concerns itself with overt, collective industrial conflict within the industry's overall patterns of industrial relations since 1970. The focus is historical and institutional as well as company-based. In particular, it concerns itself with the role employers have played in generating, engaging with, managing and avoiding this conflict.

Australian industrial relations industry studies have focused relatively little on employers and the strategic choices they have made.⁵ Further, meat industry employers have attracted little historical attention. This is similar to the situation regarding meat-industry industrial relations in New Zealand, a country with an enormously important meat processing industry and industrial relations traditions similar to Australia's. There, a strong scholarly literature has focused on meat-industry strikes and unionism,⁶ while Curtis and Reveley, for example, also look more generally at labour relations between the farmers, meat processors and the union.⁷ There are also scholarly treatments of the political economy of the industry itself, with particular reference to the politics of

Victorian Branch.

4. Mark Bray, Stephen Deery, Janet Walsh and Peter Waring, 2005, *Industrial relations: A contemporary approach*, 3rd edition, Sydney, McGraw-Hill Irwin, pp. 311-3. See also John Beggs and Bruce Chapman, 1987, 'Australian strike activity in an international context', *Journal of Industrial Relations*, 29 (2), pp. 137-49.
5. For notable exceptions, Mark Bray and Vic Taylor (eds.), 1986, *Managing labour?: Essays in the political economy of Australian industrial relations*, Sydney, McGraw-Hill; and Jim Kitay and Russel Lansbury (eds.), 1997, *Changing employment relations in Australia*, Melbourne, Oxford University Press; Peter Sheldon and Louise Thornthwaite (eds), 1999, *Employer Associations and Industrial Relations Change: Catalysts or Captives?*, Sydney, Allen & Unwin.
6. A.J. Geare, 1972, 'The problem of industrial unrest: Theories into the causes of local strikes in a New Zealand meat freezing works', *Journal of Industrial Relations*, 14 (1), pp. 13-22; J.M. Howells, 1972, 'The Kerr-Siegel hypothesis and the meat freezing industry in New Zealand', *New Zealand Economic Papers*, 2 (2), pp. 35-47; J.M. Howells and R.P. Alexander, 1968, 'A strike in the meat freezing industry: background to industrial discontent in New Zealand', *Industrial and Labor Relations Review*, 21 (3), pp. 418-26; H. Roth, 1984, 'Chronology of events, 1951-83', in J. Pearson (ed.), *Into the 1980s: the struggle for a fighting national union of meat workers: An historical perspective*, Auckland; D. Turkington, 1976, *Industrial conflict: a study of three New Zealand industries*, Wellington, Methuen.
7. Bruce Curtis and James Reveley, 2001, 'Producers, processors and unions: the Meat Producers Board and labour relations in the New Zealand meat industry, 1952-1971', *Australian Economic History Review*, 41 (2), pp. 135-158.

product markets and several historical studies of specific processing companies.⁸ Inkson, Simpson and Cammock have focused on aspects of the labour process and the sociology of meat-industry work in New Zealand meatworks, particularly the de-skilling and brutalising effects of the ‘chain’ system of slaughtering.⁹ New Zealand processors installed the ‘chain’ in their industry several years before the Victorian industry, and they were, in fact, one inspiration for the Victorian processors in 1933.¹⁰

The three main questions that this thesis therefore seeks to answer address these two gaps. They are, first – “what has been the role of employers in shaping industrial relations in the Australian meat industry?” In this context, it also asks two linked questions – “what strategic choices have these employers made regarding the question of industrial conflict; and why did they make those choices?” In order to answer these three questions, this thesis will examine the industrial relations history of the Australian meat processing industry from its industrial beginnings in the 1870s until 2001, when it finally took its current form. Structuring each chapter are crucial subordinate questions

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8. M. Calder and J. Tyson, 1999, *Meat acts: The New Zealand meat industry*, Wellington, Meat New Zealand; Bruce Curtis, 1996, ‘Producers, processors and markets: A study of the export meat industry of New Zealand’, Unpublished PhD Thesis, University of Canterbury; Bruce Curtis, 1999, ‘Markets as politics: the case of the meat export industry of New Zealand’, in D. Burch, J. Goss and G. Lawrence (eds.), *Restructuring global and regional agricultures: transformations in Australasian agri-food economies and spaces*, Aldershot, Ashgate; Bruce Curtis, 1993, ‘The export meat industry’, in proceedings of the 5th conference of the Department of Geography, Wellington, Victoria University of Wellington, pp. 65-71; D. Hayward, 1972, *Golden jubilee: the story of the first fifty years of the New Zealand Meat Producers Board*, Wellington, New Zealand Meat Producers’ Board; P.S.E. Hereford, 1932, *The New Zealand frozen meat trade*, Wellington, NZ Publishing; R. Le Heron, 1988, *Reorganisation of the New Zealand export meat freezing industry: political dilemmas and special impacts*, Palmerston North, Massey University; C.A. Lind, 1985, *A cut above: early history of Alliance Freezing Company (Southland) Limited*, Wellington;
9. J.H.K. Inkson, 1977, ‘The man on the dis-assembly-line: New Zealand freezing workers’, *Australian and New Zealand Journal of Sociology*, 13 (1), pp. 2-11; J.H.K. Inkson and D. Simpson, 1975, ‘The assembly-line and alienation: a participant-observer study in the meat industry’, *New Zealand Psychologist*, 4 (1), pp. 44-55; J.H.K. Inkson, and P. Cammock, 1984, ‘Labour process analysis and the chain system in the New Zealand meat works’, *New Zealand Journal of Industrial Relations*, 9, pp. 149-60; J. H. Kerr Inkson and Peter Cammock, 1988, ‘The meat freezing industry in New Zealand’, in Evan Willis (ed.), *Technology and the labour process*, Sydney, Allen & Unwin, pp. 68-80.
10. Evan Willis, 1985, ‘Trade union reaction to technological change: the introduction of the chain system of slaughtering in the meat export industry’, *Prometheus*, 3 (1), pp. 56-7.

that generate evidence and argument fundamental to answer these three main questions. An important element of this analysis is an explanation of the influence of the industry's changing political economy. The thesis focuses most heavily on the years from 1986, during which the industry's contemporary shape emerged.

Within this overall historical context, a number of key thematic variables emerge that continued to have resonance in later periods. These themes include: the role of the economic status of the industry; the regional, isolated nature of the industry; the itinerant nature of the workforce; the development of local bargaining traditions for wage fixing; the growth and power of trade unions and employer associations; the struggle to control and regulate workplace bargaining and conflict; the struggle over the labour process; and the intervention of the state. During the 1970s, these industrial relations themes continued to dominate or define the industry's industrial relations but, from 1986, the emergence of a major new employer began to force significant change at the industry and local levels. That employer is Australia Meat Holdings (AMH), and its emergence and rise to dominance is central to the thesis. We need to understand the emergence and impact of AMH in the context of the state of the export sector in the 1980s, as well as the dramatic changes that were occurring in the national industrial relations framework at that time. This, in turn, requires an understanding of the development on the industry's political economy.

The next section of this chapter will therefore very briefly introduce the history of the meat processing industry as a first step in placing this thesis in its scholarly context. This section also reviews the history of the industry's industrial relations. This is necessary for providing a context for the subsequent section, a literature review of relevant social science approaches to the main themes of this thesis. Following this is an explanation of the organisation of the rest of the thesis. The final section of this chapter

will explain the thesis' research design and methodology.

The Meat processing industry

The Australian meat processing industry, like several other primary industries such as wool and coal, is located within an international commodity supply chain. Of course, unlike wool and coal, meat also fits into the international 'food chain'. To understand industrial relations in the Australian meat processing industry, we must first understand the context of the industry as a whole. Meat, as an international commodity, emerged in the 1840s, with the development of reliable preserving technology.¹¹ The demand for Australian meat grew out of far reaching socio-economic change in Britain and, to a lesser extent, the other European powers at the time. From its earliest beginnings, up until the 1950s, the international meat trade was heavily dependent on the relationships between Europe's colonial powers and the colonies as well as other primary-producing countries like Argentina. This was similar to the development of the international wool and coal commodity chains.

The Australian pastoral industry grew out of increased demand in Europe, particularly Britain, France and Germany, for raw materials to sustain their industrialisation and population growth. These economies, under population and industrialisation pressures, shifted land use from wool and other commodity production to food production. To accommodate this loss of raw materials the advanced European economies sought wool and other commodities from the sparsely populated 'new world' economies, such as Australia.¹²

In a similar vein, early coal mining in Australia was a by-product of this

11. Richard Perren, 2006, *Taste, trade and technology: the development of the international meat industry since 1840*, Aldershot, Ashgate.

European economic and population expansionism. Nineteenth century British shipping companies often owned, through interlocking directorates, coal mining companies in Australia, thus enabling them to cheaply refuel their coal-fired steamships for the return journey, increasingly loaded with Australian wool and, later, Australian canned and frozen meat, bound for industrial Britain and Europe.¹³ From the late nineteenth and early twentieth centuries, operating costs in these industries were beyond the capacity of most individuals and small companies, and so Foreign Direct Investment (FDI), mainly British and, later, American capital, was needed to develop and sustain large scale production for export.¹⁴

The linkages between the early meat, wool and coalmining industries were not simply confined to international product markets. While the labour processes were vastly differed, there were several labour market similarities between these industries. In the nineteenth and early twentieth centuries, both the wool and meat industries were seasonal, isolated and often reliant on skilled, itinerant workforces.¹⁵ There is also some suggestion that these itinerant workers may have ‘gone shearing’ during the shearing season and then obtained work in the meat industry during the slaughtering season.¹⁶ Whether serendipitous or not, in shearing, the tally was 80 to 100 sheep per day and in sheep slaughtering the tally was 100 head a day for solo butchers, although the union attempted to reduce this to 80 head per day in the early 1930s.¹⁷ In both instances, the

12. John Merritt, 1986, *The making of the AWU*, Melbourne, Oxford University Press.

13. Robin Gollan, 1962, *The coalminers of New South Wales: a history of the union, 1860-1960*, Melbourne, Melbourne University Press, pp. 11-2. See also Kevin Burley, 1960, ‘Overseas Trade in New South Wales Coal and the British Shipping Industry 1860-1914’, *Economic Record*, 35, 394-5.

14. Shaun Ryan and Harry Knowles, 2002, ‘Pastoral capital, labour markets and trade unions: scaling shearing trade unionism 1875-1905’, *Labour & Industry*, 13 (2), pp. 22-4; Perren, *Taste, trade and technology*; and Gollan, *Coalminers of NSW*; See also Kosmas Tsokhas, 1990, *Markets, money and empire: the political economy of the Australia wool industry*, Melbourne, Melbourne University Press.

15. Merritt, *The AWU*; Cutler, ‘History of the Australasian Meat Industry Employees’ Union’.

16. Davies, *The meat workers unite*.

17. Merritt, *The AWU*, pp. 54-5; and Willis, ‘Trade union reaction’, pp. 51-70.

worker was paid according to inputs, the number of sheep shorn or butchered, without specific reference to the outputs, the weight of fleece or meat produced. Similarly, although based on a team slaughtering system due to the relative size of the beast, inputs set beef slaughtering tallies, not outputs. Coalmining also had a form of piece-rate payments. The hewers (miners who cut the coal from the seam) were paid according to the weight of coal hewn each day and the putters (miners who pushed the tubs or carts of coal from the coalface to the shaft base) according to the number of tubs 'put' per day. These miners were paid a piece rate according to their outputs.¹⁸

Despite these similarities, the Australian meat processing industry stands apart as an industry with its own unique product market drivers and labour market variants. The international meat commodity supply chain was almost exclusively centred on providing for Britain's needs, as the British market remained the only European market consistently open to food producers from outside Europe. Thus, when empire considerations periodically prevailed, as in the 1930s after the Ottawa Agreement, the largely Spanish-speaking economies of South America were excluded. This largely remained the case until the 1950s, when Britain began to forge stronger economic links with continental Europe.¹⁹

US meat processors operated within this Anglo-centric supply chain until the turn of last century, when domestic demand reached parity with, and then outstripped domestic supply. Large, US-based multinational companies dominated the US market, so that when domestic demand reached a critical point, they directed capital into other meat producing economies, such as Australia, New Zealand and Argentina, to supplement their domestic production capacity. Companies such as Swift & Co.,

18. Gollan, *Coalminers of NSW*, pp. 20-1; John Treble, 2001, 'Productivity and effort: the labor-supply decisions of late Victorian coalminers', *The Journal of Economic History*, 61, pp. 418-20.

Armour & Co., Morris & Co. and the National Packing Co. all invested in the Australian industry.²⁰ This US FDI attracted considerable opposition from domestic parties to the industry, spawning a wave of xenophobic concern which reached the highest levels of government.²¹ Of course, British meat supply companies, such as Vestey and Borthwicks invested heavily in the Australian meat processing industry as well, but they were more readily tolerated, perhaps because they were British.²² These international product market factors stimulated the development and growth of the export sector of the Australian meat processing industry over nearly a century.

Beever suggests that Australian meat production, although integrated into the world food supply chain by the turn of last century, remained marginal as an export commodity and that the industry underpinning it also remained marginal as an enterprise until World War II.²³ During the first half of the twentieth century, the industry only operated at peak capacity, particularly in Queensland, during its short seasons, which lasted for around three to four months of the year. At other times, most export processing capacity sat idle.²⁴ The two world wars were a boom time for meat processors, as the Australian and British governments procured meat for the war effort.²⁵ As well, in the 1930s, the Ottawa Agreement gave Australian meat exporters a

19. Perren, *Taste, trade and technology*, p. 1.

20. Walker, *Australian IR*, pp. 49-51; and Beever, 'The Australian meat export trade', pp. 233-40. See also James Critchell and Joseph Raymond, 1912, *A history of the frozen meat trade*, London; Perren, *Taste, trade and technology*; Ross Duncan, 1956, 'The demand for frozen beef in the United Kingdom, 1880-1940', *Journal of Agricultural Economics*, July; Ross Duncan, 1959, 'The Australian beef export trade and the origins of the Australian Meat Board', *Australian Journal of Politics and History*, 5 (2), pp. 191-201; Ross Duncan, 1962, 'The Australian export trade with the United Kingdom in refrigerated beef, 1880-1940', *Business Archives and History*, 2, August, pp. 106-19.

21. Report of the Royal Commission on the Meat Export Trade, *Commonwealth Parliamentary Papers*, 1914-1917, Vol. V, pp. 39-40.

22. Phillip Knightley, 1981, *The Vestey Affair*, London, MacDonald Futura Publishers; and Godfrey Harrison, 1963, *Borthwicks: a century in the meat trade*, London, Borthwicks.

23. Beever, 'The Australian meat export trade', pp. vii-xi.

24. Cutler, 'History of the AMIEU'.

25. Terrence Cutler, 1973, 'Sunday, Bloody Sunday', in John Iremonger, John Merritt, and Graeme Osborne (eds.), *Strikes: studies in twentieth century Australian social history*, Sydney, Angus &

greater share of the dominant British market.²⁶ By the late 1950s, domestic demand in the US forced open that market to greater foreign meat imports, and by the 1960s, a similar process opened up the Japanese market.²⁷

By the 1960s, Australian meat had gained a considerable share of the global meat supply chain, establishing the Australian meat industry as the largest exporter in the international market.²⁸ This expansion was stimulated by several factors, including a long-term decline in the dairy industry (a direct land use competitor to meat livestock production), lower wool prices and widespread international wheat quotas. These factors encouraged many farmers to switch to beef cattle production, resulting in the rapid expansion of the national herd. Coupled to this, exceptional export demand for Australian beef drove up export meat prices. Thus, higher demand for Australia beef led to increased demand for slaughtering capacity. This resulted in increased local and FDI investment in slaughtering capacity, both more abattoirs and upgrades to existing plant.²⁹ As part of this expansion, Australian beef processors re-engineered the labour process with mechanical flow-line production technology, CanPak, and secured

Robertsons, pp. 81-102; Jane Ann Phillips, 1977, 'The Townsville meatworkers' strike: a perspective on social conflict in Queensland, 1918-1919', Unpublished B.A. (Hon) Thesis, University of Queensland; Doug Hunt, 1983, 'The Townsville meatworkers' strike, 1919' in Denis Murphy (ed.), *The big strikes: Queensland 1889-1965*, St Lucia, Queensland, University of Queensland Press. pp. 144-61; Douglas Blackmur, 1983, 'The meat industry strike, 1946', in Murphy, *The big strikes*, pp. 217-34; Douglas Blackmur, 1986, 'Industrial relations under an Australian state Labor government: the Hanlon government in Queensland 1946-1952', Unpublished PhD Thesis, University of Queensland; and Douglas Blackmur, 1993, *Strikes: causes, conduct & consequences*, Sydney, The Federation Press.

26. Perren, *Taste, trade and technology*; and Manning Clark, 1987, *A history of Australia*, vol. VI, Melbourne, Melbourne University Press.

27. Perren, *Taste, trade and technology*.

28. Perren, *Taste, trade and technology*.

29. Peter Vidler, 1982, 'The Australian meat processing industry', Canberra, Legislative Research Service, pp. 2-4. See also Owen Kingston and Ian Wan, 1988, 'Recent developments in Queensland's cattle slaughtering industry', *Queensland Agricultural Journal*, 114 (3); Industries Assistance Commission, 1983, 'The abattoir and meat processing industry', 313 (28), Melbourne, Australian Government Publishing; J.L. Longmire, G.W. Main and R.G. Reynolds, 1980, 'Market implications of some major shocks to the Australian beef industry', Adelaide, Australian Agricultural Economics Society; and Garry Griffith, 1991, 'The structure and operation of the Australian fresh meat processing industry', Sydney, NSW Agriculture.

bureaucratic control of the labour process through widespread federal award coverage and the almost universal usage of the tally system.

Despite a short-run downturn in the export market in 1973-74, due to a fall in foreign demand and over-supply of cattle, that drove down cattle prices, the export sector grew rapidly during the mid to late 1970s. This expansion, driven by higher global demand, increased meat prices, and increased slaughterings and slaughtering capacity, was short-lived and, in 1979-80, cattle numbers in Australia fell to unsustainable levels, resulting in a sharp decline in cattle turn-offs. The beef export sector effectively collapsed from within as processing capacity demand far out-stripped beef cattle supplies.³⁰ This resulted in severe over-capacity in the beef-processing sector for much of the 1980s and sustained pressure from many quarters for the industry to rationalise.³¹ The fall-out from this severe economic disturbance took almost two decades to resolve effectively. In the meantime, several large processors banded together as AMH to rationalise their processing capacity, while some other large and small processors abandoned or were forced out of the industry.

Industrial relations in the meat processing industry has generated a rich vein of industrial relations research that has informed the findings of this thesis. Early labour relations in the meat processing industry were centred on resolving the fundamental questions of monetary distribution and work arrangements. Prior to the 1930s,

30. Vidler, 'Australian meat processing industry'; Kingston and Wan, 'Queensland's cattle slaughtering industry'; IAC, 'Abattoir and meat processing'; Longmire, Main and Reynolds, 'Market implications'; and Griffith, 'Australian fresh meat processing industry'.

31. Fellows, Medlock and Associates, 1995, 'Review of progress in workplace reform in the export meat processing sector', Canberra, Federal Department of Industrial Relations; Industry Commission, 1994, *Meat Processing, Volume 1 & 2: Report*, Report No. 38, Melbourne, Australian Government Publishing Service. Productivity Commission, 1998, 'Work arrangements in the Australian meat processing industry', Melbourne, Australian Government Publishing Service. See also Vidler, 'Australian meat processing industry'; Kingston and Wan, 'Queensland's cattle slaughtering industry'; IAC, 'Abattoir and Meat Processing'; Longmire, Main and Reynolds, 'Market implications'; and Griffith, 'Australian fresh meat processing industry'.

meatworkers in the sheepmeat sector worked as solo butchers.³² In the beef-processing sector, meatworkers worked in a team or gang of 24 or 26 workers, centred on six skilled butchers. The skilled workers would bargain on behalf of the semi-skilled and unskilled workers in the industry on a shed-by-shed basis. From the mid 1880s, there were efforts to organise all classes of meatworkers into one industry-based union but these efforts were only partially successful, due to the determined anti-union resistance of employers.³³

Despite employer anti-union behaviour, the industry's union began to exert successfully some form of labour market discipline around the turn of the century and, in 1905, organised a strike at the Lakes Creek meatworks near Rockhampton in Queensland.³⁴ By World War I, the union, the Australasian Meat Industry Employees' Union (AMIEU), had developed a radical, syndicalist wing that exploited the very high wartime demand for meat by driving up wages and conditions, particularly at the meatworks near Townsville in Queensland.³⁵ Employers responded by pressing to restore pre-war conditions as the war ended. The resulting bitter strike in Townsville of 1918-19 opened the way for the Queensland Industrial Court (QIC) to intervene to regulate the industry through a state award. Ironically, the AMIEU had previously federated its various state-based unions as a precursor to gaining a federal award but, by the time of the Townsville meat strike, the ideological forces at play within the export-processing sector of the union had driven it to eschew state regulation in favour of direct action.³⁶ Management, for its part, saw state intervention through the tribunal as

32. Cutler, 'History of the AMIEU'; and Davies, *The meat workers unite*.

33. Cutler, 'History of the AMIEU'; and Davies, *The meat workers unite*.

34. Gordon Stewart, 2004, 'The first union and the first strike at the Lakes Creek meatworks', in 18th AIRAANZ Conference, Sunshine Coast, Griffith University (unpublished copy of paper presented at the conference), pp. 1-9; and Cutler, 'History of the AMIEU'.

35. Cutler, 'Sunday, Bloody Sunday', pp. 81-102.

36. Cutler, 'History of the AMIEU'; and Davies, *The meat workers unite*.

the most desirable outcome, and a way to control the militant meatworkers.³⁷

This same internal dynamic drove the AMIEU to demand a lowering of the solo tally in the sheepmeat sector from 100 head a day to 80 head in the early 1930s. In Victoria, where sheepmeat production was most important, employers responded by delaying the start of the 1933 season to install the new chain system of mechanical, flow-line production then sweeping the industry internationally.³⁸ After a short and, ultimately, unsuccessful strike, the AMIEU recommended that its members accept the new technical arrangements, and began finding ways to exploit the system to their advantage.³⁹

The outbreak of World War II, in 1939, again opened the way for the AMIEU, particularly in Queensland, to exploit the prevailing conditions to the advantage of its members. At war's end, employers again moved to reduce wages and conditions in the industry to pre-war levels. This time the union had plans in place to resist. The ensuing strike and lockout lasted for many months and involved virtually the whole meat export industry in Queensland. The 1946 Queensland meat strike also split the union and divided the labour movement in Queensland, as the Hanlon Labor government largely sided with the employers and the QIC against the union.⁴⁰ A splinter faction, the Bacon Factory Union of Employees (BFUE), broke away from the AMIEU over this dispute and remains a separate organisation to this day.⁴¹

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37. Phillips, 'Townsville meatworkers' strike'; Cutler, 'Sunday, Bloody Sunday', pp. 81-102; and Doug Hunt, 1983, 'The Townsville Meatworkers' Strike, 1919' in Denis Murphy (ed.), *The big strikes: Queensland 1889-1965*, St Lucia, Queensland, University of Queensland Press. pp. 144-61.
38. Willis, 'Trade union reaction to technological change', pp. 56-7; and Cutler, 'History of the AMIEU'.
39. Willis, 'Trade union reaction to technological change'.
40. Douglas Blackmur, 1983, 'The meat industry strike, 1946', in Murphy, *The big strikes*; Douglas Blackmur, 1986, 'Industrial relations under an Australian state Labor government: the Hanlon government in Queensland 1946-1952', Unpublished PhD Thesis, University of Queensland; Blackmur, *Strikes*; and Gordon Stewart and Bradley Bowden, 2004, 'The 1946 meat strike in Queensland: a regional perspective', *International Journal of Employment Studies*, 12 (1), pp. 19-42
41. Bradley Bowden, 1996, *A breed apart: the history of the Bacon Factories' Union of Employees 1946-1996*, Brisbane, Boolarong Press; Bradley Bowden, 1997, 'Strike-breakers – origins, functions and

In the 1950s, the AMIEU entered the fight for equal pay. While not specifically important for this thesis, this struggle does illustrate the changing contours of industrial relations in the industry.⁴² By this time, employers and the union had shifted their focus from the direct struggle over pay and conditions to the methods of regulating the labour process in the industry. These, of course, strongly influenced pay and conditions. Employers persisted in their push for federal award coverage and also sought to regulate the labour process through the tally. This particular struggle would dominate debate in the industry for the next four decades.⁴³ After employers successfully strengthened federal award coverage of the export sector and inserted the tally into most federal and state awards, the industry's industrial relations became more focused on controlling periodic outbreaks of industrial action by the union.

A number of large meatworks were the subject of long-running conflict between management and the union, particularly in Queensland.⁴⁴ While these disputes rarely developed into full-scale industrial conflict, there were a number of notable, high profile disputes in the meat processing industry during the 1980s and 1990s. One notable example, because it captured widespread public attention, was the 1985 Mudginberri dispute in the Northern Territory. This dispute's notoriety stemmed, in part, from the involvement of the emerging political forces of the 'new right'.⁴⁵ What set the

beliefs: the experience of the 1946 meat strike', *International Journal of Employment Studies*, 5 (2), pp. 77-102; and Stewart and Bowden, 'The 1946 meat strike in Queensland'.

42. Marjorie Jerrard, 1999, 'A surprising struggle? The AMIEU (Qld) and the fight for equal wages in the meat processing and export industry in the 1950s and 1960s', *Labour History*, 77, pp. 140-59.

43. Gordon Stewart, 2002, 'The decline and fall of the tally system in the meat processing industry', *Australian Bulletin of Labour*, 28 (3), pp. 184-97. Gordon Stewart, 2004, 'Export meatworkers in Rockhampton and Townsville: divergence or convergence?', *Employment Relations Record*, 4 (2), pp. 47-59.

44. Gordon Stewart, 1978, 'An analysis of industrial relations at the Central Queensland Meat Export Company works at Lakes Creek, Rockhampton, from 1945 to 1965', Unpublished B.A. (Hon) Thesis, University of Queensland.

45. Jim Kitay and Rod Powe, 1987, 'Exploitation at \$1,000 per week? The Mudginberri dispute', *Journal of Industrial Relations*, 29 (3), pp. 365-400; Bernie Brian, 1999, 'The Mudginberri Abattoir Dispute of 1985', *Labour History*, 76, pp. 107-24.

Mudginberri dispute, and the 1994-96 Fitzroy River dispute in Rockhampton, apart from other typical meat industry disputes of the era was employer engagement of labour-hire companies as strike-breakers.⁴⁶ By the end of the 1990s, conflict in the meat industry had switched to the struggle over Australian Workplace Agreements (AWAs).⁴⁷

Overall, apart from these more recent discussions of employer militancy, the most obvious impression that emerges from the historiography of the meat processing industry is that it has been distinguished from most other industries in Australia by militant unionism and its strike proneness. In this historical literature the AMIEU is the active agent, the strike its central strategy. The corollary assumption is that the industry's employers and managers have tended towards various reactive strategies. This overlooks much of the diverse range of meat industry employer strategies. These have included employers taking the industrial relations initiative to provoke reactions from the union and other actors with the aim of manipulating the industry's economic, political and industrial environment.

As this thesis aims to explain how meat industry employers have sought to manage industrial relations conflict as part of shaping the industry's industrial relations, it is necessary to discuss briefly relevant theoretical literatures from social sciences. Most relevant to the themes and questions in this thesis is the development, within industrial relations, of thinking on strategic choice. As well, recent developments in

46. Gordon Stewart, 1998, 'Enterprise bargaining in the Australian meat processing industry: the case of the Fitzroy River Abattoir in Rockhampton 1994-1996', in Raymond Harbridge, Claire Gadd, Aaron Crawford (eds.), *Current research in industrial relations: proceedings of the 12th AIRAANZ Conference*, Wellington, New Zealand, pp. 1-19; Elsa Underhill and Di Kelly, 1993, 'Eliminating traditional employment: Troubleshooters Available in the Building and Meat industries', *Journal of Industrial Relations*, 35 (3), pp. 398-423; and Bradley Bowden, 1997, 'Strike-breakers – origins, functions and beliefs: the experience of the 1946 meat strike', *International Journal of Employment Studies*, 5 (2), pp. 77-102.

47. Marjorie Jerrard, 2000, 'Dinosaurs' are not dead: the AMIEU (Qld) and industrial relations change',

meat industry employer strategic choice suggest the importance of closely considering a particular variant discussion of a ‘new’ industrial relations and its flowering into ideas on the ‘mutual-gains enterprise’. However, given the long-run tradition of industrial disputation in meat processing, it is useful to start with an earlier literature, that on strike-prone industries.

Meat industry employers and industrial relations: reviewing relevant social science

Strike-prone industries

Given the strong emphasis in the meat industry historiography on strikes, it is important that we at least briefly consider the theoretical literature on strike-prone industries that flowered from the early 1950s. In studying the inter-industry propensity to strike, Clark Kerr and Abraham Siegel argued that there were a number of similarities in behaviour between workers in the same industries in different countries, regardless of the political, social and economic differences between the countries. They suggested that, “strikes occur most severely in industries which (1) segregate large numbers of persons who (2) have relatively unpleasant jobs.”⁴⁸ Indeed, Kerr and Siegel summarised this locational factor as follows:

industries will be highly strike prone when workers (i) form a relatively homogeneous group which (ii) is unusually isolated from the general community and which (iii) is capable of cohesion ...⁴⁹

According to these hypotheses, the ‘isolated mass’ had its own separate community, with its own codes, myths, heroes and social standards. There would be few neutrals to mediate conflicts and dilute the mass. All members of the group would have the same

Journal of Industrial Relations, 42 (1).

48. Clark Kerr and Abraham Siegel, 1954, ‘The interindustry propensity to strike: an international comparison’, in Arthur Kornhauser, Robert Dubin and Arthur Ross, *Industrial conflict*, New York, McGraw-Hill, p. 196.

grievances, such as work hazards, unemployment, poor living conditions, low wages and intermittent or seasonal work.⁵⁰ Much more recent study, by J. Paul Leigh, supports part of this explanation. It shows industries with high injury rates were more strike-prone.⁵¹ This, obviously, would appear to have a great deal to say about meatworkers in Australia.

Kerr and Siegel also suggested that the character of the job and the worker mattered. They argued that, the inherent nature of the job determined, by selection and conditioning, the kinds of workers employed and their attitudes, and these workers, in turn, caused conflict or peace.⁵² In relation to this thesis, meatworkers faced physically difficult and unpleasant jobs. Much of which required little or no skill and which were casual or seasonal in character. This might suggest that the meat processing industry tended to attract independent, tough, combative and industrially virile workers more inclined to strike than those workers occupied in jobs at the opposite end of the spectrum.

While very influential, the Kerr-Siegel approach attracted a number of critics over successive decades. For example, D.J Turkington suggested that technology caused both the isolated mass and unpleasant jobs, and that, therefore, technology was of more importance in understanding strike proneness than living as an isolated mass and doing unpleasant jobs.⁵³ Gaston Rimlinger, from his own cross-national comparison, suggested that militancy and strike proneness were contingent choices for these workers. Thus, “aggressiveness may give way to compliance where solidarity

49. Kerr and Siegel, ‘Interindustry propensity to strike’, p. 195.

50. Kerr and Siegel, ‘Interindustry propensity to strike’, pp. 191-3.

51. J. Paul Leigh, 1983, ‘Risk preference and the interindustry propensity to strike’, *Industrial and Labour Relations Review*, 36 (2), p. 284.

52. Kerr and Siegel, ‘Interindustry propensity to strike’, p. 195.

53. D. J. Turkington, 1976, *Industrial conflict: a study of three New Zealand industries*, Wellington, NZ, Methuen, pp. 6-11.

lends itself to indirect managerial control; and ... solidarity may give way to intense individualism where co-operation and collective action are unsuccessful.”⁵⁴

H.A. Turner, Garfield Clack and Geoffrey Roberts took a broader approach in attempting to explain the strike proneness of the British car industry.⁵⁵ Their study examined the prevailing technical mode of production, the structure and policies of unions involved, and, importantly, for the concerns of this thesis, the industrial policies of the various employers and the role of relevant employer organizations. They concluded that it was the “pervasive irregularity of employment and earnings” created discontent among the workers.⁵⁶ As well, they found that, the ‘failure of institutions’, a divided and undisciplined union movement, and disorganised and divided employer organisations created a poor bargaining regime.⁵⁷ They further suggested that the acts and omissions of individual companies, that is, managerial policies, were important. So too was the mere involvement of the dominant employer association in industrial relations processes, in stimulating adverse industrial action by labour in the industry.⁵⁸ However, in contradiction to Kerr and Siegel, they found that location, as a factor, played no significant role in the strike propensity of individual plants.⁵⁹ Clearly, some of their industry and history-specific factors cannot be applied to other strike-prone industries. However, their findings did suggest that, rather than looking for general factors to explain strike proneness across a number of industries in several countries, researchers should attempt to isolate those factors that may be influential in the strike

54. Gaston Rimlinger, 1977, ‘International differences in the strike propensity of coal miners: experience in four countries’, in E. W. Evans and S. W. Creigh (eds), *Industrial conflict in Britain*, London, Frank Cass, p. 202.

55. H. A. Turner, Garfield Clack and Geoffrey Roberts, 1968, *Labour relations in the motor industry: a study of industrial unrest and an international comparison*, New York, Augustus M. Kelley.

56. Turner, Clack and Roberts, *Labour relations in the motor industry*, p. 333.

57. Turner, Clack and Roberts, *Labour relations in the motor industry*, pp. 339-344.

58. Turner, Clack and Roberts, *Labour relations in the motor industry*, pp. 344-350.

59. Turner, Clack and Roberts, *Labour relations in the motor industry*, p. 349.

proneness of a given industry.

Australian industrial relations has long had vastly higher levels of state involvement in its industrial relations than was the case in Britain. Not surprisingly then, any discussion of the Australian experience with strike proneness needs to take into account the role of compulsory arbitration on conflict and its management. In the Australian context, and taking a sociological approach, Stephen Frenkel therefore suggested there was a dialectical relationship between (a) workers' discontent and power, (b) union structure and character, and (c) the 'accommodation structure' of a given industry. Thus, accommodation structure comprised those industrial awards and collective agreements and that regulation that shaped industrial relations rules and norms within that industry.⁶⁰ Thus, prevailing union structure and the role of the state largely conditioned workers' discontent and power and union structure and its character had a significant direct impact on patterns of industrial action. Frenkel suggested such factors as membership coverage, size, method of governance, policies and the relations between leaders and members were also important. The principal influences on these factors were past and present procedural rules regulating the national accommodation system. Clearly, like for much of the industrial relations literature in Australia, employer strategy here is a lesser consideration.

This literature raises a number of important questions. Kerr and Siegel's work offers some useful insights for explaining the Australian meat processing industry's industrial relations. The nature of work in the industry, particularly for much of the twentieth century, was isolated, seasonal, and physically difficult and unpleasant. The notion of an 'isolated mass', working in an unpleasant industry, fits well with the meat

60. Stephen J. Frenkel, 1980, *Industrial action: patterns of labour conflict*, Sydney, George Allen & Unwin, pp. 136-137. For a more detailed account of these factors, see pp. 138-145.

processing industry until well into the second half of the twentieth century. It is difficult to say whether the public are more inclined to accept strikes in the meat processing industry, but given the lack of immediate public impacts during a meat strike (a strike at an export plant would rarely affect domestic supply), this may be the case. The fact that the meat processing industry was highly strike prone for much of its history would appear to suggest the relevance of using the work of Kerr and Siegel. However, there is more to the industry's industrial conflict than can be explained from their work. In particular, meat processing plants in large urban areas also exhibited patterns of high strike proneness.

This suggests that a labour process that generates high levels of injury risks might also be a useful explanatory variable. For this reason, and given that very poor occupational health and safety (OHS) outcomes have been a major cause of strikes in Australia, Leigh's research is interesting, correlating as it does non-fatal injury rates with strike statistics. Importantly for this thesis, it is important to remember that in most cases, the labour process is the result of employer strategic choices. The main limits to these choices are worker responses and, in particular, union activism and bargaining. In Australia, these sorts of struggles almost inevitably enter the arbitration system. To the degree that tribunals will intervene in these issues, awards and agreements are the mechanisms that restrict unrestrained employer prerogative. This brings discussion back to Frenkel's structures of accommodation as a major factor conditioning worker discontent and power. Given the AMIEU's traditional preference for contesting managerial prerogative through local action and bargaining, Frenkel's work is also useful as it allows explanations of much industrial relations conflict in the meat industry through focusing on the sorts of union characteristics he uses.

Once again, though, Frenkel's conclusions focused more on the relationships

between and within unions and state intervention, downplaying employer policy and strategy. Of greater relevance for this thesis, therefore, is Turner, Clack and Roberts' industry study which may have more explanatory usefulness. In particular, Turner, Clack and Roberts identified managerial policies and the involvement of a dominant employer association as critical factors in stimulating adverse industrial action by labour in the industry. This theme is particularly important in the second half of this thesis. Thus, it is to theories concerning employer strategic choice and the management of industrial relations that we now turn.

Strategic choice and the management of industrial relations

In the early 1980s, in response to changing labour market and industrial relations practices, and in particular a decline in the prevalence of collective bargaining a group of American researchers (the MIT group) developed a highly influential model that sought to explain widespread industrial relations changes by identifying the conflicting strategic choices confronting US business.⁶¹ Thomas Kochan, Robert McKersie and Peter Cappelli examined the competitive pressures on employers, workers, unions and governments since the late 1970s. In moving from the more mechanistic systems theory long dominant in the field, they argued for seeing these industrial relations actors as active agents with some degree of choice over their preferences and behaviours, particularly where these choices alter an actor's role or relationship with the other actors in the system. According to these authors' strategic choice model, these actors make decisions at three levels in the system - the macro or corporate level; the employment relationship or plant level; and the workplace or

61. Jim Kitay, 1997, 'Changing patterns of employment relations: Theoretical and methodological framework for six Australian industry studies', in Jim Kitay and Russell Lansbury (eds.), *Changing employment relations in Australia*, Melbourne, Oxford University Press, p. 4.

individual and group level.⁶² In a subsequent refinement of this model, Kochan, Harry Katz and McKersie linked the institutional structure of industrial relations at the firm-level with the external environment, particularly the product market. Their argument was that product market challenges had contributed to fundamental changes in the values and strategies of American employers and managers, and that these had led them, in turn, to strategically choosing to alter their industrial relations policies and practices. The aggregate outcome of these individual company-based changes was a significant shift in formal American industrial relations activity from the macro and workplace levels to the employment relations level, where union influence was least effective.⁶³

To understand better this literature, it is necessary to understand the term ‘strategy’ as it appears in the recent industrial relations literature. For Keith Thurley and Stephen Wood, “industrial relations strategies refer to long-term policies which are developed by the management of an organisation in order to preserve or change the procedures, practices or results of industrial relations activities over time.”⁶⁴ Embodied in this definition are the notions that managerial industrial relations strategies are long-term statements of objectives, with actions to achieve them, in order to affect a desired outcome over time. According to Norman Dufty and Ray Fells, industrial relations strategy is a plan of action, which “is the result of establishing which methods or actions might best secure the desired ends and on the basis of some set of theories which link ends and means.”⁶⁵ This suggests that strategy development is rational, consistent,

62. Thomas Kochan, Robert McKersie and Peter Cappelli, 1984, ‘Strategic choice and industrial relations theory’, *Industrial Relations*, 23, pp. 16-39.

63. Thomas Kochan, Harry Katz and Robert McKersie, 1986, *The transformation of American industrial relations*, New York, Basic Books, pp. 5-19.

64. Keith Thurley and Stephen Wood, 1983, ‘Business strategy and industrial relations strategy’, in Keith Thurley and Stephen Wood, (eds), *Industrial relations and management strategy*, New York, Cambridge University Press, p.198.

65. Norman Dufty and Ray Fells, 1989, *Dynamics of Industrial Relations in Australia*, Sydney, Prentice-Hall, p. 215.

conscious and explicit. Similarly, Michael Quinlan suggests such strategies embody “notions of consciousness, long-term commitment, rationality and choice.”⁶⁶

Kochan, McKersie and Cappelli offer an important corollary, that, “strategic decisions can only occur where the parties have discretion over their decisions; that is, where environmental constraints do not severely curtail the parties’ choice of alternatives.”⁶⁷ Lewin suggests that where such environmental constraints leave either party with only one realistic option, then the notion of ‘strategic choice’ does not apply.⁶⁸ Clearly, these definitions suggest management has and can exercise choices in their industrial relations objectives and actions where environmental factors do not constrain them. However, perhaps reflecting the more pessimistic mood among industrial relations academics in the UK in the 1980s, Thurley and Wood and as well as Hyman caution that the notion of ‘strategy’ is problematic and that managerial decision-making is beset by contradictions, so that strategy is “the pragmatic choice among alternatives, none of which prove satisfactory”.⁶⁹

The strategic choice literature stimulated international debate and research endeavour in industrial relations beyond the US-centred concerns of the MIT group’s original project. Indeed, several Australia researchers suggested that it was useful for identifying a number of factors in Australian industrial relations change at around the same time. This was important to the field in Australia as it began to re-orient, in part, the focus of research from unions and the arbitration system to employer policy and

66. Michael Quinlan, 1986, ‘Managerial strategy and industrial relations in the Australian steel industry 1945-1975: a case study’, in Mark Bray and Vic Taylor, (eds), *Managing labour?: essays in the political economy of Australian industrial relations*, Sydney, McGraw-Hill, p. 21.

67. Kochan, Katz and McKersie, *Transformation of American IR*, p. 21.

68. David Lewin, 1987, ‘Industrial relations as a strategic variable’, in Morris Kleiner and Steven Allen, *Human resources and the performance of the firm*, Madison, Wisconsin, Industrial Relations Research Association.

69. Richard Hyman, 1987, ‘Strategy or structure? Capital, labour and control’, *Work, Employment and Society*, 1 (1), p. 30.

action. It is of particular relevance to the meat processing industry where the issue had long demanded attention. Thus, shortly after Kochan *et al* published their strategic choice research, Quinlan argued that, “an examination of managerial strategy is vital to understanding patterns of industrial relations in the Australian steel industry.”⁷⁰ Dufty and Fells also applied the strategic choice literature to the Australia, identifying such issues as the management-union relationship, conflict resolution and institutional arrangements.⁷¹ Margaret Gardner and Jill Palmer used the concept of strategy to structure their investigation of employment relations in Australia. In particular, it proved valuable for their integration of the fields of industrial relations and human resource management. However, they went beyond seeing strategy as explicit and conscious, to include unconscious and implicit understandings on the concept.⁷²

In generating greater interest in employer and management policy and practice, not only did this reflect employer strategic choices to decentralise and even individualise bargaining, the attention to strategic choice and employer behaviour, also reflected the rise in the scholarly field and professional practice of HRM. This, in turn, reflected greater interest in the nature and quality of management-employee relations. From the perspective of industrial relations theory and union’s, organisations and industries, one prominent response was the development of discussion regarding the ‘mutual-gains’ enterprise and the ‘new’ industrial relations. Given that growing international competitive pressures in markets for goods and services focused attention in highly developed economies on their high labour costs, the alternative responses – in theory and practice – appeared to divide between prioritising cost-cutting or making

70. Quinlan, ‘Managerial strategy’, p. 20.

71. Dufty and Fells, *Dynamics of industrial relations*, pp. 225-46 & 250-66.

72. Margaret Gardner and Jill Palmer, 1992, *Employment relations: Industrial relations and human resource management in Australia*, South Melbourne, Macmillan, pp. 8-9.

gains in terms of quality from an engaged and highly skilled workforce. The following section briefly introduces these two approaches with reference to their possible application in the Australian meat processing industry.

The “new” industrial relations

During the late 1980s and early 1990s, there was a great deal of debate as to whether there indeed was a “new” industrial relations and, if so, what this entailed. To what extent did changing industrial relations practices or climates warrant such a term and did a particular situation need to meet a set of necessary criteria to gain this label? Overall, some British scholars suggested that the label “new industrial relations” reflected the American concept of individualism, flexibility and disorganisation. In exploring the root metaphors behind the “old” and the “new” industrial relations, Dunn suggested the former derived from the World War 1 metaphor of trench warfare inherent in the concept of the “frontier of control”, whereas the latter arose from the metaphor of the journey into the “frontier” during the colonising period in US history. One is static; the other is disorganised and risky.⁷³ The “old” is thus based on European notions of warfare and antagonism; the “new” is based on American notions of freedom and individuality. Wood and de Menezes attempted a more empirically grounded approach through use of Britain’s 1990 Workplace Industrial Relations Survey.⁷⁴ They suggest the “new” industrial relations was identifiable in high commitment management practices towards employees, such as: career ladders, training and commitment; functional flexibility; reduction of hierarchies and status differentials; and team structures for disseminating information (teambriefing), structuring work

73. Stephen Dunn, 1990, ‘Root metaphor in the old and new industrial relations’, *British Journal of Industrial Relations*, 28 (1), pp. 1-31.

74. Stephen Wood and Lilian de Menezes, 1998, ‘High commitment management in the UK: Evidence from the workplace industrial relations survey and employers’ manpower and skills practices survey’,

(teamworking), and problem solving (quality circles). Wood and de Menezes suggested that these patterns emerged from the survey, but that comprehensive use of the “new” industrial relations by companies was rare.⁷⁵ In Australia, because of the historic influence of the arbitral model, scholarly priorities were somewhat different.

For Australian scholars then, changes away from the arbitral model became significant markers. For example, in 1990, Russell Lansbury identified how the regulation of the employment relationship had shifted from a centralised to a more decentralised approach.⁷⁶ This shift only intensified subsequently through the Accords of the early 1990s, the Commission’s adoption of enterprise bargaining in October 1991 and the Labor Government’s *Industrial Relations Reform Act, 1993*. Although writing before these latter two events, Lansbury pointed to enterprise productivity bargaining, a significant component of the two-tier Accord system after 1987, as the only discernible paradigm shift in Australian industrial relations at that time. Gardner and Palmer referred to employment relations as a combination of industrial relations and human resource management, while others tended to emphasise the rise of unitarism among employers as well as decentralisation of bargaining and regulation.⁷⁷ Nevertheless, greater interest – academic and practitioner – in developments towards a “new” industrial relations then became evident during the more decentralised 1990s.

Within a broader discussion of the “new” industrial relations in Australia, in 1995, Malcolm Rimmer sought to examine evidence as to whether there was indeed a fundamental change in Australian industrial relations along the lines of a “new” industrial relations. Rimmer identified four areas in which these changes were supposed

Human Relations, 51 (4), p. 485-515.

75. Wood and de Menezes, ‘High commitment management’, p. 488.

76. Gardner and Palmer, *Employment relations*.

77. Russell Lansbury, 1990, ‘The new industrial relations’, *Asia Pacific HRM*, 28 (3), pp. 62-8.

to occur: the decentralisation of collective bargaining; a transformation in management practices at the strategic human resource level of organisations; changes to the fundamental tensions in the employment relationship; and the widespread success of the “best practice” model. On three of the four counts – excluding decentralisation – Rimmer found no evidence of fundamental change by the early 1990s. In effect, decentralisation was the only evidence of the “new” industrial relations in Australia and this had been the result of government activism.⁷⁸ On the other hand, from the early 1990s, Peter Sheldon and Louise Thornthwaite had developed an influential body of work arguing that employers, through their associations, had been the major force behind the decentralisation of Australian industrial relations. In making this argument, Sheldon and Thornthwaite explicitly adopted but went beyond the MIT strategic choice framework and dismissing employer association behaviour.

For Tom Keenoy and Di Kelly, while the underlying structural features of industrial relations had not changed greatly, they conceded that Australian industrial relations in the second half of the 1990s was indeed changing. There was a discernable “trend” towards “increasing labour flexibility, improving labour productivity, reducing labour costs, marginalising the role of trade unions and, generally, moving toward a more individualised conception of the employment relationship.”⁷⁹ Keenoy and Kelly saw two reasons for this shift. First, Australian managers were following similar patterns of decentralisation taking place in other modern economies around the world.⁸⁰

78. Malcolm Rimmer, 1995, ‘The new industrial relations: does it exist?’, in Ian Hunt and Chris Provis, (eds), *The new industrial relations in Australia*, Sydney, The Federation Press, pp. 72-88.

79. Tom Keenoy and Di Kelly, 1998, *The employment relationship in Australia*, 2nd edition, Sydney, Harcourt Brace, p. 416.

80. Keenoy and Kelly, *The employment relationship in Australia*, p. 416. See also Greg Bamber and Russell Lansbury, 1993, *International and comparative employment relations: a study of industrialised market economies*, 2nd edition, Sydney, Allen & Unwin; Kochan, Katz and McKersie, *Transforming of American IR*; John Niland, Russel Lansbury and Chrissie Verevis (eds) 1994, *The future of industrial relations: global change and challenges*, London, Sage Publications; and Richard

Second, this shift was “underpinned by the increasing political conviction that no modern economy can prosper unless it adopts ‘enterprise solutions’ to economic policy.”⁸¹ For Keenoy and Kelly a “new” industrial relations had begun to emerge, particularly after the 1996 election of the staunchly anti-union federal Coalition government and the implementation of their neo-liberal regulatory mechanisms in the *Workplace Relations and other Legislation Amendment Act 1996* (1996 WR Act).

The “mutual-gains” enterprise

As part of a gathering trend, in the early 1990s, Kochan and Paul Osterman highlighted the potential of the “mutual-gains enterprise” as a new, more productive framework for government-management-labour cooperation.⁸² Inherent in this framework were notions that embodies strategic choice and that paralleled the ‘new’ industrial relations.⁸³ In many ways, they were responding to the challenges to unions and industrial relations pluralism that came from the sorts of strategic choices that the MIT team had identified among US employers a decade earlier. How could employee voice and collective bargaining survive and prosper in the new environment? What was needed from the management practices of individual firms?⁸⁴ The analytical terms that occurred most commonly in the literature to describe the practices in a mutual gains enterprise have been “high commitment”, “excellent”, “best practice”, “high performance”, “salaried” or “transformed” organisations.⁸⁵

Hyman and Anthony Ferner, (eds) 1994, *New frontiers in European industrial relations*, Oxford, Blackwell.

81. Keenoy and Kelly, *The employment relationship in Australia*, p. 416. See also Ann Capling and Brian Galligan, 1992, *Beyond the protective state: the political economy of Australia’s manufacturing policy*, Melbourne, Cambridge University Press.

82. Thomas Kochan and Paul Osterman, 1994, *The mutual gains enterprise: Forging a winning partnership among labor, management, and government*, Boston, Harvard Business School Press, p. 4.

83. Kochan and Osterman, *The mutual gains enterprise*.

84. Kochan and Osterman, *The mutual gains enterprise*, p. ix.

85. Richard Walton, 1985, ‘Toward a strategy of eliciting employee commitment based on policies of

Kochan and Osterman were, in many respects, looking to identify a set of policy and practice initiatives derived from the three-level typology in the strategic choice literature. There are also clear parallels between the mutual-gains literature and the ‘new’ industrial relations literature. In this regard, the mutual-gains enterprise has a set of personnel policies where the ‘old’ adversarial industrial relations is relinquished in favour of a new agenda based on consensual, occupational interests, such as training, reskilling and participation, co-operation, mutual trust and, most important of all, mutual gains.⁸⁶ Kochan and Osterman argue that mutuality, where both sides of the partnership assume equal risk in return for equal rewards, needs to be supported at all levels in the organisation. Thus, the mutual gains enterprise needs to develop policies at the workplace level, through cooperation, trust, employee involvement and teamwork. These need sustaining at the functional (or human resource policy) level, through training and development, compensation, cooperation and participation. These policy and practice areas, in turn, should receive support at the strategic (corporate) level, through the strategic placement of HRM in the organisation, the commitment of top managers and supportive business strategies.⁸⁷

More recently, Jim Kitay and Russel Lansbury led a project that test these notions in the contemporary Australian context as part of a much larger international project initiated by the MIT group. Kitay and Lansbury’s research team behind put the

mutuality’ in Richard Walton and Paul Lawrence (eds), *HRM trends and challenges*, Boston, Harvard Business School Press; Paul Osterman, 1988, *Employment futures: reorganization, dislocation, and public policy*, New York, Oxford University Press; Kochan, Katz and McKersie, *Transformation of American IR*; and Edward Cohen-Rosenthal and Cynthia Burton, 1987, *Mutual gains – a guide to union-management cooperation*, New York, Praeger.

86. Miguel Lucio and Mark Stuart, 2004, ‘Swimming against the tide: social partnership, mutual gains and the revival of ‘tired’ HRM’, *International Journal of Human Resource Management*, 15 (2), p. 410.

87. Kochan and Paul Osterman, 1998, ‘The mutual gains enterprise’, in Christopher Mabey, Graeme Salaman and John Storey, (eds), *Strategic human resource management: a reader*, London, Sage Publications, pp. 223-236. See also Thomas Kochan and Paul Osterman, 2002, ‘The mutual gains enterprise’, in John Kelly, (ed.), *Industrial relations: critical perspectives on business and*

strategic choice and new industrial relations literatures into an industry context through six separate industry studies. These industries did not include meat processing. Nevertheless, they have produced a sound framework for the use of strategic choice as the theoretical basis for this thesis. They found that Australian industrial relations was indeed changing, as the new industrial relations exponents had argued and that management, particularly in larger firms, were driving these changes through their strategic choices.⁸⁸

Kitay and Lansbury's research group identified several significant areas where this change was most observable. These also emerged in the meat industry and are the subject of discussion in the second half of this thesis. For example, they identified, among others, work organisation, skill formation and development, staffing arrangements and employment security, and remunerations and compensation practices.⁸⁹ These emerged as significant markers of change within the meat processing industry during the 1990s. The important thing to note here is that across these markers the strategic choices of various managers within the industry resulted in quite different outcomes across the industry. This tends to confirm that where choice is available, company-level strategy plays a major part in management decision making.

In summary then, while the Australian meat industry's history reflects many of the characteristics identified in models of strike-prone industries, this brief literature review has also identified a number of important areas of industrial relations thought that may help advance this thesis' focus on employers' roles in industrial relations and, in particular, the roles of employers and employer associations in shaping meat-industry

management, Volume V, London, Routledge, pp. 63-93.

88. Jim Kitay and Russell Lansbury (eds.), 1997, *Changing employment relations in Australia*, Melbourne, Oxford University Press.

89. Russell Lansbury and Jim Kitay, 1997, 'Towards new employment relations: Continuity, change and

industrial relations in Australia. The following concepts appear most useful for analysing the history of the role of employers in meat-industry industrial relations in Australia.

First, from within the strike-prone industry literature, Turner, Clark and Roberts identify managerial policies and the involvement of a dominant employer association as critical factors in stimulating industrial action by labour. So, while location and the nature of the work may appear to have contributed to the strike-proneness of the industry in, say Townsville in 1918-19, the actions of employers and their employer association were more important during the meat-industry strikes during the 1980s and 1990s.

Second, perhaps more than any other literatures, those concerning strategic choice in industrial relations, the “new” industrial relations and the mutual-gains literature have shifted the emphasis to the strategic choices facing employers regarding industrial relations. The MIT group identify a range of strategic choices open to employers, emphasising more recent US trends away from industry-level bargaining – that once suited unions – to enterprise or plant-level bargaining that has tended to exclude unions and institutional solutions. More recently, Kochan and Osterman, for example, have gone further by suggesting that employers and unions could choose to become strategic partners to the mutual benefit of all concerned.

The Australian literature on strategic choice and “new” industrial relations have revealed that a systematic shift to more decentralised bargaining has not only been driven by employers and their associations, but has also been the result of government activism. These shifts reflect incessant employer-related demands for greater labour

flexibility, productivity improvements, reduced labour costs, union marginalisation and individualisation in the employment relationship.

In answering its three main questions, this thesis will explore how and why more decentralised bargaining emerged in the form it took in the Australian meat industry since the 1990s. As the earlier discussion of the industry implied, this had much to do with employer responses to union militancy and industrial relations conflict. The thesis will also examine evidence that employers have chosen strategies that include mutual-gains experiments with the union. Once again, the thesis will argue that the purpose behind such strategic choices included the aim of managing industrial relations conflict. However, generating most of the challenges that meat industry employers faced was the reality of productive overcapacity in the industry. Once again then, as the strategic choice literature suggests, it was product market threats that generated industrial relations responses by employers.

Thesis structure

This thesis, in exploring the ways in which employers have shaped Australian meat-industry industrial relations, develops its argument over nine chapters. The design of this thesis overwhelmingly embraces presentation of information and ideas through historical narrative attuned to questions deriving from relevant social sciences. In the process of answering the theses' three main questions, this narrative is organised both via chronology and through other chapters where chronology fits within a more thematic treatment.

The thesis broadly falls into three sections. The first, comprising chapters 2 and 3, provides a chronological treatment of the development of the industry and its industrial relations prior to 1986. The meat industry's industrial relations has been the

fruit of long-ingrained traditions, relationships and memories. Its analysis therefore requires historical treatment that delves into the foundation of these patterns of memory, thought and action. This long period has, as common themes, patterns of boom and slump through productive over-capacity, union militancy expressed largely at local levels and the growth of employer combination and organisation in response to volatility in the industry and its industrial relations. Employers repeatedly tried to regain industrial relations dominance over the AMIEU through a range of initiatives but met only limited success.

Chapter 2 examines the meat industry and its industrial relations from 1870 to 1960. The focus is its political economy, local and international; and the emergence of particular dominant industrial relations trends, in particular the generation and management of conflict. The chapter initially focuses on how employers and employees sought to use or regulate conflict. It then develops a discussion of the particular relationships that employers and employees (and their union) forged through their choices of engagement through conflict. Fundamentally important to these patterns of engagement was the greater involvement of the state in industrial relations. Thus, crucially for the focus of this thesis, by the late 1920s, meat employers were beginning to recognise the inherent weakness in their loose and temporary coalitions in the face of AMIEU's organised militancy. They therefore formed their first permanent employer associations during the late 1920s and early 1930s, most notably the Meat and Allied Trades Federation (MATFA) in 1928. MATFA became the dominant national employer association in the industry.

As well, employers – individually and collectively – took other initiatives to increase their control over industrial relations and shape regulation of the industry and its pattern of conflict. They sought to use the burgeoning state regulatory regimes and,

at their workplaces, introduced greater technical and bureaucratic control strategies to minimise the use of direct conflict by the union. This greater industrial relations initiative from employers, in turn, encouraged the AMIEU to change its strategies. This chapter therefore addresses a critical subordinate question answering the thesis' three main questions: how did employers between the 1920s and 1970 seek, at the same time, to strengthen their influence via access to the state's regulatory powers and to control plant-level industrial relations and manage conflict.

Chapter 3 examines employer activity within meat-industry industrial relations from 1960 to 1986. It shows how product market expansion and collapse set the scene for a subsequent radical overhaul of the control, regulatory and bargaining structures of the industry. At the beginning of this period, mechanisms employers had sought to regulate the wage-effort bargain in their favour, the tally system and widespread Federal award coverage, were well established. However, over time, these generated unfavourable, unintended consequences. By the end of the period, major structural changes were in the offing and these appeared to offer employers new methods of control, bargaining and regulation.

The second section of the thesis combines thematic and overlapping chronological treatments. The watershed that marks the start of this period is the formation of AMH in 1986. The section therefore consists of chapters 4 and 5 that focus on the emergence of AMH, its early industrial relations initiatives and their impact on the rest of the industry. A crucial contextual influence was the continuing decentralisation of the Federal bargaining structure. The two chapters analyse the ways in which the formation and early years of AMH interacted with this early decentralisation of Australia's bargaining structure to re-shape meat-industry industrial relations. This interaction necessarily came, in part, through involvement with the

Australian Industrial Relations Commission (Commission). In particular, these chapters focus on the strategic initiatives that AMH management took and the influence that they had on other employers in the industry.

Thus, chapter 4 examines the formation of AMH and its emergence as the industry's industrial relations leader, particularly through the first two pitched battles that it waged against union workplace power at Fitzroy River (Queensland) and Portland (Victoria). AMH's success not only weakened the AMIEU, but also disadvantaged its competitors and undermined employer organisation through MATFA. The critical questions that this chapter therefore addresses concern the nature and effect of meat industry employer strategies. More particularly, why was AMH's conduct of the Portland dispute so different in objectives, process, outcome and effect to the many disputes that had gone before it?

Chapter 5 covers the period from 1986 to 1992 during which other employers sought to emulate AMH's industrial relations successes. In particular, it explains the huge VMBA dispute in Victoria, focusing on the strategies behind MATFA's unsuccessful attempt to achieve a similar outcome to that which AMH had achieved at Portland. It particularly addresses the question: why after AMH's success at Portland, did the rest of Victoria's meat industry employers fail in the VMBA dispute? Of further importance to this thesis, however, is the emergence of new employer industrial relations strategies in Victoria that were to appear successful during the early 1990s.

The third section of the thesis comprises three chapters. Together they explain AMH's growing ascendancy within the industry and the ways in which its influence affected its competitors in the era of enterprise bargaining.

Chapter 6 explains the continuing emergence of AMH as critical to meat-industry industrial relations during the 1990s. ConAgra, a US-based multinational food

processing company took over AMH and, during the finalisation of ConAgra's take-over, AMH initiated a set of industrial actions at its Queensland plants to drive down their labour costs. The primary focus of this bitter confrontation fell upon the Fitzroy River plant in Rockhampton where AMH chose to provoke and confront the union and the existing wage-effort bargain most directly. This largely overshadowed developments at other AMH plants. The Fitzroy River dispute therefore forms the basis for understanding the way AMH conducted its Queensland strategy.

This chapter will discuss and analyse AMH senior management's use of the company's growing power and its strategy in comparison to the 'new industrial relations' approaches that some of the other meat processors had adopted. While Portland was a watershed, AMH's victories in Queensland in the 1990s were to prove to be of even greater significance. The critical questions here regard how AMH exploited its labour market and product market positions to further drive down the wage-effort bargain and to re-shape the industry. The answers to these questions provide a platform for the two final substantive chapters.

Chapter 7 is a case study of R. J. Gilbertson Pty. Ltd. (SBA Foods Pty Ltd from 1996), the largest meat processor in Victoria, and among the top five, in terms of export and domestic production, in Australia. It is therefore a useful exemplar of the larger competitors of AMH. Due to Gilbertsons' size and importance, both MATFA and the AMIEU often targeted the company in their respective industrial campaigns and Gilbertsons' management often took an active, leadership role in industrial struggles. The critical issue here is how the actions of AMH in Queensland affected the strategy and operation of Gilbertsons in Victoria, particularly during the 1990s. Evaluation of this problem will extend our knowledge of the significance of AMH as a market leader that conditioned employer choices of industrial relations strategy.

Chapter 8 is a detailed case study of industrial relations at the South Burnett Meat Works Co-operative Association Limited, in Murgon, Queensland. This meatworks company was a single-plant operation and is a useful exemplar of the medium-sized companies that competed with AMH. The critical issue under investigation is how management strategy at the Murgon Meatworks was a response to the actions of AMH in Queensland.

Research design, methodology and sources

This thesis began in 1993 as a study of the implications of the Commission's Meat Industry Inquiry, established to report into particular policies of industrial relations conflict. For a range of reasons, the author suspended his candidature in 1997. In the meantime, the industry and its industrial relations had undergone both dramatic events and dramatic changes. These had made the Meat Industry Inquiry, of itself, of limited scholarly or topical interest. When the author resumed working on the thesis in 2000, he already had collected a substantial body of evidence that allowed for a re-focusing on a much broader set of questions, events and trends within which the Meat Industry Inquiry was a significant but more limited part. In re-engaging with the thesis, the author not only extended data collection but also followed up his earlier data collection to account for developments that are more recent.

This thesis examines the role meat-industry employers have played in generating, engaging with, managing and avoiding industrial relations conflict in Queensland and Victoria between 1870 and 2001. There are several reasons for this very broad scope. As mentioned above, the industry has long-held industrial relations traditions and memories, as well as strong personal and institutional perspectives. As the brief historiographical survey has made clear, particular structural aspects of the

industry have been of enormous importance to its industrial relations. The year 1880 marked the introduction of sufficiently advanced freezing technology capable of delivering shiploads of meat to the British market. It was the main impetus for the expansion and industrialisation of Australian meat processing into the twentieth century. Every important meat industry development occurred after this date. Second, 2001 effectively marked the point at which the industry's current form emerged. It also marked the effective end of the two companies (apart from AMH) in the case study section of the thesis. Both ceased meat production in 1999, due to lack of stock, and their plants were sold around 2001. The year 2001 also effectively marked the end of the tally system, the dominant element regulating the wage-effort bargain in meat processing for much of the twentieth century. This outcome was the result of successful advocacy by employers and the government in the Commission.

The thesis focuses on the meat industry in the states of Queensland and Victoria, Australia's two most important meat-processing jurisdictions. Queensland is the largest beef export jurisdiction in the world and Victoria is Australia's major sheep meat processing jurisdiction. They are also home to the most militant branches of the union and have experienced the highest levels of meat-industry conflict. Of further importance to this thesis, these two sites were also the sites of AMH's most significant victories.

This thesis utilises two distinct styles of industry study and also, in the later part of the thesis, focuses on contemporary events, using case study analysis. The motive for this was to better organise information and ideas to allow for examination of employer strategy and behaviour within a context that simultaneously takes account in any period of the economic composition of the industry and the industrial relations bargaining structure. The industry study sections follow two distinct methods. Section one utilises a

chronological approach to deal with multiple important, sometimes overlapping events over a long time-frame, from 1870 to 1986. Section two applies a thematic approach to deal with multiple overlapping themes and actors over a relatively short time-frame, from 1986 to 2001. Section Three uses case study analysis, due to the contemporary character of the analysis, with the focus on disaggregated patterns under enterprise bargaining. On the one hand, the latter two case studies serve as exemplars of wider patterns. Case study analysis also allows in-depth examination of the ways in which external factors play out in organisational settings. For this story, the major external factor was the impact of the industry leader, AMH, on these two case study followers. Therefore, time-frame, sources and questions lend themselves more to a case study analysis than other research methods.⁹⁰

This thesis makes use of the following sources of evidence: union archival records, particularly in Victoria for Gilbertsons and AMH; organisation newsletters and journals; local, regional and national newspapers, where available; extensive oral interviews; some company records; some personal records kept by participants; government, agency and tribunal reports; and other publicly available material considered relevant to the thesis. The Victorian branch of the AMIEU had extensive holdings on employer, as well as union activities. Extensive use of interviews was used, particularly where the official written records were not kept or not made available to the researcher.

Field research work for this thesis presented particular challenges. One major difficulty was the high level of secrecy and suspicion among the main participants. This was a particular problem in Victoria, where earlier conflict still clouded the situation. In

90. Robert Yin, 2003, *Case study research: design and methods*, 3rd edition, London, Sage Publishing, pp. 3-11.

some respects, the larger Queensland participant exhibited similar secrecy, although not to the same degree as in Victoria. For these reasons, the semi-structured interview became a major source of data collection for this thesis. There is broad recognition in the qualitative research methodology literature of the value of in-depth qualitative or semi-structured interviews. In-depth, semi-structured interviews, like those used in this thesis, illuminate important processes,⁹¹ corroborate facts and provide important insights into a situation,⁹² and suggest that “people’s knowledge, views, understandings, interpretations, experiences, and interactions are meaningful properties of the social reality”.⁹³ In short, semi-structured interviews provide valuable interpretation of other data sets, as well as data not provided by these other sources.⁹⁴

AMH’s management was unapproachable during the disputes at its Queensland plants in 1994 and 1995, however, once the disputes ended, they happily told their side of the story. While they restricted access to official company records, they allowed free access to a broad cross-section of personnel and local historical data on the Fitzroy River plant in Rockhampton and its management, site of the bitterest dispute in the mid-1990s. Given AMH’s importance to the meat industry nationally, and particularly in Queensland, there were numerous data sources available to the researcher. Local, regional and national newspapers, newsletters and trade papers provided a rich source of data, as did Queensland and Victorian union archives. It is also the only case where the company still operates today.

Gilbertsons’ management proved suspicious of this project during the field

91. Pamela Maykut and Richard Morehouse, 2000, *Beginning qualitative research: A philosophic and practical guide*, London, Falmer Press, pp. 81-3.

92. Yin, *Case study research*, pp. 90-92.

93. Jennifer Mason, 2002, *Qualitative research*, 2nd edition, London, Sage Publishing, p. 63.

94. Bill Gillham, 2005, *Research interviewing: The range of techniques*, Berkshire, UK, Open University Press, pp. 70-9. See also A.J. Veal, 2005, *Business research methods: A managerial approach*, 2nd edition, Sydney, Pearson Education Australia.

research. They were reticent about allowing workforce interviews. Thus, this particular case study relied heavily on interviews with a small number of key individuals within the organisation or with past associations to the company, as well as with union leaders. Management also restricted access to even the most general of documents on operations at its Kyle Road plant. In the end, this case study, by necessity, relied heavily on participant testimony, some of it sworn as evidence to the Commission's Meat Industry Inquiry, and the rest made personally to the researcher. However, because Gilbertsons was an industry leader, there were considerable written records in the public domain available to flesh out the gaps in the interview transcripts.

The main fieldwork for Chapter 8 took place during protracted enterprise bargaining at the Murgon Meatworks in 1995. Management at the Meatworks allowed the author virtually unrestricted access to their workforce during work hours and meal breaks, and to some existing business records. There was less publicly available documentation on the Meatworks and a paucity of union records, due in part to its lower status in the industry, and also to its location, in rural Queensland. For this reason, the second case relied more heavily on the formal and informal interview transcripts, where a less narrow, 'unofficial' slant to employee opinion emerged. This is not to suggest that I ignored other data. Local newspapers, from Murgon, where available, and Rockhampton were used, as were locally available union and company records. The Association, itself, maintained a small, but historically important archive, from which the author collected and used valuable data for the analysis of the case. However, given the role of Gilbertsons as industry leader, there was more industrial relations information regarding it in the public domain than there was for the Murgon Meatworks. Therefore, the two case studies relied on somewhat different sources but, for each, the range of sources allowed for coordination or triangulation of data and

perspective.

Conclusion

This chapter introduced an overview of the industrial relations history of the Australian meat industry, primarily from the existing historiography. What emerges from this historical overview is that there is a significant gap in the existing literature on the role of meat-industry employers in industrial relations. It is the role of this thesis to address this gap. This chapter also sought to develop a link between the historiography and the thesis' findings, with some more contemporary social science theories. While the historiographical accounts may suggest the literature on strike prone industries is illuminating, this thesis' findings suggest the most appropriate literatures are those related to strategic choice, new industrial relations and mutual-gains. This thesis will contribute to these literatures through answering its three main questions. First, "what has been the role of employers in shaping industrial relations in the Australian meat industry?" In this context, it also asks two linked questions – "what strategic choices have these employers made regarding the question of industrial conflict; and why did they make those choices?"

Chapter 2

The Australian meat processing industry, 1870s to 1960

Introduction

The slaughter of sheep, cattle, pigs and other domesticated animals for human consumption, and for other purposes, has taken place in Australia since the establishment of the European colony in the late eighteenth century. This slaughtering was, until the middle of the nineteenth century, small scale and very localised. Although of minor importance prior to the turn of the century, the meat industry began to develop more rapidly after the invention, in the 1870s, of advanced freezing equipment, which enabled processors to ship their meat over long distances, particularly to export markets in England and elsewhere. From 1905, the gradual expansion of international capital interests in processing capacity gave fresh impetus to the industry. Despite these factors, and the suitability of meat as a farming and export commodity in Australia, meat production remained an unstable enterprise until well into the twentieth century.

Chapter 1, the introduction to this thesis, briefly overviewed the existing historiographical literature on the industry. It also identified the thesis' focus on the role of employers in the industry's industrial relations and, in particular, its industrial conflict. As it mentioned, a number of important factors or themes concerning the management of conflict have run through the history of the industry. These include: the economic status of the industry; the regional, isolated nature of the industry; the itinerant nature of the workforce; the development of local bargaining traditions for wage fixing; the growth and power of trade unions and employer associations; struggles over the labour process; and to control and regulate workplace bargaining and conflict;

and the intervention of the state.

This chapter examines these themes in greater detail as they developed from the 1870s to 1960. It focuses exclusively on the abattoir sector of the industry, to the exclusion of shop butchering. The historical narrative in this chapter extends back only to the 1870s, when large-scale meat production for domestic consumption and for canning for export developed separately from local processing by shop butchers. It extends through to 1960, when the core employer strategies for managing industrial relations conflict in the industry came to fruition. Thus, by 1960, all major meat processors were award-regulated, had some form of technical control over the labour process and, for many, a bureaucratic control system as well. The question it seeks to address concerns how employers sought, at the same time, to strengthen their influence via access to the state's regulatory powers and to control plant-level industrial relations and manage conflict during these decades.

Following an overview of the development of the industry, this chapter will examine three sub-periods identifiable with important developments in employer strategy and behaviour. First, between the late nineteenth century and the 1920s, meat industry employers established temporary associations in response to external pressure from the union to organise employees and influence the prevailing wage-effort bargain. Second, when this failed, in the late 1920s and 1930s, employers established what would become the industry's main employer association. They also established significant technical control over part of the industry and secured significant economic and regulatory support from the state. During the final period, spanning World War II and the immediate post-war period, employers engaged in significant conflict with the union, securing significant state intervention to manage it.

The political economy of the meat industry to 1960

The period to 1930

In the last decades of the nineteenth century, Australian economic and social structures underwent massive change. Pressure gradually developed for the formation of a federation of the Australian colonies. The primary production sector, the backbone of the colonial economies, continued to grow rapidly, yet meat processing, within the export-oriented primary industry, struggled to gain consistent viability.¹ Numerous factors contributed to this situation, including a varied and harsh climate, logistical challenges due to enormous internal distances, lack of efficient transportation infrastructure prior to the expansion of rural railways from the 1880s and remoteness from world markets.² However, the most important problem flowed from product market factors.

According to Beever's authoritative account, in economic terms, the Australian meat industry suffered from two main handicaps. First Australia exporters faced poor realised returns from overseas markets in comparison with similar products from competitor countries and with other staple export commodities from Australia. The second factor was their relatively high marketing costs in comparison to exporters from other countries. Beever suggests that there were also three less obvious factors: sluggish world markets; demand for products which Australia was ill-equipped to supply; and minimal government assistance. Such factors more than offset any relative advantage that may have resulted from cheaper land in the north of Australia and from being able to take advantage of wool production in the south.³

1. Beever, 'The Australian meat export trade', pp. vi-xv.

2. Beever, 'The Australian meat export trade', p. vii.

3. Beever, 'The Australian meat export trade', p. vii. See also Duncan, 'Australian export trade', pp. 106-

The prime causes of poor realised returns of Australian export meat were the poor quality of the product and marked fluctuations in its supply. Beef, particularly from Queensland and the Northern Territory, and mutton and fat lamb, particularly from Victoria, never reached the standard of the same or similar products from competing export countries such as Argentinean beef and New Zealand lamb.⁴ As well, there was a lack of quality resulting from poor environmental conditions, including the unsuitability of those parts of the Australian pastoral environment not already in use by producers of other, more lucrative export commodities to meat production. Then there was the vast physical distance between Australia and the primary export target markets in Europe. This, together with the very late arrival in Australia of both freezing and chilling technologies compared to Argentina and the United States, meant that Australian producers were decades behind in servicing export markets.⁵ As well, fluctuations in the supply of Australian cattle and sheep were not just seasonal, but often affected by drought. Finally, rather than prioritizing pastoral pursuits for meat production, the producers' main purpose for the export trade in this period was to deal with surplus stock.⁶ This reduced their interest in improving the quality of their meat production.

Compounding poor realised export returns were the high marketing costs for Australian meat and the feeble domestic position of the trade compared to the meat trade in Argentina, the USA and New Zealand. Several factors contributed to this. First, vast internal distances caused high internal transport costs. Second, the decentralised

19.

4. Duncan, 'Australian export trade'.

5. Simon Hanson, 1938, *Argentine meat and the British market: chapters in the history of the Argentine meat industry*, London, Oxford University Press, pp. 41-7 and 83-4; Harrison, *Borthwicks*, London, Borthwicks, pp. 21-4; Critchell and Raymond, *History of frozen meat trade*, pp. 13-30; and Duncan, 'Australian export trade'.

6. Beever, 'The Australian meat export trade', pp. x-xi. See also Duncan, 'Australian export trade'.

nature of the industry brought poor economies of scale at meatworks, while the seasonal nature of the industry meant poor returns on capital investment. Third, greater external distances and poor reliability of supply and shipping consignments meant higher shipping costs compared to Argentina and the USA. New Zealand producers were able to negotiate significantly lower shipping charges because they were far less prone to seasonal variations than were their Australian counterparts. Overall, in comparison with other export commodities, such as wool and wheat, the meat export trade offered poor financial returns. Finally, by the time meat exporting had become viable, much of Australia's agricultural land was utilised by producers of other well entrenched commodities.⁷

Although the meat export trade eventually developed its own production capacity prior to World War II, it could not fully escape its surplus stock role. Therefore, industry production targeted domestic rather than overseas tastes. Continuity of supply problems remained a major problem and, like the other problems, tended to be self-perpetuating.⁸

No sector of the industry was immune from these handicaps. Fat lamb production in Australia was, prior to World War II, the most promising of all the export trades but it suffered from two main problems. On the one hand, the New Zealand product was superior in both quality and continuity of supply. On the other hand, lamb's so-called "novelty value" tended to deter many Australian primary producers, since the risks of this form of production – lack of processing capacity and rural labour shortages – were much higher than for wool.⁹ In the tropical north of the continent, beef production for export had virtually no competition from other forms of commercial land

7. Beever, 'The Australian meat export trade', pp. viii-x.

8. Beever, 'The Australian meat export trade', pp. xi-xii. See also Duncan, 'Australian export'.

use. However, this reflected the region's severe environmental conditions rather than a strong competitive advantage.

Unlike the case for the wool industry, large and powerful specialist exporters did not dominate the meat export industry. Capital investment came from enterprises involved in other, often related trades. Livestock producers, such as Thomas Mort¹⁰, were highly influential in the early establishment of both canning and freezing works, principally as a sort of safety valve for their main enterprise of raising stock. They exported on their own account, either individually or collectively, shiploads of frozen meat from the 1880s. They also unsuccessfully established their own local and collective meatworks, in direct competition with other operators.¹¹

By the late 1890s, a significant change in the prosecution of the export meat trade had begun with the entry of several overseas companies. Initially, British shipping companies became active but, within a few years, large British and American meat distribution companies dominated the trade. For example, in 1905, the British company, Thomas Borthwicks & Sons (Borthwicks), began to purchase meatworks in Australia and, by the outbreak of World War I, had significant investments in beef processing capacity in Queensland and sheep meat processing in Victoria.¹² Borthwicks maintained these investments until the 1980s and played an important part in the industry and its industrial relations.

Several leading US processors, particularly those associated with the Chicago meat packing houses, also invested in Queensland. In 1912, Swifts acquired a site on the Brisbane River and registered the Australian Meat Export Co. as a wholly-owned

9. Beever, 'The Australian meat export trade', pp. xii-xiii.

10. Alan Barnard, 1961, *Visions and profits: studies in the business career of Thomas Sutcliffe Mort*, Melbourne, Melbourne University Press, p. 199. See also R. Duncan, 1967, *The Northern Territory pastoral industry, 1863-1910*, Melbourne, Melbourne University Press, pp. 89 & 105.

subsidiary in Queensland. The following year, Swifts also purchased a canning and extract plant at Alligator Creek, near Townsville, and then added a freezing department. Swifts later operated a beef processing plant Rockhampton and opened an export plant in Victoria.¹³ The Armour and Morris companies shelved plans to buy or build processing plants until after World War I, instead purchasing meat from Australian processors for distribution in their English and American networks.¹⁴

This FDI by the larger US-based processors was part of a much larger international supply chain strategy, as, by 1914, the USA was the second largest market for Australian beef.¹⁵ These foreign companies, with their own industrial relations policies, inevitably had a significant effect on industrial relations processes in a sector marked by largely localised patterns of industrial relations and industrial conflict. The main interest for these companies in their involvement in Australia was further development of their international supply chain to supplement their own US-domestic supply with Australian-produced meat.¹⁶ Nevertheless, they raised intense local fears of industry domination.

Of greatest concern was the entry into the export sector of the Australian industry of the American meat companies, particularly the ‘American Beef Trust’, Swift & Co.; Armour & Co.; Morris & Co.; and the National Packing Co. (a subsidiary of the first three).¹⁷ The publication of *The Jungle* in 1906¹⁸, Upton Sinclair’s fictionalised¹⁹ exposé of the large meat companies in Chicago and the abhorrent working conditions

11. Beever, ‘The Australian meat export trade’, pp. xvii-xx. See also Barnard, *Visions and profits*, p. 199.

12. Harrison, *Borthwicks*, pp. 39-66 and 87-94.

13. Willis, ‘Trade union reaction to technological change’, p.55.

14. Beever, ‘The Australian meat export trade’, pp. 233-236.

15. Insch, ‘Impacts of global sourcing’, pp. 7-8. See also Commonwealth of Australia, 1919, *Commonwealth statistical year book*, Vol. 12, p. 303.

16. Insch, ‘Impacts of global sourcing’.

17. Walker, *Australian IR*, pp. 49-51. See also Beever, ‘The Australian meat export trade’, pp. 233-40.

18. Upton Sinclair, 1906, *The Jungle*, Doubleday Page, Melbourne.

they imposed on meatworkers, sent shock waves through US society and policy-making. One outcome was that public pressure resulted in a US federal inquiry that recommended major changes to work practices and hygiene standards in US meatworks.

In Australia, these trends fed xenophobic attitudes that created an unwelcome environment in which to establish American-owned, commercial meat processing operations. The fact that these US-owned companies also had extensive distribution networks in England engendered widespread suspicion that they acted in combination, further raising hostility towards them.²⁰ Such was public concern at the entry of Swifts and the other US-based processors that, in 1914, the Commonwealth (Labor) government ordered a Royal Commission into the organisation of the industry, “with particular reference to the activities of American companies”.²¹ Despite three months of exhaustive inquiry, the Royal Commissioner, Justice Street, found most rumours concerning the American companies were unfounded and that immediate legislation was not required. However, he suggested that “the most careful and coordinated attention of Australian, Argentine and British governments” be given to these companies’ activities.²² Eventually, most local parties within the industry learned to tolerate the presence of the American companies, although they never fully trusted them. Nonetheless, Australian governments – local and state – took action to prevent the possibility of US domination of the sector by opening government-owned abattoirs, particularly in Queensland.²³

19. Sinclair wrote *The Jungle* as a novel to hide the identities of his informants.

20. Beever, ‘The Australian meat export trade’, p. 234.

21. Report of the Royal Commission on the Meat Export Trade, *Commonwealth Parliamentary Papers*, 1914-1917, Vol. V, p. 39.

22. Report of the Royal Commission on the Meat Export Trade, *Commonwealth Parliamentary Papers*, 1914-1917, Vol. V, pp. 39-40. See also Beever, ‘The Australian meat export trade’, p. 240.

23. Beever, ‘The Australian meat export trade’, p. 188-96.

The period from 1909 to 1914 represented a rare early boom for the meat export industry. On the supply side, livestock herds recovered after the ‘Great Drought’ of 1895-1902, producing surplus stock, the one consistent basis for the development and growth of the export trade before World War II. The level of farm turn-offs²⁴ was higher than at any time to this point. Improved railway infrastructure and water supplies, and lower mortality rates from tick infestation also boosted export supply levels. On the demand side, per capita domestic consumption declined, but high prices on export markets reflected surging demand. For example, not only did the US withdraw from the export trade due to its excessive domestic demand but it became a net importer of meat in 1914.²⁵

These factors stimulated greater participation in the meat export trade among primary producers suffering market stagnation for their other commodities. They increased the total size of Australia’s herds and flocks and became more interested in the organisation of the processing and exporting trade. To counter perceived problems of market manipulation and collusion by foreign-owned exporters, primary producers organised co-operative processing and exporting companies. These conditions created four main types of meat-processing organisations. First, there was the public-sector owned abattoirs. Second, there was an extensive inter-locking of the domestic and export meat trades. The growth of foreign-owned export meat companies and distribution networks was the third type; and finally, there was the establishment of a number of cooperatively-owned meat export companies.²⁶

These favourable conditions also resulted in dramatic increases in meat exports,

24. “Farm turn-offs” is a meat industry term referring to the movement of livestock from the farm. In this context, it refers to the movement of livestock from the farm to the saleyard or direct to the abattoir.

25. Beever, ‘The Australian meat export trade’, pp. 204-210. See also Duncan, ‘Australian export trade’.

26. Beever, ‘The Australian meat export trade’, pp. xxiii-xxvii.

so that they reached 18.5 per cent of national exports in 1914/5.²⁷ New markets had also opened up. The US became a critical export market for beef, particularly from 1914,²⁸ and Japan, although not a consistent importer before the 1960s, had begun to purchase Australian frozen mutton in 1908.²⁹ As chapter 3 will explain, by the 1960s and 1970s, these two markets had become vital to the fortunes of meat processing in Australia.

World War I and its immediate aftermath ushered in a prolonged period of economic stagnation and bitter industrial conflict within the meat industry. Initially, the war created boom conditions for the industry, with Commonwealth, Queensland and New South Wales governments legislating to secure the entire output of the industry. However, climatic conditions, stock numbers and transport problems hindered the boom and indeed, created a short-run collapse in exports. Table 2-1 illustrates this wartime cycle and the sharply rising prices as a result of tighter government control, particularly over outputs and prices. Thus, incomes actually remained high despite dramatic declines in outputs for beef and veal in 1915/6 and 1917 to 1919, and mutton and lamb in 1915 to 1919. Sharp rises in meat prices, and industry profitability precipitated a bitter industrial struggle and the 1918/9 drop in beef exports reflected the Townsville meat strike as much as other problems.³⁰

Table 2-1: Meat exports: Quantity (Ton), Revenues & Prices (£), 1913-1919³¹

Commodities	1913	1914/5	1915/6	1916/7	1917/8	1918/9
Beef/Veal-Ton	97,732	130,387	51,195	108,072	80,468	53,567
Beef/Veal-Total Rev. £	2,652,275	4,990,054	2,175,894	4,947,070	3,698,693	2,472,786
Beef/Veal-£ per Ton	27.14	38.27	42.50	45.77	45.96	46.16
Mutton/Lamb-Ton	91,487	86,279	17,117	29,827	8,560	26,646
Mutton/Lamb-Total Rev. £	2,896,532	3,413,848	769,752	1,540,572	452,647	1,298,431
Mutton/Lamb-£ per Ton	31.66	39.56	44.97	51.65	52.88	48.73

27. Beever, 'The Australian meat export trade', pp. 204-215.

28. Australia, 1914, *Commonwealth statistical year book*, Vol. 7, p. 289.

29. Australia, 1919, *Commonwealth statistical year book*, Vol. 12, p. 303.

30. Cutler, 'Sunday, Bloody Sunday', pp. 81-102; Phillips, 'Townsville meatworkers' strike', *passim*; and Hunt, 'The Townsville Meatworkers' Strike, 1919', pp. 144-61.

Beever argues that the diversity of ownership patterns in the trade resulted in an inefficient operating structure, compared to, for example Argentina and the USA. He suggests that perhaps the single biggest handicap for the industry, and one of its own making, was excess capacity over and above the idle capacity of the trade.³²

Four main factors contributed to this excess capacity. The first was the sharp fluctuations in output due to seasonal variations. Processing capacity tended to approximate to the high short-run output of good seasons but remained idle or severely under-utilised during the off season or in poor production years. The second cause was persistent over-rating of the prospects of the industry by the exporters themselves and, in particular, the overseas companies. They tended to construct new, or extend existing plant in an over-optimistic anticipation of both increased supply and overseas demand. A third cause was parochialism, which encouraged a multiplicity of plants, particularly in inland New South Wales and Victoria, and in north Queensland. The final cause was undoubtedly the diversity of ownership interests mentioned earlier.³³ This excess capacity resulted in many export companies operating a break-even policy in all but the very best seasons, resulting in high failure rates. Few meat export companies survived more than a decade or two.

The dramatic decline in meat exports at the end of World War I set a trend that continued into the 1930s. Table 2-2 illustrates the fluctuation in export levels and market prices in the 1920s. Beef and veal production bottomed in 1923/4 and then began a steady if unremarkable recovery to the end of the decade. Mutton and lamb production bottomed in the same financial year, but recovery in this sector was even

31. Commonwealth of Australia, 1913-1919, *Commonwealth statistical year book*, Vols. 6-12.

32. Beever, 'The Australian meat export trade', pp. 215-24.

33. Beever, 'The Australian meat export trade', pp. xxii-xxiii. See also Duncan, 'Australian export trade in refrigerated beef'.

slower than for beef and veal. While recovery in production levels was better in the beef and veal sector, export prices slumped to £27.73 per ton in 1923/4, from a high of £46.16 per ton in 1918/9, and recovered only slowly toward the end of the 1920s. Mutton and lamb prices, on the other hand, made remarkable gains during the 1920s. Clearly, then, the meat industry and its component sectors fluctuated markedly during the 1920s, making it appear an unstable venture.

Table 2-2: Meat exports: Quantity (Ton), Revenues & Prices (£), 1919-1930³⁴

Commodities	1919/20	1921/2	1923/4	1925/6	1927/8	1929/30
Beef/Veal-Ton	54,053	55,432	46,948	95,576	75,490	69,977
Beef/Veal-Total Rev. £	2,479,248	1,867,927	1,301,879	3,264,920	2,377,967	2,569,788
Beef/Veal-£ per Ton	45.86	33.70	27.73	34.16	31.50	36.72
Mutton/Lamb-Ton	110,255	40,944	17,770	38,251	20,699	44,826
Mutton/Lamb-Total Rev. £	5,482,564	2,139,615	1,170,850	2,430,465	1,188,506	2,386,186
Mutton/Lamb-£ per Ton	49.72	52.25	65.89	64.32	57.42	53.23

Yet, after 1929, the industry enjoyed gradual growth and economic stability. By the 1930s, meat exports had risen to about seven per cent of a much larger total Australian export trade, compared to about four per cent in 1900.³⁵ The next section will examine the roles of greater state intervention in the industry and important technological changes which, together, improved the industry's fortunes.

The 1930s: Depression, the Ottawa Agreement and technological change

The meat industry suffered less than other industries in Australia from the 1930s Depression.³⁶ While export and domestic demand for Australian meat did remain static and export prices remained low, real wages, among other costs, actually fell by more than 10 per cent.³⁷ With deflationary pressures widespread across the national economy,

34. Commonwealth of Australia, 1919-1930, *Commonwealth statistical year books*, Vols. 12-23.

35. Beever, 'The Australian meat export trade', pp. xiv-xv.

36. Beever, 'The Australian meat export trade', pp. 372-6.

37. Manning Clark, 1987, *A history of Australia*, vol. VI, Melbourne, Melbourne University Press, pp. 382-97. Australia, *Commonwealth statistical year books*, 1935, pp. 240-3 and 1938, pp. 489-90; Beever, 'The Australian meat export trade', pp. 372-6; and J.R. Robertson, 1974, '1930-39', in F.K.

the meat industry was more profitable during the 1930s than during the 1920s.

The impact of the world depression on Australian overseas trade created considerable political pressure to find short- and medium-term solutions. The meat industry's solution came at the Imperial Economic Conference in Ottawa, Canada, in August 1932. In early 1932, the newly-elected Conservative government in Britain had granted a general 10 per cent preference to British Empire suppliers of a range of imported commodities, but not meat. Australian representatives at the Conference successfully argued for Empire, and particularly Australian suppliers, to have preference over non-imperial suppliers, such as Argentina.³⁸ The Ottawa Agreement required signatories to give preference to Empire suppliers, but, more importantly, that Britain give preference to Australian frozen meat. The end result was a dramatic rise in British imports of Australian frozen meat after 1934.³⁹

Nonetheless, the primary cause of the stagnation of Australian meat exports during the 1920s and early 1930s had been the late arrival of chilling technology to the industry. While the development of freezing technology in the late 1870s had given rise to the industrialisation of meat processing and a viable export trade, by the 1930s all the major competitors to Australian producers on world markets, with the possible exception of New Zealand, had developed the capacity to export their meat chilled, rather than frozen. Freezing allowed meat to arrive at distant destinations in an edible form but tended to make the product – once thawed – course, discoloured and unappetising. Chilling, on the other hand, did not affect the texture, colour or flavour of the end products and, as a result, commanded a higher price among consumers. Chilling was both more expensive, in processing and shipping terms, and also more risky, in that

Crowley, *A new history of Australia*, Melbourne, William Heinemann, pp. 435-6.
38. Clark, *A history of Australia*, vol. VI, pp. 420-421.

minor delays increased the risk of spoilage.

Pressure to perfect equipment and techniques to transport reliably chilled meat from Australian to Europe came from the widening of the price differential between Argentine chilled beef and Australian frozen beef from the late 1920s. It resulted in renewed trial shipments of chilled product in 1932 and full-scale shipments by the end of the decade.⁴⁰ Even today, however, chilling is reserved for high-grade meat, while low-grade meat is still shipped frozen.

Technological development also took other important forms. In particular, the introduction of the “chain” into the sheep meat industry in Victoria in 1933 not only enabled employers to retake control of the labour process in the face of a major industrial dispute, but it had a major effect on economies of scale and wage costs. The “chain” was a mechanical moving belt or chain from which the carcasses hung. It moved the carcass from work station to work station, at which point each worker performed a single task in the process of butchering and dressing the sheep, based on the principle of ‘one man, one cut’.⁴¹

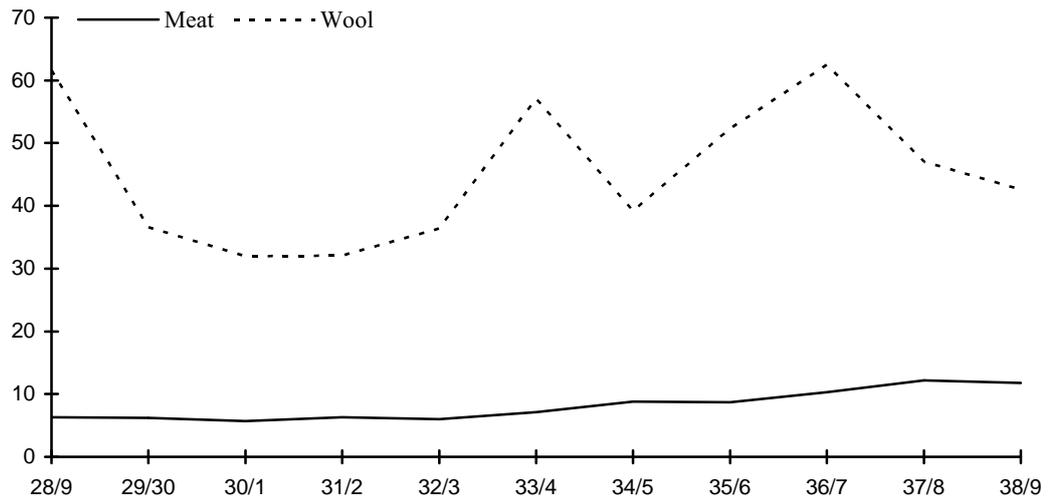
These developments appear to have aided the sheep meat export industry. Graph 2-1 illustrates the relative values of wool and meat exports during the Depression and the pre-war recovery. Wool, for the study, is an excellent comparator, particularly for the sheep meat sector, as both wool and sheep meat rely on the same animal, require similar land-use strategies and are major Victorian and Australian export commodities dating back the nineteenth century. What is clear from this data is that the value of Australian meat exports remained steady, even rising slightly in the second half of this period, whereas the value of wool exports fluctuated wildly. Graph 2-2 illustrates the

39. Australia, *Commonwealth statistical year book*, Vol. 27, 1934 & Vol. 32, 1939.

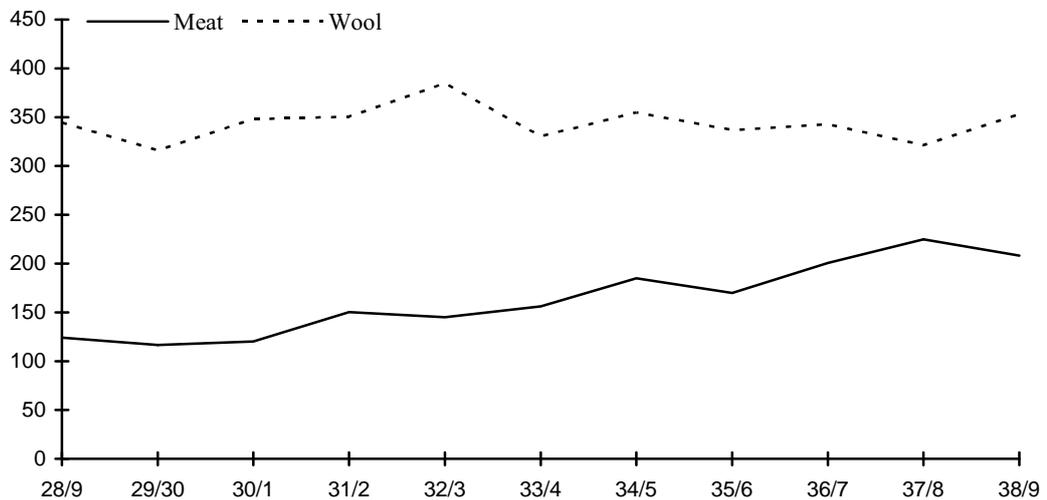
40. Beever, ‘The Australian meat export trade’, pp. 380-3.

relative quantities of wool and meat exports during the same period. The quantity of Australian meat exports rose significantly during the period in question; whereas wool exports fluctuated over time within a narrow range.

Graph 2-1: Meat & Wool Exports – Total Value (£ Million), 1928-39⁴²



Graph 2-2: Meat & Wool Exports Quantity (000 Ton), 1928-39⁴³



41. Willis, 'Unions and technological change', pp. 55-6.

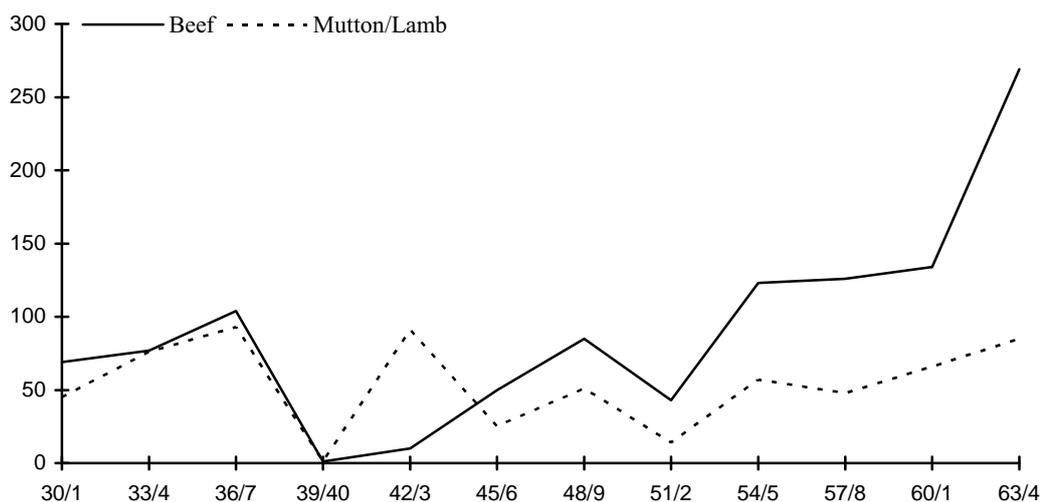
42. Australia, *Commonwealth statistical year books*, 1928 to 1942.

43. Australia, *Commonwealth statistical year books*, 1928 to 1942.

World War II to 1960

The position of the meat export industry again improved markedly with the outbreak of World War II. Initially, in 1939, the British and Australian governments guaranteed to buy the total output of the industry while, at the same time, domestic consumption was rationed. The Government also exempted meatworkers from active duty for the duration of the conflict. These measures resulted in significant economic advantage for the industry as a whole, but particularly for labour, as employers regarded lost production as more serious than paying for increased wages and improved working conditions.⁴⁴ Dramatic reductions in meat exports resulted from the redirection of excess production to the British and, particularly after 1941, the Australian armed forces.⁴⁵ The recovery of export markets after the war took some time but, by the 1950s, meat had become a significant export commodity. These developments are clearly visible in Graph 2-3.

Graph 2-3: Beef & Sheep meat Exports (000) Tons, selected years⁴⁶



44. Ian Turner, 1974, '1914-19', in Crowley, *A new history of Australia*, pp. 326-7.

45. Geoffrey Bolton, 1974, '1939-51', Crowley, *A new history of Australia*, pp. 464-6.

46. Australia, *Commonwealth statistical year book*, Selected Volumes.

What this graph does not show, however, is that, from the 1950s, a radical shift took place in the markets for Australian meat. Before the war, the main export market for Australian beef and mutton had been Britain. In the post-war period, the US began to emerge as a principal export market for beef and in 1958/9 the US surpassed the UK as the principal market for Australian beef exports.⁴⁷ Such growth in meat exports in the post-war period generated considerable expansion in processing capacity and employment in the industry. In turn, this expansion also created an environment that encouraged industrial relations changes. Nevertheless, it was the formation of a dominant, permanent employer association for the industry which had a more lasting impact on the industry's industrial relations and employers' role and strategies within it. The next section begins this thesis' explanation of industrial relations in the Australian meat industry.

Meat industry industrial relations

Wage bargaining in the pre-union era

In the years before 1890, prior to any official trade or labour organisation, and in the face of seasonal itinerant and isolated employment, meatworkers adopted a narrow industrial strategy for establishing their wages and working conditions on a seasonal basis. During these decades, slaughtering, boning and other tasks were the work of either solo butchers or teams of semi-skilled and unskilled workers gathered around a core group of six highly skilled butchers, the 'Knights of the Blade' (as these butchers were called).⁴⁸ Due to the seasonal nature of the industry, the start of each season drew skilled and semi-skilled workers to the killing sheds from vast distances. Only the

47. John Pollard, 2000, 'A hundred years of agriculture', in the *Commonwealth Yearbook*, Canberra,

unskilled generally came from the local community. These skilled butchers led a highly nomadic life moving from one killing shed to the next as the season progressed, depending on climate and type of animal slaughtered.⁴⁹ These factors determined the bargaining arrangements in the industry.

At the start of each season, and on behalf of their team, the skilled butchers negotiated over wages and working conditions with management. This enabled the workers to clarify the terms of their employment, including wages, working conditions and the number of workers employed during the season, which for any particular plant, often only ran for five or six months of the year or even less. It also enabled management to establish a set of core conditions applicable for the whole season and to set benchmarks for future negotiations.⁵⁰ At the beginning of the season, management would settle an agreed rate per 100 head of cattle with the butchers who would, in turn, compensate the semi-skilled and unskilled workers in their team. This was not unlike the early Australian and British coal mining contract systems in operation during the nineteenth century.⁵¹ This system persisted in the industry until strong union organisation began to formalise negotiations and establish a more uniform set of wages and conditions for the various parts of the industry.⁵² It also concentrated considerable power in the hands of a few and gave focus to the key bargaining arrangements at the workplace. The owners of the means of production, both plant and inputs, cattle or sheep, wielded considerable power, particularly at the beginning of the season,

At the height of the season, the power dynamics shifted and then it shifted once again towards the end of the season. Once the meatworks employers had begun the

Australian Bureau of Statistics.

48. Interview with Claude Jones, former AMIEU official and author, 18 June 1993.

49. Cutler, 'History of the AMIEU', pp. 28-30.

50. Cutler, 'History of the AMIEU', pp. 26-8.

movement of animals from farm to killing shed, any interference resulted in significant losses to them, both in yield from the animals, and transport and other costs. Once production was in high season and the cattle were amassing around the meatworks, the butchers could demand higher wages. Unless management wanted to lose substantial income through the cattle losing condition, they had to concede. Thus, just as the seasonal and isolated nature of the industry gave management significant power at the beginning of the season, their inability to engage quickly replacement skilled butchers once the season had begun meant that the butchers could force management to cede to their demands. At this point, the skilled employees could use their labour, or more precisely the threat to withdraw their labour, as leverage to drive wages up. By the end of the season, as the flow of stock off the farms drew to an end, the supply of available work diminished, putting the employer once again in a position to drive wages down. This shifting power relationship and repeated tough local struggles were of considerable importance to the struggle for the formation of unions during the last two decades of the nineteenth century.⁵³

The spread of meat industry unionism

Prior to 1900, reflecting the composition of the meat industry, its industrial relations remained fragmented. Bargaining set wages and conditions at the local level and labour organizational initiatives focused instead on regional and particular trade concerns. The main industrial relations trends were the separation of the two trades, the local negotiation of wages and conditions, and the struggle for freedom of association. The main change during this period came via union organisation, which, until 1900,

51. Gollan, *Coalminers of NSW*; and Treble, 'Productivity and effort'.

52. Cutler, 'History of the AMIEU', pp. 25-7.

53. Stewart, 'Export meatworkers in Rockhampton and Townsville', pp. 47-59. See also Cutler, 'History of the AMIEU', pp. 28-30.

reflected the weak and fragmented state of the industry and, particularly, of its export sector.

These attempts at organizing employees were regional and along craft or trade lines, principally because, during the late nineteenth century, the industry's skilled workforce had two distinct components: journeymen butchers, who worked in butcher shops; and slaughtermen, who worked in abattoirs or meatworks. This distinction has remained to the present.⁵⁴ Most of the earliest attempts to unionise the meat industry came exclusively from among the journeymen butchers or 'general butchers', who looked down upon the slaughtermen.

Several factors contributed to the persistent, early attempts by meatworkers to form unions. First, journeymen shop butchers had a tradition of social association, particularly through picnics and other social gatherings. Second, the appalling working conditions in the industry, particularly in the slaughtering sheds, motivated collective action to improve them.⁵⁵

Throughout the 1880s and 1890s, fragmented, local attempts to form unions mostly failed. In 1890, journeymen butchers in Victoria finally succeeded in organising a permanent union. Slaughtermen formed their own union in the same year but it failed in the aftermath of the great strikes. In 1900, slaughtermen decided to unite with journeymen butchers, rather than reorganise a union of their own.⁵⁶ South Australian meat workers succeeded in forming a permanent union in 1902 as did Queensland butchers, but it was not until 1907 that the butchers in NSW were successful.⁵⁷ On

54. Cutler, 'History of the AMIEU', p. 37-8. See also Interview with Claude Jones, 18 June 1993.

Cutler's thesis is based almost exclusively on an analysis of this distinction within the AMIEU.

55. Cutler, 'History of the AMIEU', pp. 41-51. See also Jones, *100 years of struggle*, pp. 3-5; and Davies, *Meatworkers unite*, pp. 2-3.

56. Cutler, 'History of the AMIEU', pp. 39-40. See also Davies, *Meat workers unite*, p. 22.

57. Cutler, 'History of the AMIEU', pp. 37-39. See also Claude Jones, 1989, *100 years of struggle and change: souvenir booklet commemorating the century of the AMIEU (Qld) Branch*, Spring Hill,

reflection, workers in many other industries and trades were equally faltering in their early steps towards permanent organisation at this time in Australia.⁵⁸

Some union leaders struggled to pull these disparate local and regional unions together into a national union and, around the turn of last century, successfully formed the Australasian Federated Butchers Employees' Union (AFBEU). The bargaining environment also changed as state and federal governments established industrial conciliation and arbitration tribunals and wages boards that gained wide-spread coverage of the meat industry. These provided a potential mechanism for regulating industrial disputes or setting minimum employment standards. Beyond their fundamentally different economic interests, the union and employers adopted wildly divergent political ideologies. These contrasts became established patterns of thought and action.⁵⁹ The AFBEU was, apart from the Victorian branch, small and rather embryonic. However, by 1912, when it became the AMIEU, it had established itself as the pre-eminent union in the meat industry, a position it has never relinquished.⁶⁰

Until the 1970s, the governance of the AMIEU reflected the historical attempts to overcome the isolated and seasonal nature of the industry. The overriding organising principle was 'regionalism'.⁶¹ By this, the AMIEU meant that the various state and regional branches and districts acted rather independently of each other. Cutler describes a decentralised organizational structure where, in the Queensland branch for

Queensland, AMIEU, pp. 4-5.

58. Jim Hagan, 1977, *The ACTU: a short history on the occasion of the 50th anniversary 1927-1977*, Sydney, Reed; Bradley Bowden, 1993, *Driving force: The history of the Transport Workers' Union of Australia 1883-1992*, Sydney, Allen & Unwin; Peter Sheldon, 1993, 'Arbitration and union growth: Building and construction unions in New South Wales, 1901-1912', *Journal of Industrial Relations*, 35 (3), pp. 379-97; Peter Sheldon, 1998, 'Compulsory arbitration and union recovery: Maritime-related unions 1900-1912', *Journal of Industrial Relations*, 40 (3), pp. 422-40; Peter Sheldon, 2002, 'Compulsory arbitration's role in Australian union recovery after the 1890s' Depression: The New South Wales government railways and tramways', *Historical Studies in Industrial Relations*, 14, pp. 99-133; Merritt, *The AWU*; and Gollan, *Coalminers of NSW*.

59. Cutler, 'History of the AMIEU', pp. 51-61.

60. Jones, *100 years of struggle & change*, p. 5.

example, three separate entities effectively functioned alongside each other: the Northern District around Townsville; the Central District around Rockhampton; and the Southern District around Brisbane and Ipswich. At times, these three districts ran their own campaigns, as in the 1918-19 Townsville strike, and at other times quite distinct approaches to a state wide campaign, as in the 1946 strike.⁶²

What emerges is the idea that unionists ran a local campaign at a workplace or even part of a workplace, with little input from the district or branch. Similarly, a district or regional campaign ran at that level only whereas a branch level campaign was based at the state level. Only a federal campaign functioned at the national level. The overall picture goes beyond literal regionalism. It describes intense attachments to local autonomy and action. The following discussion will examine both this AMIEU 'regionalism' as a defining principle of the union and the gradual evolution of a centralised federal authority between 1912 and 1960.

Tensions between 'regionalism' and central authority: the AMIEU to 1960

Attempts to overcome this regionalism through federation before 1912 derived largely from short-term tactical considerations, particularly the wish to secure a federal award to control wages, conditions and craft entry parameters. The AMIEU, as a national body, was merely a loose federation. Until World War I, the numerically stronger, conservative shop butchers largely dominated the AMIEU. As a result, the union's industrial strategies mostly focused on securing a federal award. However, by 1915, as a result of major expansion of unionisation among the slaughtering workers, many more militant slaughtermen came into the AMIEU, affecting a radical shift in its

61. Cutler, 'History of the AMIEU', pp. 146-205. See also Davies, *Meat workers unite*, pp. 27-31.

62. Cutler, 'History of the AMIEU'.

strategy towards direct industrial action.⁶³

The conscription debate during 1916 and 1917 effectively split the union at all levels and led to some sections, particularly in north Queensland, pursuing more radical political and industrial policies. Revolutionary syndicalism, as a political ideology, fitted the world-view of the more radically-inclined slaughtermen and it became the dominant ideology of the slaughtering sector in north Queensland, while the urban-based shop butchers pursued a far more conservative set of policies and relied on an arbitration system that achieved little for them.⁶⁴ The Townsville meat strike in 1918-1919 was a clear example of industrial tactics based on a strong syndicalist ideology.⁶⁵

Added to this ideological divide between more conservative shop butchers and militant slaughtermen was an ideological split in the slaughtering sector during the 1920s. This division, which shaped many of the internal dynamics of the union for half a century, developed around the regional structure of the union. Thus the union began to split into two factions, an industrially militant, left-wing or revolutionary syndicalist/communist faction and a labourist or Labor Party-aligned faction. The left-wing faction advocated in their own words “a vigorous industrial unionism”.⁶⁶ It was strongest in the Northern District of Queensland and dominated the Queensland Branch Executive and the Victorian Branch.⁶⁷ The Central and Southern districts of Queensland and the NSW, Newcastle (NSW) and South Australian branches aligned with the union’s labourists, who, according to Blackmur, “strove for resolution of disputes

63. Cutler, ‘History of the AMIEU’, p. 151.

64. Cutler, ‘History of the AMIEU’, pp. 151-2. In this, the slaughtermen’s attitudes paralleled those of the itinerant construction navvies. See Peter Sheldon, 1993, ‘System and strategy: The changing shape of unionism among NSW construction labourers, 1910-19’, *Labour History*, 64, November, pp. 115-35.

65. For a detailed discussion of the causes and consequences of the Townsville meat strike in 1918 and 1919 see Phillips, ‘The Townsville meatworkers’ strike’; Cutler, ‘Sunday, Bloody Sunday’, pp. 81-102; and Hunt, ‘Townsville meatworkers’ strike’, pp. 144-161.

66. Blackmur, *Strikes*, p. 42.

through constitutional channels”.⁶⁸ This ideological division, reflecting the union’s regionalism, dominated the politics and government of the union into the 1950s.

From its formation, the role and rights of its officials became a point of struggle for the union. In its early years, most employers banned union officials from the sheds altogether. Jack Crampton, one of the early organisers in Queensland, “splashed across tidal flats and crawled in through the thick jungle”⁶⁹ to organise meatworkers in Townsville. To prevent such victimisation, the union attempted to have the rights of its officials defined and protected by federal and state awards and local workplace agreements. Once the union had won this formal recognition, AMIEU officials enjoyed employment preference, freedom from victimisation and access to management on union issues.⁷⁰

The union used a plethora of direct action strategies and tactics in its struggle with employers. It also used direct action in tandem with arbitration. For example, through gaining insertion of preference clauses in federal and state awards and workplace agreements, the union sought to gain control of the supply of labour, as well as control over appointments and transfers of all meatworkers.⁷¹ The union also established control of the rate of output through the team-based tally system in the beef sector and the so-called ‘clock’ system in the mutton and lamb sector. While the tally, as a payment and labour process system, was important prior to 1960, it became far more important after that. Therefore, more detailed discussion of its various versions features in chapter 3. The ‘clock’ was the elected union delegate for the solo butchers on a sheep kill floor. He set the pace of work for the day and, according to the union’s

67. Blackmur, *Strikes*, pp. 41-42.

68. Blackmur, *Strikes*, pp. 41-42.

69. Davies, *Meat workers unite*, p. 55.

70. Walker, *Australian IR Systems*, p. 267.

rules, other butchers were not to get more than half a beast ahead of the ‘clock’.⁷² This was an extension of the union’s struggle to control the supply of labour. The union also controlled outputs by more covert measures. Go-slow tactics reflected the union’s strategy of localized direct action. On other occasions, the union made informal, local workplace agreements with employers to increase the rate of output in return for other concessions.⁷³

However, although the union’s militant, left-wing ideology and practices created major concerns for employers, its regional focus also dissuaded employers from engaging in early coordination beyond the local or regional scale. Employers in the isolated, often marginal export sector tended to focus on issues related to their own workplaces and businesses. They were concerned with local and regional labour markets, particularly during the short killing season, and with often fickle export product markets which adversely affected their profitability. The fact that many employers did not survive more than a few years merely added pressures to more reactive stands. Employers, squeezed between these twin pressures, thus focused on their own immediate circumstances. As a result, many meat-industry employers strategically prioritized regional, *ad hoc* organisational solutions and campaigns, rather than permanent, industry-wide or even national approaches.

Local reactivity: trends in ad hoc employer cooperation

Collective resistance to unionism motivated meat-industry employers in their limited and temporary cooperation. In fact, in the meat export trade, the only reason employers came together at all was in response to militant union action. Meatworks

71. Walker, *Australian IR Systems*, pp. 260-265.

72. Davies, *Meat workers unite*, p. 57.

73. Walker, *Australian IR Systems*, pp. 265-267.

owners, prior to foreign takeovers after 1905, had informally agreed to resist the early unionisation of their workforces. Yet despite this, the union succeeded, over a few years, in organising the vast majority of meatworkers.⁷⁴ Meat employers organised amongst themselves to share processing capacity should a plant be hit by a butchers' pay dispute or a union strike. The growth in the strength of the union, particularly after the establishment of the AMIEU, also led employers to form a series of informal committees at state level.⁷⁵ The end result of this cooperation was the formation of the Queensland Meatworks' Companies Committee (QMCC) in 1910 and, ultimately, MATFA. The QMCC functioned as a forum for meat industry companies to "discuss matters of mutual concern" between 1910 and 1970.⁷⁶

Despite the growing strength of the union in Queensland's slaughtering sector, employers still preferred local, informal bargaining over formalised relationships with the AMIEU through the arbitral tribunals. For example, employers agreed to accept union demands for general preference clauses in agreements with the union, rather than go to the industrial tribunals for arbitration on the matter.⁷⁷ They only accepted state intervention to drive down wages and conditions in the industry at the end of World War I.⁷⁸ As a further means of controlling the union, some employers encouraged dissident unionists in the hope that a breakaway union would break the industrial power of the AMIEU.⁷⁹

Employers' selective reliance on both informal cooperation and arbitration gave rise to a number of interesting industrial activities. Despite the fact that early employer

74. Davies, *Meatworkers unite*, pp. 12. See also Walker, *Australian IR Systems*, pp. 267-89.

75. Cutler, 'Sunday, Bloody Sunday', pp. 81-102; Phillips, 'Townsville meatworkers' strike', *passim*; and Hunt, 'The Townsville Meatworkers' Strike, 1919', pp. 144-61.

76. Archive note D8, 'Queensland Meatworks' Company Committee', Wollongong University Archives.

77. Walker, *Australian IR Systems*, pp. 293-295.

78. Cutler, 'Sunday, Bloody Sunday', pp. 81-102; Phillips, 'Townsville meatworkers' strike', *passim*; and Hunt, 'The Townsville Meatworkers' Strike, 1919', pp. 144-61.

coalitions were largely informal and weak, there appears to have been a high degree of solidarity on occasion. The union generally accepted that if one employer refused to concede to a negotiated agreement, then all the other companies would continue to resist until there was complete unanimity.⁸⁰ At other times there was considerable coordination among the employers, as with the introduction of the chain.⁸¹ Despite their refusal, at times, to allow outside interference in their businesses and their industry, employers readily accepted state intervention when it benefited their cause. A powerful example was during the 1918-1919 Townsville strike when employers sought government intervention to help control and crush the union.⁸²

Despite these pressures for localized versions of voluntarist collective industrial relations, the various regional employer associations as well as the AMIEU set out, from their establishment, to secure federal award coverage.⁸³ In fact, both MATFA and the AMIEU largely owe their existence to desires among their constituents for a federal award. Nevertheless, widespread federal award coverage remained an unfulfilled goal until the 1950s and 1960s. This left intervention and regulation of the industry to the various state wages boards and arbitration courts in the meantime.

Employers and the various state arbitration courts faced significant strategic and ideological opposition from the union.⁸⁴ From 1916, the Queensland branch of the union had a strategic and principled preference for militant and autonomous direct action and workplace bargaining. This soured its relationship with the QIC. In fact,

79. Walker, *Australian IR Systems*, pp. 293-295.

80. Walker, *Australian IR Systems*, p. 292.

81. Willis, 'Trade Union reaction to technological change', p. 55.

82. Cutler, 'Sunday, Bloody Sunday', p. 87.

83. Cutler, 'History of the AMIEU', p. 154.

84. Cutler, 'Sunday, Bloody Sunday', p. 82. See also Anon, circa 1918, 'I.W.W and meat', Unpublished Manuscript, Fryer Library, University of Queensland and Verity Burgmann, 1995, *Revolutionary industrial unionism: the Industrial Workers of the World in Australia*, Melbourne, Cambridge University Press, pp. 177-9.

militant unionists also perceived the QIC to have a pro-employer bias in industrial disputes.⁸⁵ The lack of centralised internal union discipline, due to the strong regional and local structure and culture of the union, created great frustration for the QIC and employers. Indeed, the QIC regularly resorted to the imposition of punitive sanctions, such as deregistration and cancellation of preference agreements, because of the branch executive's inability to control the various factions and regions. In 1918 and 1919, the North Queensland branch strenuously resisted all moves to bring it under the control of the QIC. By March 1919, however, the QIC had succeeded in incorporating the union under the Meat Export Industry Award.⁸⁶

Although the Victorian branch of the union was ideologically similar to the Queensland branch, employers were far more successful in engaging it through Victoria's wages boards because that system, unlike arbitration tribunals, had no compulsory powers over unions and had no authority to settle disputes by arbitration. Their role was to bring the disputing parties together in a conference to facilitate agreement-making that set minimum conditions.⁸⁷ Employers were more successful in co-opting, forcibly or otherwise, the other state branches of the union into their relevant state industrial tribunals some time after their success with the Victorian branch. In 1928, as a result of a series of grievances over the NSW shop butchers' award, the employers formed MATFA, the first permanent departure from this *ad hoc* approach.⁸⁸

The foundation of the Meat and Allied Trades Federation of Australia

The origins of the two employer organisations that combined through the

85. Walker, *Australian IR Systems*, pp. 245-249.

86. Walker, *Australian IR Systems*, pp. 245-249. See also Cutler, 'Sunday, Bloody Sunday', pp. 81-102; Phillips, 'Townsville meatworkers' strike', *passim*; and Hunt, 'The Townsville Meatworkers' Strike, 1919', pp. 144-61.

87. K. Hince, 1965, 'Wages boards in Victoria', *Journal of Industrial Relations*, 7 (2), pp. 164-181. See also Walker, *Australian IR Systems*, pp. 13-4 and 28-32

formation of form the MATFA⁸⁹ in 1928 are somewhat obscure. The NSW Retail Butchers' Association (RBA) had officially formed in October 1921, but sometime before September 1928, it became the Master Butchers' Association. There is little surviving primary material on its activities or those of the Queensland Meat Traders' Association (QMTA).⁹⁰

MATFA formally began on 17 September 1928, during a poorly attended meeting – just 20 out of 300 invited butchers attended – of disaffected members of the Master Butchers' Association in Sydney. Like its predecessors, MATFA initially began as an organisation to fight specific changes in local circumstances, in this case, to the NSW State Meat Award. In 1921, the master butchers had objected to state government price fixing of all cash sales of meat and the establishment of the State Meat Shop. In 1928, the same butchers objected to the introduction of the Five Minute clause in the new state award. That clause meant that, “employees were not allowed on an employer’s premises more than five minutes before or after fixed starting or finishing times”.⁹¹ To exacerbate the master butchers’ frustration, the AMIEU conducted inspection raids on their shops to enforce compliance with, and prosecute breaches of the controversial clause.⁹² The disaffected master butchers saw a shift to a federal award as the most promising avenue to escape this clause.

On 8 December 1928, as a first step to gaining a federal award, MATFA registered under the 1904 Commonwealth Conciliation and Arbitration Act. MATFA sought to follow the Victorian and South Australian meat industries, which had gained a

88. *Australian Meat Industry Bulletin (AMIB)*, 1978, 1 (4), p. 19.

89. Originally named the Master Butchers Meat and Allied Trades' Federation of Australia, it changed its name to MATFA in 1942. For the purposes of this thesis MATFA will be used throughout. See *AMIB*, 1978, 1, (4), pp. 19 & 22.

90. *AMIB*, 1978, 1, (4), pp. 19-20.

91. *AMIB*, 1978, 1, (4), p. 19.

92. *AMIB*, 1978, 1, (4), pp. 19-20.

joint federal award in 1916. To strengthen its claim for a federal award, to override the controversial NSW state award, MATFA began negotiations with the QMTA in March 1929, and on 27 April 1929, the two groups officially merged, thus creating the requisite conditions for an interstate dispute under the Constitution. At a MATFA meeting in June 1929, its secretary, Mr. A.G. Shand, received authorisation to prepare a log of claims, to be served on the AMIEU as a prelude to an application for federal award coverage of NSW and Queensland. However, the 1930 federal election campaign intervened, as Prime Minister Stanley Bruce had campaigned since May 1929 for the abolition of the federal arbitration system. The Labor Party, led by James Scullin, defeated Bruce's conservative government on 12 October 1930. In less than ideal circumstances, MATFA served its log of claims on the AMIEU on 24 December 1930.⁹³ At this time, MATFA only covered master shop butchers. It was to be several years before the association admitted employers in the processing sector.

Due to dislocation in the federal arbitration system resulting from Bruce's campaign, a backlog of cases meant the meat industry case did not reach the conciliation stage until June 1931. The result was the establishment on 14 August 1931 of a federal award covering the NSW and Queensland meat industries. The AMIEU immediately challenged the validity of the award in the High Court under s.21AA of the Federal Arbitration Act, "alleging that no real dispute existed in the industry."⁹⁴ Justice H.V. Evatt, the presiding judge, upheld the AMIEU claim. He also raised questions about the validity of MATFA as an employer organisation, particularly in Queensland. After altering its rules in February 1932, MATFA served a second log of claims on the AMIEU. On 7 April 1932, a conciliation conference to consider the log of claims failed

93. Clark, *A history of Australia*, vol. VI, pp. 313-7. See also Heather Radi, 1974, '1920-29', in Crowley, *A new history of Australia*, pp. 400-14; *Meat Trades Journal (MTJ)*, 1931, 4, (6), p. 22.

to reach agreement so that the case then came before the Arbitration Court. Now satisfied that a dispute existed and that MATFA was a *bona fide* employer association Justice Evatt approved the establishment of an award. The resulting award of 8 September 1932 covered shop butchers in NSW and Queensland.⁹⁵

MATFA began as an organisation of mainly retail butchers based exclusively in NSW and Queensland but, in its next phase of development, it organised butchers in the other states, along with the rest of the industry. When Victorian sheep meat processors, confronted with a national union campaign, re-tooled their plants with the chain in 1933, MATFA's leadership saw an opportunity to expand its influence. That campaign began when the AMIEU national executive initiated a campaign to reduce the daily solo tally in the sheep meat sector from 100 head to 80 head. Initially, the Victorian branch of the union had resisted the idea of this campaign fearing that it would adversely impact on members' wages but, in 1932, they changed direction and supported the campaign. In response, employers delayed the start of the 1933 season, installed the chain, and offered employment at significantly reduced wages to account for the way that the chain had reduced necessary work skills and hence the need for a skill-margin.

Unionised employees initially took strike action against the de-skilling of the labour process but, faced with the loss of their employment during the Depression, many eventually accepted the new arrangements and returned to work. Employers, for their part, had successfully blunted the impact of the strike on themselves through the support of MATFA officials who helped to operate the chain for two weeks during the strike and by employing farmers and their sons to run the new chain thereafter. The

94. *MTJ*, 1931, 4, (6), p. 22.

95. *MTJ*, 1931, 4, (6), p. 22.

union was left with no choice but to direct their members to accept the new situation.⁹⁶

The rapid capitulation of the union, in the face of this major change to the labour process, proved the worth of MATFA's strategic choice in this matter. Processors across the rest of Victoria and South Australia similarly installed the chain in their plants throughout 1933 and 1934. This resulted in the Victorian Master Butchers and meatworks' owners joining MATFA in 1937, with the South Australian meat employers following in 1938. Western Australian meat employers did not join until 1942, while Tasmanian meat employers only joined in 1965. After incorporating Victorian and South Australian meat employers, MATFA's leadership began hatching a plan to establish a single federal award covering all sectors of the industry, in all states.⁹⁷

In the period to the 1930s, the main trends in the industry's industrial relations were toward closer organisation – of employees and of employers – and toward various forms of state regulation of wages and working conditions. During the 1930s, the main trend was the struggle to regulate the level of the wages and conditions in the face of severe economic pressures. World War II had some similar effects on meat industry industrial relations to World War I and yet there was one major difference. Whereas, after World War I, dissent was largely confined to North Queensland (the 1918-1919 Townsville Meat Strike), after World War II, dissent over the re-adjustments to war-influenced wages and working conditions was more acute and pervasive. The following section examines employer responses to this in more detail.

Employers and the struggle against militant unionism: World War II and the post-war years

The AMIEU, like many left wing organisations, initially opposed what it saw as

96. Willis, 'Unions and technological change', pp. 58-60.

97. 40 CAR: 192 and *AMIB*, 1978, 1, (4), pp. 21-23.

“a Capitalist war ... [of] ... Hypocritical Democratic Capitalism versus Fascist Capitalism ...”⁹⁸ Such opposition began to change in 1940 when the Soviet Union entered the war on the side of the Allies and was complete after the Labor Party assumed office federally in 1941.⁹⁹ Yet despite complete support for the war effort after 1941, the AMIEU still had no compunction about exploiting the prevailing conditions to the advantage of its members.

The AMIEU gained considerable improvements in the wages and conditions for its members, despite government controls in this area, during the favourable war years. It was also prepared to defend these gains once the controls ended in 1946. With the listing of meatworkers on the ‘reserve list’ in 1939, security of employment became a reality for the first time for many meatworkers.¹⁰⁰ Employers were, thus, drastically restricted in their rights to hire and fire workers. The union’s militant leadership, particularly in the Queensland branch, took advantage of this situation to force, on a plant-by-plant basis, seniority agreements with several meat companies. They also used the situation to re-establish many of the job control strategies curtailed under state and federal tribunals.¹⁰¹ Wage rises, too, became a wartime objective of the union. Having regain, in 1936, the eight shilling (10 per cent) wage cut of 1931, the union also fought for, and won, an additional four shilling national ‘war-loading’ in 1941, to compensate for the increased demands of work.¹⁰² In the last days of the war, in 1945, the leadership of the AMIEU, particularly in Queensland, unsuccessfully attempted to have the various wartime gains applied to the rest of the industry, so that once the favourable war conditions ended, they could be more successfully defended under less favourable

98. *Meat Industry Journal of Queensland (MIJQ)*, 1940, 3, January, p. 9.

99. Cutler, ‘History of the AMIEU’, pp. 270-271. See also *MIJQ*, 1940, 3, & 1941, 4, various issues.

100. Cutler, ‘History of the AMIEU’, p. 275.

101. Blackmur, *Strikes*, pp. 45-46, 51 & 56-57.

conditions.¹⁰³

Once peace broke out, in 1945, meat industry employers moved to regain the initiative from the AMIEU. Their strategy combined workplace-level initiatives to weaken union power, recourse to the QIC and lobbying for the support of the Queensland Labor government. Their first moves were at plant level. In March 1946, several companies moved against the AMIEU on the issue of seniority. On 4 March, the Queensland Co-operative Bacon Association at Murarrie dismissed four of its employees. On the same day, Borthwicks insisted that the seniority scheme be left to the QIC to decide, and on 6 March, the Oxley Meat Preserving Works gave a number of its more senior workers a week's notice. By the end of the following week, AMIEU members at Murarrie and Oxley were all on strike and, with the help of the Trades and Labour Council (TLC), black bans were in effect at the two plants. Once the battle had begun, the AMIEU's disputes committee decided to press for the inclusion of seniority in all awards and agreements in Queensland in a log of claims to be presented in May. The meat export companies responded by suspending all stock deliveries and laying off their employees from 26 March. In response to this new attack, the AMIEU, on 29 March, called all its members out on strike.¹⁰⁴

In this dispute, the meat companies chose to depend on their traditional *ad hoc* and regional forms of combination rather than use MATFA. Coordinated by the QMCC, they determined to stand as one against the AMIEU. The companies resolved to break the power of the union's Boards of Control and resist all union attempts to have seniority applied to all Queensland state meat awards. Although the decisions of the

102. Cutler, 'History of the AMIEU', pp. 275-7.

103. Gordon Stewart and Bradley Bowden, 2004, 'The 1946 meat strike in Queensland: a regional perspective', *International Journal of Employment Studies*, 12 (1), pp. 25-6. See also Blackmur, *Strikes*, pp. 55-7.

QMCC were not binding on the individual companies, its decisions in this case gained the full support of the member companies.¹⁰⁵ The employers, through the QMCC, had developed a strategy whereby they provoked the AMIEU to expose itself across the industry and, at that moment, used an employer-friendly QIC to exert strong institutional pressure on the union. The employers therefore countered the threat of a state-wide strike of the AMIEU's members by issuing termination notices to all striking workers, thus turning the strike into a lock-out. They then applied to the QIC to have the AMIEU deregistered and removed from the preference clauses of the various state meat awards. They also staunchly supported the rulings of the QIC and refused to negotiate with the union until it complied with the court's return to work order.¹⁰⁶

The QIC consistently upheld the right of employers to exert managerial prerogative over labour at all times. The court rejected "out of hand" the seniority principle and the union's control of the labour supply, by consistently turning down all applications to incorporate these principles into the various state awards. On 2 May 1946, the QIC ordered a resumption of work under existing award conditions by 15 May. This return-to-work order effectively eliminated all prospects of the AMIEU achieving its aims through the QIC, since no state awards contained seniority and labour control clauses. The order also effectively prevented any negotiated settlement of the dispute, since the AMIEU would not direct its members to return to work without some form of negotiated agreement, and the order precluded such negotiations without a return to work. The employers consistently pointed to the conditions of this resumption order throughout the remainder of the dispute, whenever the Hanlon government called

104. Blackmur, *Strikes*, pp. 58-63 & 96.

105. Blackmur, *Strikes*, pp. 39 and 204.

106. Cutler, 'History of the AMIEU', pp. 295-303; Blackmur, *Strikes*, pp. 76-7; and Stewart and Bowden, '1946 meat strike', pp. 23-5.

a compulsory conference.¹⁰⁷

Premier Hanlon and his government were caught in the cross-fire between the AMIEU, on one side, and the meat companies and the QIC, on the other. The Labor government was ideologically opposed to communist influence within the AMIEU and viewed the strike as a communist plot, yet, it could also not support the smashing of an important union. The government sought to maintain its support for the principle of the rule of law and compulsory arbitration through the QIC. The government consistently resisted the AMIEU's pressure to force the meat companies to acquiesce and actively opposed the union leadership's attempts to transfer the dispute to the federal jurisdiction. After intense lobbying behind the scenes, and the failure of all his conciliation conferences, Hanlon effectively saved face for all parties to the dispute by convincing his cabinet to issue, on 5 July, "an *Order In Council* instructing all parties to the meat industry awards to resume work by 12 July 1946 on the terms of the then existing awards, save that the engagement of labour was to be in accordance with the practice in existence at each works on 1 March 1946."¹⁰⁸ All matters in dispute were to be settled by negotiation or by referral to the QIC.

The response to Hanlon's *Order In Council* was rather predictable. According to Blackmur, the AMIEU, looking for a way out, "had little alternative but to recommend an end to the strike."¹⁰⁹ The secondary boycotts imposed early in the dispute had effectively failed, as had any hope of transferring the dispute to the federal jurisdiction. Besides, leaders of the right wing faction of the union had argued, in an executive meeting on 4 July, just one day before Hanlon's pronouncement, that the union should lobby Hanlon for just such an *Order*. It was a convenient way for the union leadership

107. Blackmur, *Strikes*, p. 70; and Stewart and Bowden, '1946 meat strike', pp. 23-4.

108. Cited in Blackmur, *Strikes*, p. 99.

to save face, and it gladly took it. The meat companies, who felt they were very close to smashing the AMIEU, viewed it as “an absolute sell-out ... [and] ... a capitulation to the strikers”, but none-the-less accepted the *Order*.¹¹⁰

Despite having waged a bitter but successful struggle for over four months, the meat companies seemed to lose momentum in their opposition to the AMIEU after the cessation of hostilities. By March 1948, the Queensland branch of the AMIEU could inform the union’s Federal Executive “that practically all agreements had been recovered and that it was to maintain the engagement of labour for the industry through its offices in Brisbane, Rockhampton and Townsville.”¹¹¹ The union achieved this clawing back of its pre-strike, war-influenced over-award conditions through workplace action, rather than through further industry-wide strike action or through the QIC.

A number of conclusions can be drawn from the above discussion. The 1946 Queensland meat strike demonstrated the problems the union faced in mounting and maintaining large-scale strike action. Ultimately, direct workplace action proved more effective. More importantly, employers quickly recognised the effectiveness of arbitration and of united action as a means of controlling the union’s militant activism. On the other hand, they were also unable to maintain a consistent unity when faced with workplace level bargaining, as opposed to collective action at the industry level. Once the industry settled down after the 1946 Queensland dispute, broader industrial relations trends began to emerge. The main trends in industrial relations after 1946 were award and agreement creation and the eventual federal focus of the regulation of the industry’s industrial relations.

109. Blackmur, *Strikes*, p. 101.

110. Blackmur, *Strikes*, pp. 100-101.

111. Cited in Blackmur, *Strikes*, p. 106.

Conclusion

This chapter has explained how meat industry employers sought to shape industrial relations in the industry so as to manage conflict in their industry during this period and sought to explain the reasons for their choices. The picture that has emerged is one of localised management of conflict in the face of the emergence of decentralized militant unionism. As well, there is a pattern of employers choosing increasingly to shift to state intervention for the purpose of the regulation of the wage-effort bargain and as a mechanism for controlling the AMIEU.

Prior to the development of formal unions, beef processing, at this time, concentrated significant bargaining power in the hands of the butchers, particularly after full production commenced. Once meat industry unionisation had taken hold, employers attempted to counter both the bargaining strategy of the itinerant teams of butchers and their growing unionisation by organising to share processing capacity should any one plant be hit by a butchers' pay dispute or a union strike. Union organisation was most successful in Victoria, where the industry was less isolated. In Queensland, management successfully repelled unionisation of beef processing until the early twentieth century through a strategy of direct negotiation and aggressive, yet *ad hoc* inter-company association.

Employers, faced with the changing demands of a few, highly-skilled butchers, formed and then disbanded various employer coalitions once the threat was over, or the season had finished. This pattern, of employers forming temporary associations to meet an immediate demand continued well into the 1930s, long after the AMIEU had successfully organised most workers in the industry. In extreme situations, employers also sought state intervention to curb union militancy, most notably after World War I, when meatworkers in Townsville shut the industry down. Then, an alarmed Queensland

Labor Government forced meat industry unionist into regulation under the state tribunal. Thus, employer strategies for managing conflict in the meat processing industry reflected the pattern of development of the industry itself. Localised bargaining depended upon and fostered local and regional patterns of employer action and organisation. Once these local strategies failed, state intervention became critical to employer action.

The propensity among employers to avoid permanent association enabled workers and their union to maintain their preferred decentralisation of regulation. However, by the late 1920s, meat employers were beginning to recognise the inherent weakness in their *ad hoc* coalitions. It was during this decade that they formed MATFA. It began, not in Victoria, where the AMIEU had originated and was strongest, particularly in the processing and export sector, but in New South Wales and Queensland in response to the successes of the shop butchers. Within a decade, MATFA had effectively exerted its influence on the processing sector in Victoria and, by the end of World War II, it had organised virtually the whole industry. While lacking the rank-and-file discipline of the AMIEU, MATFA did develop a set of national and regional strategies that most employers agreed on and often even actively subscribed to.

Initially, MATFA aimed to gain a federal award for NSW and Queensland butcher shops as a means of managing conflict with the union. By 1933, MATFA was also intimately involved with the push to introduce the chain system of slaughtering in the sheep meat industry in Victoria. The aim here was to reduce wage costs and weaken the union. Although MATFA was not instrumental in the 1946 Queensland meat dispute, as the employers involved preferred to fall back on their regional *ad hoc* association, it was instrumental in establishing a series of federal awards covering the export processing sector in Victoria and Queensland during the 1930s and 1940s.

Although initially only of limited application, these awards grew in importance and coverage during the 1950s, to the point where, by 1960, every major meat processor, particularly in the export sector, was covered by or moving towards gaining coverage under a federal award.

The AMIEU's use of the general strike, although very rare, almost inevitably resulted in state intervention which, in turn, resulted in the union's defeat. Despite their apparent victories, Queensland meat employers saw the 1946 Queensland settlement as a failure, because it had not crushed the AMIEU. This clearly illustrated the inherent weaknesses of any employer organisation, whether formal or *ad hoc*, in the meat industry faced with a highly militant and committed union. When not faced with an all-out conflict, the various employers were susceptible to local action, due to the isolated and seasonal nature of the industry. MATFA's objective in gaining federal award coverage for the whole industry was to impose a level of bureaucratic control over conflict at both the industry and workplace levels.

This is not to suggest that MATFA commanded the same level of centralised or even regional strategic policy development and action as the AMIEU. Then, again, the core purpose behind MATFA's formation as a permanent association was economic. In this context, when faced with the determined actions of a radical and militant union, employers were forced to organise in order to control and regulate the industry. By 1960, once this was complete, activity on the frontier of control shifted to the manipulation of the various control systems for the benefit of the parties. By the 1960s, too the political economy of the industry had changed radically and so too had the nature of the struggle between employers and workers for control of the labour process.

Thus, from the late 1920s to 1960, meat industry employers increasingly recognised the inherent weaknesses of their loose, *ad hoc* coalitions and formed a

permanent association. In the context of a highly militant brand of unionism, an isolated industry structure and small scale and seasonal production capacity, this movement to secure greater technical and bureaucratic control over the labour process and regulation of conflict gave employers a sense of collective identification. It also validated their strategic choices to seek greater state intervention in their industry's industrial relations, through arbitration, and greater centralisation of coordination.

Chapter 3

The Australian meat processing industry, 1960 to 1986

Introduction

The previous chapter explained that while industrial relations in the Australian meat processing industry demonstrated certain patterns of continuity prior to 1960, there were also significant changes in the ways that employers sought to manage the industry's industrial relations conflict. Whereas, from the industry's beginnings, direct bargaining over local wages and conditions had dominated the process of establishing the wage-effort bargain but, in the aftermath of World War I, employers sought to secure greater control through calling upon state intervention. From the late 1920s, employers also moved to form permanent employer associations to overcome the manifest weakness of local efforts to confront the AMIEU. They also introduced technical controls over the labour process. From the late 1950s, employers moved to expand this technical control and introduce bureaucratic controls over the labour process that also offered the promise of allowing them to manage conflict with employees and their union.

From 1960, the Australian meat processing industry entered a period of remarkable growth in production and exports. At the same time, the federal award structure achieved greater importance as a mechanism of bureaucratic control of the wage-effort bargain, through the inclusion of the major meat exporters, and through the incorporation of the tally system of incentive payments. From this point on, the struggles between employers and their association on the one hand, and workers and their union on the other, revolved around adjustments to the existing conditions of

employment, the introduction of new technology and industry restructuring as a result of export market demands and the chronic over-capacity problem. This chapter places particular attention on the critical issue of over-capacity as it was this challenge that ultimately drove employers to find new ways to curb union resistance to industry restructuring through the formation of Australia Meat Holdings.

The political economy of the meat industry, 1960-1986

During these years, meat was among Australia's more important export commodities. In 1986, for example, the total value of meat exports from Australia amounted to around \$2.4 billion, representing around 4.6 per cent of the value of all Australian exports and making meat one of Australia's five most valuable export commodities.¹ In fact, by financial year 1972-73, Australia had become the largest exporter of meat in the world² and was still the second largest in the mid-1990s.³ This section examines four key factors that helped determine the political economy of the industry. They were the chronic over-capacity problem, changing product markets, market access, and patterns of ownership.

In 1986, there were approximately 200 meat-processing plants in Australia operating in both the export and domestic trades. This number was down from around 260 in 1982. Together they employed more than 30,000 meatworkers, down from almost 49,000 employees in the mid 1970s.⁴ Beef remained 'king' in Queensland, with that state's export output accounting for more than 57 per cent of all beef and almost 40

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1. Australian Bureau of Statistics, 2001, 'International Accounts and Trade: Merchandise exports and imports by commodity', <http://abs.gov.au>, pp. 1-5.
 2. C. W. Roberts, 1975, 'Queensland's beef industry', *Queensland Agricultural Journal*, Vol. 101, No. 1, p. 48.
 3. Australian Meat and Live-stock Corporation, 1994, *Statistical Review*, Sydney.
 4. Griffith, 'Australian fresh meat processing industry', p. 7 ; and Australian Meat and Live-stock Corporation, 1986, *Statistical Review*.

per cent of all Australia meat exports. By comparison, sheep meat production remained relatively evenly spread across Victoria, New South Wales and South Australia, which together, processed almost 85 per cent of sheep meat exports.⁵

Until the early 1960s, meat had been an economically marginal industry, often going through long-periods of poor profitability. However, as Graph 3-1 indicates, export demand, particularly for beef, entered a boom cycle between 1975 and 1979, before collapsing in 1980. During this five-year boom, meat-processing capacity grew by over 60 per cent. This expansion resulted in an under-utilisation of abattoir capacity once the boom had ended in the early 1980s. Over-capacity in the Australian meat processing industry has been a chronic problem for much of its history but, this time, the problem re-emerged as a direct result of management decisions during the late 1970s.

According to Kingston and Wan, the dramatic increase in cattle turn-offs⁶ between 1976 and 1979, “gave meat processors an optimistic outlook and consequently there was an expansion in both the number of abattoirs and in total slaughtering capacity.”⁷ For example, there were 29 export and domestic abattoirs in Queensland in 1970, with an approximate, combined daily slaughtering capacity of 10,000 head of cattle. Between 1974 and 1981, the number of abattoirs increased to 43 and the total combined daily slaughtering capacity reached around 16,500 head.⁸ The expansion resulted in an under-utilisation of abattoir capacity once the boom ended in 1981. In that year, employers used just 52.6 per cent of available daily slaughtering capacity, down

5. Australian Meat and Live-stock Corporation, 1988, *Statistical Review*.

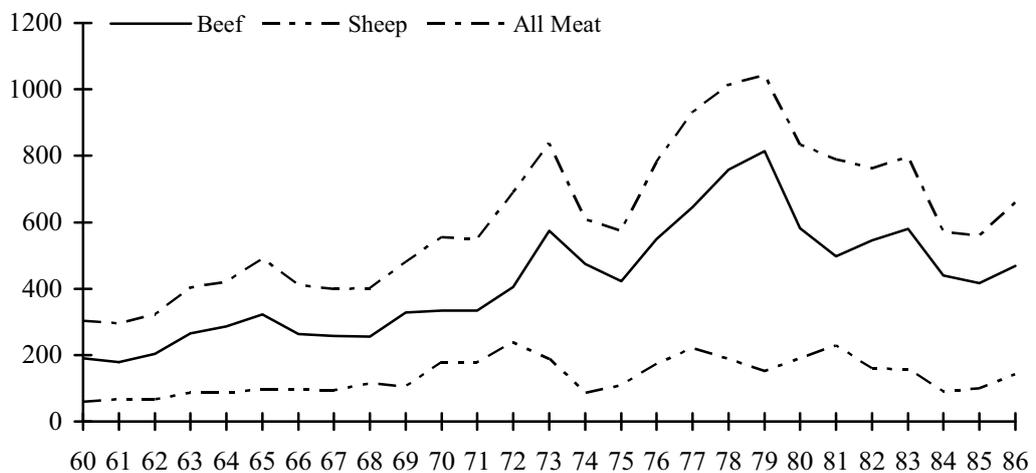
6. “Cattle turn-offs” is a term used in the industry and the industry literature to describe the activity of sending cattle (and other livestock) to market. That is to turn them off the property.

7. Kingston and Wan, ‘Recent developments’, p. 143.

8. Vidler, ‘Australian meat processing industry’, p. 7.

from some 87 per cent in 1979.⁹ One former plant owner, from a large, Victorian, export-oriented processing company, indicated that the plant of which he was part-owner had not turned a profit between 1984 and 1995.¹⁰ Over-capacity has also been a constant source of conflict between labour and capital, because the shortage of cattle supply has exacerbated the traditional lack of job security.

Graph 3-1: Australia Meat Exported (000 Tonnes) – 1960-1986¹¹



This under-utilisation of capacity remained a chronic problem for the industry and severely hampered its profitability and long-term prospects. The trend shown in Graphs 3-1 and 3-2 indicates this significant over-capacity problem during the 1980s, in terms of the dramatic drop off in beef exports. The Victorian sheep meat sector is most useful for illustrative purposes in comparison to beef. Clearly, apart from 1972, when there were record mutton shipments to Japan, the Victorian sheep meat industry remained rather more stable, if not depressed, than did the Queensland beef industry in

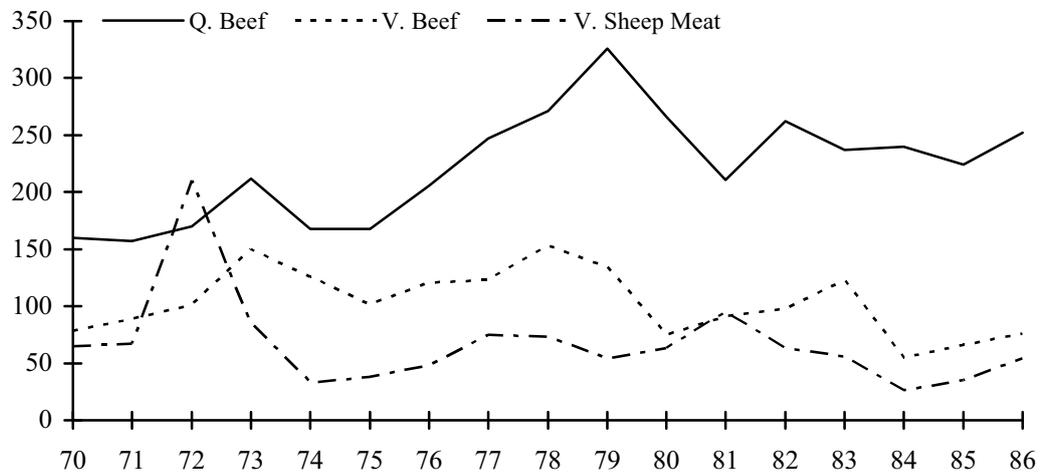
9. Kingston and Wan, 'Recent developments', p. 143.

10. Personal interview – name and identity withheld at interviewee's request.

11. Unless otherwise indicated, all statistical information, upon which most of the graphs in this chapter are based, were taken from the Australian Meat and Live-stock Corporation, 1972-1988, *Statistical Review*. It should also be noted that the value of the horizontal axis refers to the year and the value of

the same the period.

Graph 3-2: Queensland & Victoria Meat Exports (000 Tonnes) – 1970-1986¹²



By 1970, the Australian meat industry was heavily reliant on a relatively small number of export markets. The beef sector was particularly dependent on the US and Japan. These two important markets accounted for almost three-quarters of beef exports, with South Korea and Canada representing significant secondary markets.

The US beef market was the single most important market for Australian meat exporters during the 1970s and early 1980s. It accounted for 63 per cent of all Australian beef exports in 1973-74, that is some 324,564 tonnes from a total export quantity of 574,600 tonnes. Graph 3-3 shows that Australian beef exports to the US peaked at 417,530 tonnes in 1979, and thereafter fluctuated below this peak. By 1986, this market had failed to return to reach the 1979 levels.¹³

In terms of the product markets that Australian producers targeted, the US government authorities have consistently subjected all its country's meat imports to strict quotas and have demanded greater hygiene and inspection standards from the

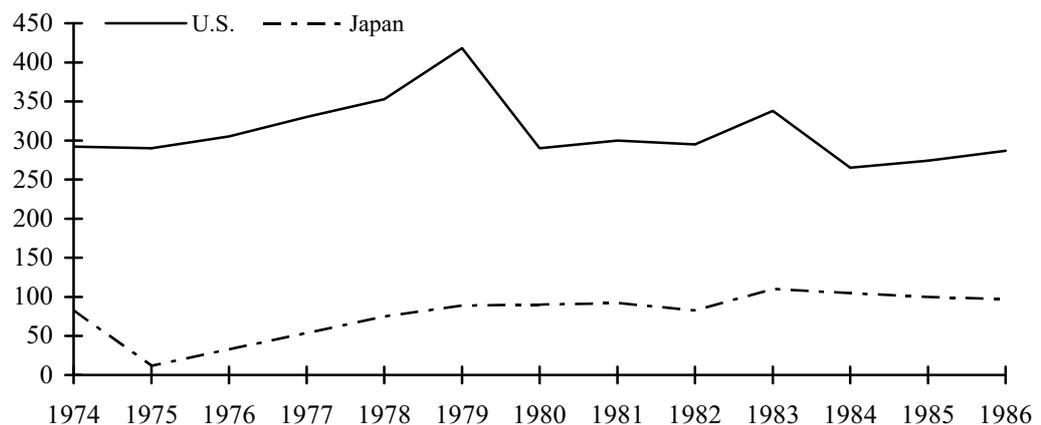
the vertical axis is for the variable described in the title below each figure.

12. Australian Meat and Live-stock Corporation, 1972-1988, *Statistical Review*.

13. Australian Meat and Live-stock Corporation, 1987, *Statistical Review*.

Australian meat-processing industry. These demands led to the introduction of a variety of “on-rail” slaughtering systems in the Australian beef-processing industry during the 1960s and 1970s and the replacement of several older abattoirs with modern, more hygienic plants during the 1970s. The rapid increase of Australian beef exports to the US in the 1970s also encouraged a significant rise in beef production capacity during the late 1970s, particularly in Queensland. However, when US importers significantly reduced beef imports from Australia during the early 1980s, as indicated in Graph 3-3 and Graph 3-4, this resulted in substantial over-capacity within the industry.

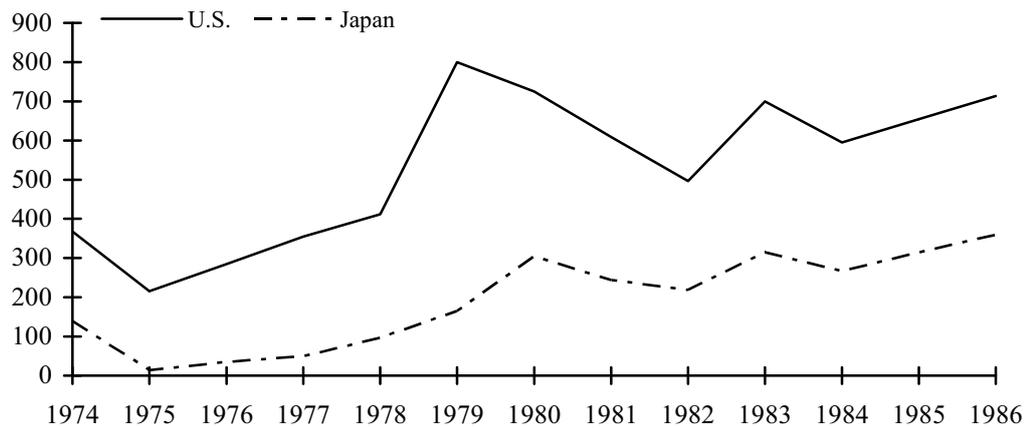
Graph 3-3: Australian Beef (000 Tonnes) to US & Japan – 1974-1986¹⁴



Graph 3-4: Australian Beef (A\$mil.) to US & Japan – 1974-1986¹⁵

14. Australian Meat and Live-stock Corporation, 1972-1988, *Statistical Review*.

15. Australian Meat and Live-stock Corporation, 1972-1988, *Statistical Review*.



Japan, on the other hand, generally allowed unrestricted access of mutton shipments to its market but subjected beef imports to strict quotas. The Japanese market, while taking up some of the surplus beef production resulting from the downturn in US demand, created other problems for the Australian meat industry. Perhaps the most significant change to result from a greater reliance on the Japanese market was the demand for increased quality outputs. Japanese consumers demanded higher grade beef cuts, with higher levels of marbling - fat content in the meat - than have more traditional markets, such as the US and Britain. Whereas the US has imported primarily lower grade, grass-fed frozen beef, Japan has imported significant volumes of higher-grade, grain-fed chilled beef and veal. Graph 3-3 shows the large but relatively stable US market after 1979, compared to the rising Japanese market for Australian beef, while Graph 3-4 shows the relative value of Australian beef exports to both the US and Japan. When taken together with Graph 3-3, Graph 3-4 indicates the higher unit prices of the beef exported to Japan, compared to the beef exported to the US. These special requirements led to significant changes in both cattle production and meat processing.¹⁶ Together these two markets imported over 80 per cent of Australian

16. Colin Mues, et al, 1991, *Substitution relationships between beef and other meats in Japan*, Australian Bureau of Agricultural and Resource Economics (ABARE), Canberra, pp. 9-12.

beef exports by both volume and value each year. This trend, while important for this thesis, was a part of a greater trend towards Japanese export demand for Australian products.¹⁷

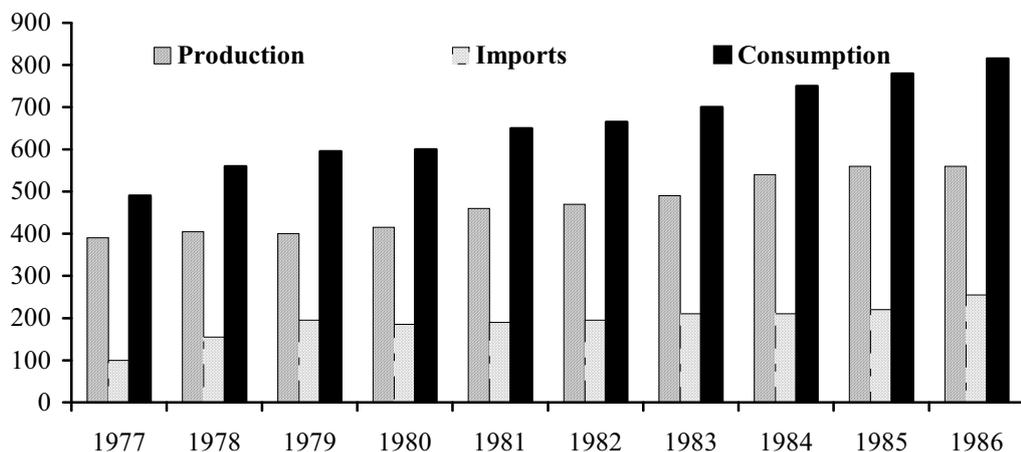
There are several reasons for the dramatic increase in Australian beef exports to Japan, particularly between 1977 and 1986. As Japan's economy continued to boom, Japanese domestic beef consumption rose steadily during this period but domestic production lagged behind. Graph 3-5 graphically illustrates this process. The data indicates that, during this period, Japanese domestic consumption rose from around 560,000 tonnes in 1977 to around 1,050,000 tonnes in 1989. During the same period, domestic production rose from 380,000 tonnes in 1977 to a peak of around 585,000 tonnes in 1988, before falling slightly to round 545,000 tonnes in 1989. In 1977, domestic production accounted for around 68 per cent of domestic consumption with imports making up the short-fall but, by 1989, domestic production only accounted for about 52 per cent of domestic consumption. Australia remained the major beef exporter to Japan in this period although, by 1989, US exports had gained a significant market share. In 1977, for example, Australian beef represented around 78 per cent of all beef imported into the Japanese market. US beef imports, in this same year, were around 10 per cent of Japanese imports. In 1986, however, Australian beef production had fallen to around only 59 per cent of Japanese imports, whereas US beef then accounted for around 35 per cent of Japanese beef imports. On the other hand, Australian beef exports

17. J.O.N. Perkins, 1979, *Australia in the world economy*, 3rd Edition, Melbourne, Sun Books, pp. 20-3; E.A. Boehm, 1979, *Twentieth century economic development in Australia*, Sydney, Longman Cheshire, pp. 96-9; W.A. Sinclair, 1983, *The process of economic development in Australia*, Sydney, Longman Cheshire, p. 187.

to Japan were of much higher quality and fetched higher unit prices than US beef exports.¹⁸

Thus, Australian beef processors increasingly found a lucrative export market in Japan, particularly from the mid-1970s. The beef exported to Japan was also of much higher quality than beef exported to the US. These two factors had a profound affect on the beef-processing sector, during a time of relative recession in the 1980s.

Graph 3-5: Japanese Beef Supply (000 Tonnes): 1977-1989¹⁹



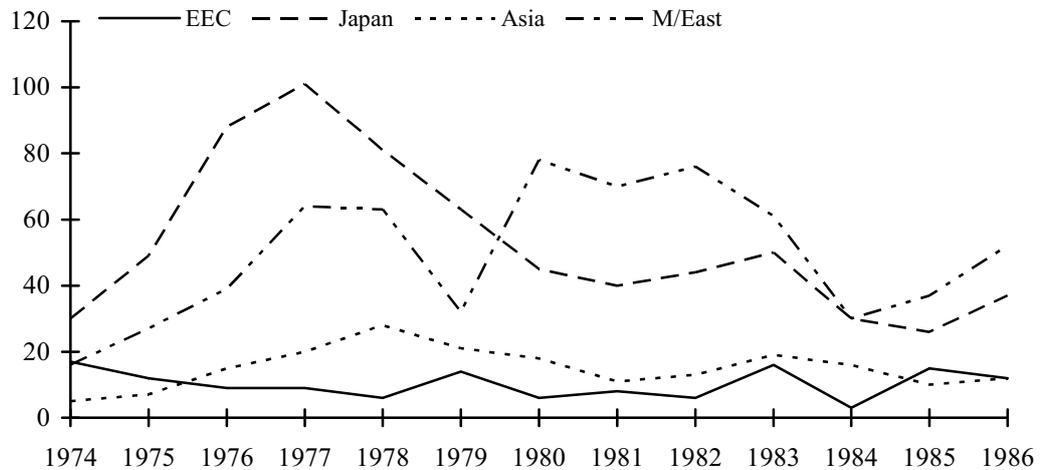
By comparison with beef exports, sheep meat exports targeted more diverse markets, although Japan was still a crucial importer of Australian produced mutton. Britain, still an important market for Australian meat exports in 1972-73, had begun to tighten access to its market following its entry into the European Common Market. The most important markets for mutton and lamb were East Asia (particularly Japan and Taiwan), the Middle East (particularly Saudi Arabia, Iran and Dubai) and the European Union (particularly Great Britain and Germany). Frozen mutton represented three

18. Australian Meat and Live-stock Corporation, 1990, *Statistical Review*. See also Rod McLennan, 1990, *Strategies for beef distribution in Japan*, Australian International Business Centre, The University of Queensland, p. 5.

quarters of all sheep meat shipments. Graph 3-6 indicates that, unlike beef, the main flow of Australian sheep meat (including live sheep) exports was to Asia and the Middle East. The decline in the mutton trade with Japan resulted from three key factors relating to product substitution. There was a decline in the consumption of processed meats in Japan, an increased usage (due to cost factors) of pig meat in Japanese production of processed meat and finally the (previously indicated) increase in Japanese consumption of high-grade beef.²⁰ Declining mutton exports to Japan, however, have been largely offset by a major improvement in the lamb export trade with the Middle East, although even this market declined in 1988.

19. McLennan, *Strategies for beef*, p. 4.

20. For a more detailed analysis of the Japanese beef market, see the following works: Australian Bureau of Agricultural and Resource Economics, Project 11325, 1988, - *Japanese agricultural policies: a time of change*; Bureau of Agricultural Economics, 1981, *Japanese agricultural policies: their origins, nature & effects on production & trade*; Discussion Papers in International Business, University of Queensland; J. B. Morison, 1991, *A market share analysis of Japanese beef imports*, Australia-Japan Research Centre, Canberra; Frederick M. Long, 1994, 'The Uruguay round outcomes: an analysis of what the outcomes mean for Australian exporters of beef to Japan', Unpublished B.Int.Bus. (Hon) Thesis, Griffith University; Elizabeth S. Wilson, 1989, 'The Australian beef industry: dependent relationships - the Japanese connection', Unpublished B.A. (Hon) Thesis, School of Modern Asian Studies, Griffith University; Australian Bureau of Agricultural and Resource Economics, Project 7131.101, 1991, *Substitution relationships between beef & other meats in Japan*; Bureau of Agricultural Economics, Beef Research Report, 1975 - No. 17: *Developments in the Japanese beef Market: their implications for production systems in the Australian beef cattle industry*; John W. Longworth, 1978, 'The Japanese beef market: recent development and future policy options', *Review of Marketing & Agricultural Economics*, 46 (3), pp.167-195.

Graph 3-6: Australian Sheep Meat (000 Tonnes) to Key Markets – 1974-1986²¹

Together, Graphs 3-4 to 3-6 illustrate three important factors. First, there was the continuing importance of the US beef market for the wellbeing of the meat industry in Australia. Second, there was the emphasis in the Japanese market on high-grade beef products, particularly grain fed feedlot beef. Third, was the far more diverse nature of the export markets for sheep meat (mutton and lamb), by comparison with beef. The first two factors have significantly changed the nature of beef production in this country, while the third has kept sheep meat production far more stable and less vulnerable to individual market fluctuations.

Market access during this period was rather more complex than has been suggested thus far, and to more fully understand the nature of the development of the industry, particularly the export sector, it is necessary to briefly outline some of this complexity. In 1972-73, rampant consumerism in both the US and Japan drove world beef prices to record levels. This encouraged increased world beef production to record levels.²² To meet rising demand, the US Government effectively removed quota

21. Australian Meat and Live-stock Corporation, 1972-1988, *Statistical Review*.

22. N.S.W. Premier's Department, 1981, *An overview of relevant reports, studies and proposals floated in the meat and livestock industry during and following the beef recession (from late 1973 to 1978)*,

protection on beef imports, and the Japanese government significantly increased its import quotas.²³ The Japanese targeted beef, because rising consumer demand for beef, had been outstripping domestic supply and Australian beef exporters were in a very strong position to take advantage of this supply-side pressure. However, in late 1973, as a result of the OPEC 'oil shocks', consumer demand for many commodities fell sharply. The price of processed beef fell to 40-year lows as demand collapsed. As a protectionist measure, both the US and Japan governments re-imposed strict quotas on imported beef.²⁴

The effect on the meat industry of the combined affects of low beef prices and tight export quota measures in these two key markets had a dramatic and immediate impact. The national herd began to increase rapidly as producers restricted livestock turn-offs.²⁵ To counter the harsh quotas in the US and Japan, meat producers opportunistically looked to exploit emerging markets in Asia and the Middle East, and the federal government brokered a large beef contract with the Soviet Union.²⁶ This recession lasted until mid-1975. By late 1976, prices had begun to recover²⁷ and the US and Japan eased import quotas. Because of the size and importance of the US market to the Australian beef export trade, the Australian Meat Board established its own regulatory system to control access by exporters to the US quota system. Despite this, by the late 1970s, the Australian Meat Board struggled to restrict beef exports to the US as Australian processors found ways to flout the quota system.²⁸

The recovery was short-lived. It depended on low meat prices at least until late

Occasional Paper No. 2, p. 1.

23. *Australian Financial Review*, March and April 1973.

24. N.S.W. Premier's Department, *An overview*, pp. 3 & 6-8.

25. N.S.W. Premier's Department, *An overview*, pp. 6-8 and *Queensland Year Book*, 1975, p. 395.

26. Queensland Department of Primary Industries, 1975, *Annual Report, 1974-75*, p. 5.

27. Australian Meat and Live-stock Corporation, 1979, *Statistical Review*, p. 22.

28. Queensland Department of Primary Industries, *Annual Reports, 1975-76*, p. 4, *1976-77*, p. 3, and

1978, increased livestock turn-offs due to high stock numbers and poor growing conditions in the US and economic recovery from the oil shocks of 1973-74.²⁹ By 1979, prices had recovered and US producers began to exert pressure on their government to re-impose the harsh quota system to protect the domestic industry.³⁰ The second OPEC oil shock of that year ended or reversed economic recovery. As we have already seen, export sales plunged during 1980 and 1981, and the Australian meat processing industry, particularly in the beef sector, entered a period of depressed market conditions. In reality, unsustainable, short-term economic factors had encouraged the late 1970s export boom, particularly in the beef sector. The fact that significant capital investment in new meat processing capacity occurred during this period proved to be highly problematic.

Overlapping this boom-bust cycle, and perhaps somewhat exacerbating it, was the emergence of the live-sheep and cattle export trades. While some have argued that the live sheep and cattle trade has had a significant impact on jobs in the meat-processing sector³¹, the ABS found the numbers of live sheep and cattle exported so insignificant in the 1970s and 1980s that it dropped reporting the numbers from the *Australian Year Book* in 1988. In 1986, for example, the national sheep flock stood at 146.8 million. The number slaughtered that year human consumption (domestic and export) was 32.0 million and just 6.36 million sheep or four percent of the total flock were exported live.³² There appears to be an insignificant correlation between live sheep exports and the downturn in the processing sector during the 1980s as this downturn

1978-79, p. 2.

29. Australian Meat Board, 1975, *Statistical Review*, pp. 24-5; Australian Meat and Live-stock Corporation, 1976, *Statistical Review*, p. 22; and NSW Premier's Department, 1981, *An overview*, p. 55-6.

30. Queensland Department of Primary Industries, 1979, *Annual Report, 1978-79*, p. 2.

31. *The Age*, 2003, 'Live trade is bad for sheep - and for Australian jobs', 1 October.

32. Commonwealth of Australia, 1988, *Year Book, Australia*, No. 71, pp. 329 and 331.

was in the beef sector. In fact, live cattle exports were almost insignificant, at less than 64,000 exported live, compared with some 6.16mil cattle slaughtered, or just over 1 per cent, for domestic and export consumption in 1986.³³

A far more critical dimension for the development of the industry has been ownership patterns of this processing capacity. As chapter 2 explained, historically, the Australian meat processing industry, and particularly the export sector, had attracted considerable attention from overseas companies. By 1935, in fact, just three foreign companies had come to entirely own the export sector: Borthwicks and Vestey (both British) and Swift (US).³⁴ During the 1940s and 1950s, a significant number of Australian-owned companies had also re-entered the export sector, thus making it more broadly-based by the 1960s.

In Queensland, by 1960, most processing capacity was in the hands of Australian-owned companies but, in Victoria, there were only three companies licensed to export meat and these were all foreign-owned.³⁵ According to the union, these foreign-owned companies followed very different industrial relations strategies to the domestic meat processors.³⁶ These ownership patterns were to continue into the 1980s, in both states but, by then, Japanese meat companies, (particularly Nippon Meats and Simikin Bussan) and the giant US agribusiness corporation, ConAgra, had begun to make major acquisitions. Foreign-owned corporate dominance of the export sector continued to have a significant effect on industrial relations processes, given these companies' use of their own particular industrial relations policies, a situation that

33. Australian Meat and Live-stock Corporation, 1987, *Statistical Review*, pp. 6 & 33.

34. Inkson, J. H. K. and Cammock P., 1988, 'The meat-freezing industry in New Zealand', in Evan Willis (Ed.), *Technology and the labour process*, Sydney, Allen & Unwin, p.55. See also Inkson, J. H. K. and Cammock, P., 1984, 'Labour process analysis and the chain system in the New Zealand meat works', *New Zealand Journal of Industrial Relations*, 9, pp. 149-60.

35. Interview with Bruce Overall, former Board Member and Manager, Gilbertsons, Gisborne, Victoria, 3 March 1995.

intensified in its impact throughout the 1990s.³⁷

Foreign ownership of meat processing capacity has long been a source of concern for some meat industry participants. In its 1994 Report, the federal government's Industry Commission found that in 1972/3, only 6.4 per cent of meat processing establishments were foreign-owned and that this had declined to 5.8 per cent in 1985/6. These foreign-owned companies employed 24.7 per cent of all meat industry workers in 1972/3 and in 1985/6, to 23.7 per cent.³⁸ In 1986, the four largest meat-processing companies owned just 22 (or 5.6 per cent) of the 392 meat-processing establishments across Australia. Yet, these four companies employed 23.7 per cent of all workers in the industry and represented 26.3 per cent of meat industry turnover. Although a number of participants in its enquiry had also argued that there was too much ownership concentration,³⁹ the Industry Commission found that, contrary to these industry claims, ownership concentration was well below that of many other Australian manufacturing industries and had remained largely unchanged since the early 1970s.⁴⁰

To put the question of foreign ownership into a comparative perspective, a survey in the Annual Report of Foreign Investment Review Board in 1992 reported on various industry-categories. It classified, for 1984/5, foreign control as a proportion of value added by the industry. On this measure, Minerals Processing was approximately 47 per cent foreign-owned, Mining 45 per cent, Food Beverage and Tobacco 36 per cent, Manufacturing 31 per cent and Meat 18 per cent.⁴¹ Clearly, the level of concentration and foreign ownership or control of the meat industry appeared higher

36. Interview with Wally Curran, Victorian Branch Secretary, AMIEU, March 1995.

37. Lon Bram, 1994, 'AMH goes American and wins', *Business Queensland*, January, pp. 54-56.

38. Industry Commission, *Meat Processing, Vol. II: Appendices*, Report No. 38, Melbourne, Australian Government Publishing Service, p. 23.

39. Industry Commission, *Meat Processing, Vol. I: Report*, pp. 16-8 and p. 228.

40. Industry Commission, *Meat Processing, Vol. II: Appendices*, p. 21.

41. Foreign Investment Review Board, 1992, *Annual Report 1991-92*, Australian Government Publishing

than some participants would have preferred but, in reality, it was not nearly as high as in other important industries in Australia. There were other more important factors influencing and shaping employers' strategic choices regarding the industry's industrial relations. The first was the tally.

The Tally

The tally, in one form or another, has been in use in the Australian meat industry since the nineteenth century and in the process, it has been perhaps the most contentious aspect of the labour process. Some managers have come to believe that the tally is the biggest impediment to improved productivity and the introduction of new technology in the industry. Others view it as merely a method of calculating the wage-effort bargain. Most skilled employees in the industry view it as the only fair method of calculating wages.⁴² In general, the various tallies which have operated in the industry are types of piecework, although there is also some debate on this point. This section will examine several aspects of the tally systems in use, including how they relate to other piecework systems.

Piecework systems operate in many different industries. However, in each system the workers are paid mainly for the number of items they have produced or in direct linear proportion to the level of output. While there is little argument about this description, it should also be noted that the workers are not paid for their output *per se*, but the level of labour input, which raises a whole set of other questions.⁴³ The tally systems differ from other piecework systems in that they use the level of material inputs, rather than production outputs, as the measure of labour inputs.

Service, Canberra, p. 30. See also Industry Commission, *Meat Processing, Vol. I*, p. 18.

42. AIRC, 1992, *Inquiry into the meat industry*, pp. 43-61.

43. William Brown, 1973, *Piecework Bargaining*, London, Heinemann, pp. 4-15.

In every tally system in operation in this industry, the measure of productivity or the piece-rate is calculated on the number of 'head' or sides which enter the line, not the quantity of outputs. Thus, under a head tally, employees are paid according to the number of beasts slaughtered per shift and under a unit tally employees are paid according to the number of units (a unit value used to measure a quantum of input) processed per shift.⁴⁴ Inputs are used as the measure since the process is a disassembly, rather than an assembly process, and defects within individual beasts and other variables can seriously affect the ratio of inputs to outputs. Then, too, there is the issue of incentive in relation to piecework and tally systems. Under most piecework systems, the motivating principle is the monetary incentive. The more pieces produced by a worker, the higher the monetary reward. Under a tally system, where the input is strictly controlled by management, the only incentive is the speed of the line, and thus the amount of time worked. If it takes a team just six hours to complete their tally, rather than 7.6 or even 8 hours, then it is to the workers' advantage. However, if it takes longer, then there is no perceived benefit.

For employers, the tally gave certainty regarding levels of inputs and outputs, while also offering a relatively easy way to calculate the amount of work done by their employees and its price. Employers could purchase a certain quantity of stock and, through the tally, easily calculate from the tally table in the award how many employees were required to process the stock and how much they were paid per head.⁴⁵ Union action thus focused both on the size of the tally and its price.

The tally began with the advent of abattoirs and other forms of larger scale meat processing operations. Before the introduction of mechanical flow-line production

44. Interview with John Hughes, General Manager of Abattoirs, Industrial Relations and Personnel, AMH, 28 February 1996.

45. Interviews with Darryl Steinhardt, HR Manager of the South Burnett Meatworks, Murgon, Queensland, 10 to 18 April 1995; John Hughes, 28 February 1996.

technology, employers operated the solo tally system to process sheep and the team tally system to process beef. In fact, tally systems pre-dated the introduction of mechanical flow-line production by more than 50 years in the sheep meat industry and by almost 100 years in the beef industry.

In November 1931, the AMIEU, at its Twentieth Interstate Conference in Melbourne, recommended that the various state branches campaign to have the solo sheep tally lowered from 100 head a day to just 80 head a day.⁴⁶ The Victorian branch of the union rejected the call, because its members killed predominantly “spring lambs that were as easy to kill as rabbits”, whereas in the other states, the main animals killed were larger sheep and wethers for the mutton trade.⁴⁷ The Victorian branch’s resistance to the change persisted up to the commencement of the 1933 season. As we saw in chapter 2, the various meat exporters in Victoria, in an attempt to resolve the issue in their favour, began installing the new “chain” system of slaughtering. This move made the union’s struggle for the lower tally redundant overnight.⁴⁸

Employers’ introduction of the “chain” into the sheep meat industry in the 1930s also brought the establishment of a new team tally system. Unlike under the old solo tally, the new system attributed a given head value to each chain worker, according to the number to be processed on the chain each day. Although the new tally was set at 80 to 100 head per worker a day, employers had effectively deskilled the work so someone could learn it in a matter of days, rather than years. As a result, employers cut the piece-rate compared to that under solo butchering and gained economies of scale.⁴⁹ While the chain technology has significantly improved since the 1930s, the basic structure of the

46. Davies, *Meat workers unite*, pp. 84-98.

47. Davies, *Meat workers unite*, p. 84.

48. Davies, *Meat workers unite*, p. 100.

49. Willis, ‘Unions and technological change’, pp. 61-5.

tally in relation to sheep processing has not.

Prior to the introduction of the CanPak system of flow-line production in 1961, beef production operated on a contract gang system. There were usually 24 workers in the gang, sometimes 26 workers, divided into A, B, and C teams. The A team consisted of six highly skilled butchers who moved around the country following the various seasons, including mutton and lamb butchering. The B and C teams consisted of semi-skilled and unskilled workers who assisted the A grade butchers to do their job. Each gang received a set money amount per 150 head treated, which equalled 25 head per butcher. The total was divided, via a rather complicated percentage system, among the gang members.⁵⁰

With the introduction of the CanPak system in the 1960s, the tally underwent some major modifications, though generally, unlike in the sheep meat industry, the classifications within the team structure remained largely intact. The principal difference between the old contract gang system and the new team system was in the number of members required to process a given number of head of cattle.

Under the team system, each task is classified as A, B, or C grade and this determines the level of reward per head each task also receives for a specific task value (a value of work effort required to be expended per 100 head of cattle). Each task on the team has a unit value, which is laid out in a tally table in each award. Thus, the actual size of the tally actually determines the number of members on the slaughtering team. For example, the 'fronting-out' task equals .500 units per head. When the tally is set, the task is multiplied by the number of cattle, divided by 100. In a more graphic form: .500 (the task value of the fronting-out) X 4.80 (the minimum tally divided by 100) =

50. Cutler, 'The history of the AMIEU', pp. 25-27.

2.4 units of labour in the team. The unit value of each team must add up to 100.⁵¹ The advantage of this system for employers is that, irrespective of the size of a meatworks, they can still employ the tally by adjusting the size of kill. The main aim of this system is to establish a standard for staffing the team: the higher the tally, the more employees required to staff the team, and vice-versa. Of course, the only incentive in this system for employees, as under the previous tally systems, is the time incentive.

Employer strategies for managing conflict, 1960-86

MATFA had been the dominant party involved on the employer-side of industrial relations but it began to fragment during the 1960s and 1970s. Until then, MATFA had maintained a single organisational structure, with a federal executive and a branch with branch executive in each state. The fragmentation took the form of the formation of specific interest groups of members across the industry's most important states, because these sub-organisations that deal with their own special problems while remaining within MATFA. In particular, this trend reflected frustration among meatworks owners and managers that small retail butchers continued to enjoy a constitutional dominance over MATFA decision making and so dominated association policy directions. This dominance prevailed throughout the organisation despite the fact that the meatworks provided the bulk of MATFA finances through membership dues. Whereas the retail butchers were largely unconcerned with the mechanics of industrial relations frameworks and processes, this was precisely the main area of interest for meatworks employers involved in MATFA.⁵²

As mentioned earlier, once the industry had settled down after the 1946

51. 'Explanation of tally system', unpublished manuscript found in AMIEU archives Melbourne.

52. Interview with Bruce Overall, former Board Member and Manager, Gilbertsons, Gisborne, Victoria, 18 December 1998.

Queensland dispute, broader industrial relations trends had begun to emerge: award and agreement creation and the eventual federal focus of the regulation of the industry's industrial relations. In pursuance of these objectives, MATFA meatworks-members began to create sub-groups within the main organization. This occurred in most state branches, primarily as a means to organise regional members. As a representative example of similar developments in other states, the next section will briefly discuss the development and objectives of the Victorian sub-group, the Country Meatworks' Association of Victoria (CMAV) and its later incarnation, the Victorian Meatworks' Association (VMA).

The Country Meatworks' Association of Victoria, 1961-1967

As previously discussed, the economic growth of the industry, particularly the export sector, had created considerable ownership changes in the processing capacity of the industry. These changes had stimulated more organisational unity between various employers and employer organisations. Eventually, in the 1960s, several autonomous units within MATFA formed for the specific purpose of creating a united front against the AMIEU's plant-level industrial strategies. While autonomous MATFA units emerged in a number of states, the CMAV was among the more active.

On 7 June 1961, invited delegates, representing country-based Victorian meatworks, formed the CMAV. All were covered by the Federal Meat Industry Award (FMIA). Their principal motivation for forming the CMAV was the need they felt to defend the position of their meatworks in response to attempts by the three, major foreign-owned meat export companies – Borthwicks, Angliss and Swifts – to gain FMIA coverage.⁵³ At this time, these three exporters were covered by state agreements

⁵³. MATFA, 1961, 'To Members of Country Meatworks' Association of Victoria', 26 May, letter found

under a Victorian wages board. Management of these foreign-owned multinationals felt they could better regulate their wage costs through the FMIA than via the more informal wages board.⁵⁴ At issue was that the FMIA had a specific exclusion clause for abattoirs in Melbourne where the three multinational meat exporters were based.⁵⁵

The CMAV adopted as its operating framework a five-point mission statement that included the usual array of aims, as follows:

1. To co-ordinate members into a live and active association with the object of promoting their own interests.
2. To meet together regularly for the exchange of views and discussion of mutual problems.
3. To initiate any course of action thought desirable in connection with any of these matters.
4. To arrange for special activities such as: -
 - a) Addresses on new techniques, processes, equipment etc. by recognised authorities.
 - b) Inspection of modern plants in Australia.
 - c) Liaison with the Country Meatworks Association of New South Wales with a view to participating in their highly successful Annual Meatworks' Conventions.
5. To pursue an active part in all industrial matters affecting members.⁵⁶

Under point five, the main CMAV role in industrial relations matters was discussing and negotiating union logs of claims, particularly in regard to the FMIA. In May 1964, for example, the CMAV executive involved itself in the negotiation of new FMIA provisions between MATFA and the AMIEU.⁵⁷ Despite this, the CMAV was more inclined to involve itself in trade-related and innovation matters such as export regulations, hide-pulling techniques, government inquiries and the introduction of On-The-Rail-Dressing and CanPak.⁵⁸ The last two matters concerned the labour process and

in MATFA archives, Melbourne.

⁵⁴. Hince, 'Wages boards', pp. 166-7.

⁵⁵. FMIA, 1959.

⁵⁶. MATFA, 1961, 'To Members of Country Meatworks' Association of Victoria', 18 September, letter found in MATFA archives, Melbourne.

⁵⁷. CMAV, *Minutes*, 22 May 1964.

⁵⁸. Two papers on these topics were found in the CMAV minutes files from 1964, in MATFA archives, Melbourne.

wage-effort bargain.

The CMAV principally represented all non-Melbourne based meat processors in Victoria, both domestic and export, whether private or government-run works. However, its actual membership was limited to those firms that were also members of MATFA. This limitation arose from the fact that the CMAV was “a unit of the Meat and Allied Trades Federation”.⁵⁹ It also served to attract those country meatworks employers that saw MATFA as an urban-oriented association with limited concern for country meatworks.

The CMAV, as a unit of MATFA, had its own executive or management committee, comprising a president, vice-president, treasurer, and not more than two other members. There was also a full-time secretary appointed by the management committee, who took charge of the day-to-day administration of the Association, but was not actually on the committee. The Annual General Meeting nominated one member of the executive to represent the CMAV on the Victorian State Executive Committee of MATFA.⁶⁰

The Victorian Meatworks Association, 1967-1986

By 1967, it had become apparent that the existing situation within the Victorian meat industry was frustrating for many participants. The attempt by the Melbourne-based multinational meat exporters to gain FMIA coverage resulted in the establishment of a new award, the Slaughtering, Freezing & Processing Works (Meat Industry) Interim Award, 1962.⁶¹ Yet, this situation still left the smaller, metropolitan meatworks in Victoria without federal award coverage.⁶² To re-dress this, CMAV members

⁵⁹. CMAV, *Constitution*, p.2.

⁶⁰. CMAV, *Constitution*, p.2.

⁶¹. 100 CAR: 305.

⁶². CMAV, *Minutes*, 22 April 1966.

disbanded their organisation in favour of forming a more inclusive one, the VMA in 1967.

The governance structure of the VMA replicated that of the CMAV, as did its relationship to MATFA. The principal differences between the VMA and the CMAV related to structure (or membership recruitment borders), the strategies (both stated and pursued) and the two associations' overall levels of involvement in industrial relations matters. This section discusses these matters further in the light of an explanation of the VMA's formation.

By 1967, the export meatworks in metropolitan Melbourne were becoming increasingly frustrated. They were still effectively excluded from federal award coverage, despite their long-standing desire for such coverage, and they felt that, within MATFA, they were denied effective representation, even though the majority of them were members. In response, Bruce Overall, a member of one of the original families that had formed Gilbertsons, adopted a new strategy that would eventually result in federal award coverage for the Melbourne-based processors. Overall, set out to convince CMAV members to widen their association's "membership to include Metropolitan meatworks as well as country meatworks"⁶³. After further discussions, the CMAV membership accepted a motion to wind the CMVA up and form, in its stead, the VMA at a Special General Meeting of CMAV members and representatives of the metropolitan meatworks on 21 July 1967. This move effectively allowed "all meatworks throughout Victoria to act in concert and to speak with a common voice".⁶⁴

The driving challenge behind this shift was the strategic need for the larger

⁶³. CMAV, 1967, 'To Members', 10 July, letter found in MATFA archives, Melbourne.

⁶⁴. CMAV, 1967, 'To Members'.

metropolitan exporters to gain greater influence within MATFA⁶⁵. At this time MATFA tended to distance itself from the exporters, particularly those operating in Melbourne, because MATFA's leadership held a perception that the exporters gave in too easily to union demands. By forming an alliance with the members of the CMAV, and ultimately by replacing it with a more representative organisation, the exporters effectively circumvented the effects of these biases.⁶⁶

At its initial meetings, the VMA established three main linked industrial relations strategies. The first generated ongoing effects for the industry into the 1990s (long after it had ceased to operate). At the inauguration of the Association, it emerged through a special resolution, which stated:

This inaugural meeting of the Victoria Meatworks Association requests the Executive of the Meat and Allied Trades Federation of Australia to pursue, as a matter of urgency, its claim made on our behalf for the deletion of Melbourne from Division 'A' of clause 10 of the Federal Meat Industry (Interim) Award, 1965, thereby giving all works the right to Federal coverage.⁶⁷

This objective of gaining federal award coverage for all its members, while initially aimed at changes to coverage under the FMIA, later resulted in the *Victorian Meatworks and By-products Agreement-Award 1978* through which the VMA was able to establish effective coverage for all its members.

An important strategic element for this objective was the establishment and maintenance of an effective negotiating relationship by the VMA leadership with the AMIEU. Central to this was the enforcement of strict, centralised control of

⁶⁵. Interview with Bruce Overall, former Board Member and Manager, Gilbertsons, Gisborne, Victoria, 3 March 1995.

⁶⁶. Bruce Overall, 3 March 1995.

⁶⁷. VMA, 1967, *Minutes*, 21 July, p.2.

negotiations with the union, particularly where this involved settling disputes at an individual plant level and, on a more general level, should disputes widen to include two or more members of the Association. This extended to the historic threat that the AMIEU's "regional" strategy and culture posed. It was particularly important for its second main strategy, which also focused on the objective of curtailing the AMIEU's preference for localised militancy.

Their second strategy remained a constant ideal although the actual means for achieving it changed several times under sustained pressure from the AMIEU. The ideal was for the VMA to control all bargaining with the AMIEU in Victoria, centrally. This was even to include plant-level bargaining concerning individual members. The VMA initially found the union to be, if not a willing ally, then at least open to the process of a centralised negotiating and disputes settlement strategy.⁶⁸ However, this situation did not last long. By 1970, the VMA's Industrial Sub-committee began reporting "the breakdown of negotiation between the Association and A.M.I.E.U...."⁶⁹ This fluctuation in negotiation strategies came to a dramatic climax in April 1979, when the union, "publicly stated its intention to deal with VMA members on an individual basis rather than as a group".⁷⁰ While the union eventually re-opened negotiations with the VMA later that year, in August 1979, it continued to pursue its long-standing strategy of singling out individual employers to make additional gains through "whipsawing".⁷¹

The VMA's third main industrial strategy, also adopted shortly after its inauguration in 1967, was a set of procedural arrangements for dealing "with any

⁶⁸. VMA, 1967, *Minutes*, 18 October.

⁶⁹. VMA, 1970, *Minutes*, 24 June.

⁷⁰. VMA Industrial Sub-committee, 1979, *Minutes*, 9 April.

⁷¹. VMA, 1979, *Minutes*, 14 August.

industrial trouble, which might arise at any works.”⁷² This was a way of reinforcing the association’s power necessary for maintaining the second strategy in the face of the union’s attempts at whipsawing individual employers. That is, the VMA adopted a form of solidaristic and outsourced strikebreaking. Initially, any member who experienced a strike at their plant could arrange to have their stock slaughtered and processed, and existing carcasses processed, at other member plants, for a prescribed set of rates for the duration of the strike. The only condition was that such arrangements be made through the Secretary of the VMA. The VMA Executive then would “designate the most appropriate works” for the processing of the “foreign” stock.⁷³

Initially, the alternative processors dealt with the foreign stock and meat after they had processed their own. This meant that they could continue to operate normally for some time, until their own employees, when faced with the demand to process the foreign stock would strike. The VMA attempted to address this by insisting that foreign stock be treated first. However, whenever an alternative processor did this, their employees would immediately strike, refusing to return until either their employer had withdrawn the foreign stock or until the next day. Despite moves to penalise those members who resisted the treatment of foreign stock on these grounds, the employer practice of offering this banned stock last continued as did the refusal of the union to treat it.⁷⁴

By the mid-1970s, it had become apparent that this VMA strategy had failed because union members were able to refuse to treat foreign stock. Thus, in 1977, the VMA generally abandoned the policy⁷⁵, although during a protracted dispute with the

⁷². VMA, 1967, *Minutes*, 18 October.

⁷³. VMA, 1967, *Minutes*, 18 October.

⁷⁴. VMA, 1967, *Minutes*, 18 October and Bruce Overall, 3 March 1995.

⁷⁵. VMA, 1977, *Minutes*, 5 April.

union between May 1981 and November 1982, the VMA attempted a similar strategy to end the dispute. This strategy took the form of locking-out workers after they took strike action. Thus, instead of using treatment of foreign stock to minimize the costs to any member employer experiencing a strike, the strategy aimed to manipulate the costs of any strike to the strikers and their union. Employers spread this strategy of “fighting fire with fire” more broadly. They even used or considered using lockouts during the imposition of union bans and limitations on ‘foreign stock’.⁷⁶ However, what is clear from the above discussion is that MATFA and the CMAV/VMA consistently prioritised federal award coverage.

The CMAV/VMA’s lasting legacy for employers was a series of awards covering the industry in Victoria, starting with a 1971 agreement with the AMIEU, and culminating in the *Victorian Meatworks Industrial Agreement Award 1983* (VMIA). This latter award, as chapter 5 will explain, became the basis for all federally-registered enterprise agreements signed in 1991 and 1992 between the various employers covered by it and the AMIEU. Federal award development, therefore, forms an integral part of employer strategies for influencing industrial relations patterns in the industry and, in particular, for managing conflict with the union.

To rein in the activities of these separate state groups, in 1983 MATFA began canvassing members regarding a constitutional change that would render redundant, bodies such as the VMA, a change that MATFA adopted in 1985.⁷⁷ This allowed MATFA, in 1986, to effectively wind up the VMA and similar MAT groups in favour of its own federal Industrial Relations Committee, which took effective control of all

76. VMA, *Minutes*, *passim* and VMA and AMIEU Agreement 20 December 1982. See also “The Victorian Meatworks Association Resolves” Document in VMA files, in MATFA archives, Melbourne.

77. *AMIB*, 1985, Vol. 8, No. 8, pp. 18-19. See also Victorian Meat Association, 1983, *Minutes*.

industrial relations matters across the states. MATFA's main motivation for acting against these state units was to locate industrial relations strategy centrally at the federal level in response to the 1983 election of the Hawke Labor government and the introduction of the new Accords. The change was not always successful, or popular, as can be seen from the VMBA dispute in Victoria (see chapter 5), but it remained MATFA's preferred *modus operandi*.

Employers and federal award coverage of the meat industry to 1969

As explained in chapter 2, the union's original impetus to federate the various state unions during the first decade of the twentieth century had been to secure federal registration and award coverage in the new federal conciliation and arbitration system. Indeed, the AMIEU was one of the first unions to be so registered, on 7 February 1906, and it gained its first federal award in 1916.

Despite having been a party to the original 1910 dispute that had led to the 1916 federal award, the NSW Master Butchers had remained satisfied with state coverage until 1928. As explained in chapter 2, it was the new five-minute clause in the state award that effectively drove them, in alliance with their Queensland counterparts, to seek a federal award.⁷⁸

The award they gained in 1932 only covered those two states. This changed with the Arbitration Court's consolidation of both the *Meat Industry Award, 1924* (Victoria and South Australia) and the *Meat Industry Award, 1932* (New South Wales and Queensland) into the one award, the *Meat Industry Award, 1939*.⁷⁹ The Court varied and remade this award on numerous occasions and, in 1960, re-named it the *Federal Meat Industry Award, 1959*. Despite these alterations, the coverage and application of

78. 31 CAR: 539.

the original 1939 award remained intact until 1973. By that time, there were a plethora of other federal awards in the industry. It should also be noted that the Queensland and NSW meat-processing sectors, although initially included in these early awards, managed to break free in 1939 and remained outside the federal award system until the 1960s.

The most important federal award, for this thesis, was the *Slaughtering, Freezing and Processing Works (Meat Industry) Interim Award, 1962*. The importance of this award is that, for the first time, export meatworks in North Queensland, with their highly militant workforces, came under federal award jurisdiction. As stated earlier, these meatworks were the first ones in Queensland that the QIC had covered. The impetus for the change of jurisdiction was the employers' decision to introduce the CanPak system of slaughtering into these and other meatworks in the early 1960s.

On 19 March 1961, Vestey, Swift and Borthwicks, three of the largest foreign-owned, export-oriented employers, served a log of claims in the Commonwealth Arbitration Court as a mechanism for gaining a new award. This log of claims covered all members of the AMIEU in their employ, regardless of which federal or state award they then worked under. The AMIEU Federal Executive opposed the application on the grounds that, "the various state wages boards had the power to deal with the meat industry in the various states."⁸⁰ The union had sought a federal award in the 1946 strike and the larger employers had opposed it. Now they had both changed direction. During the hearing on the employer's application, the QMCC successfully applied for an interim award covering Queensland meatworkers working on the new 'CanPak' system. Commissioner Austin made this interim award, to take effect from 18 February 1962,

⁷⁹. 40 CAR: 192

⁸⁰. Davies, *Meat workers unite*, p. 206

without even hearing evidence from the AMIEU. The workers at Lake's Creek, in Rockhampton, began a dispute over the decision and their action eventually led to improved conditions under the new interim award. Despite it being their own application which had led to the interim award, the three large employers were unhappy with it.⁸¹

What set this award apart from all others to that time was that it only covered the slaughtering sector and it contained, for the first time in a federal award, provision for the tally. The tally was an innovation that employers strongly wished to introduce throughout the industry as a way of controlling the labour process, their militant adversaries in the AMIEU and production costs. To appreciate the importance of this step, it is necessary to understand that, prior to this award, the tally was actually precluded from all federal awards. This award therefore marked a turning point in federal award coverage of the meat-processing sector and, indeed, became the catalyst for general inclusion of the tally in the majority of federal and state awards by 1970.

Controlling conflict: award coverage, 1970-1986

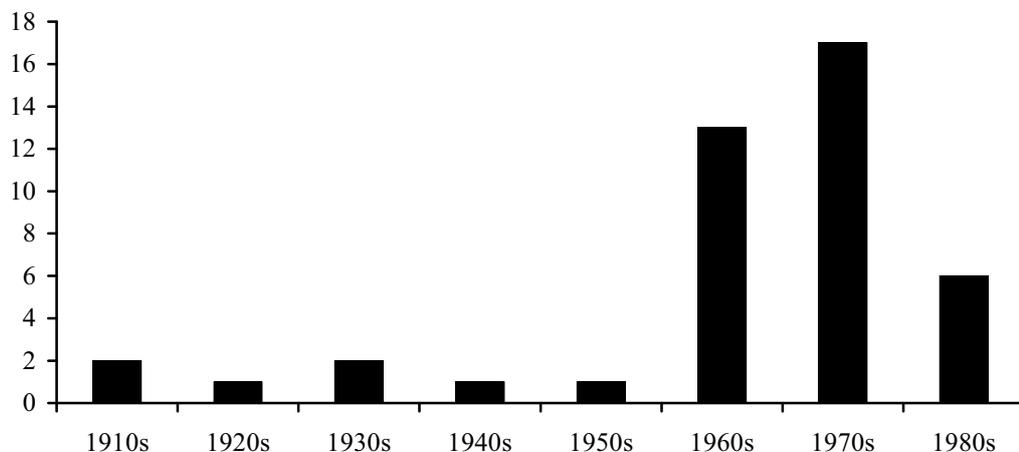
By 1970, some 12 federal awards were in use, covering the meat-processing sector. Of these awards, two specifically covered long-service leave provisions, two covered seniority provisions and another covered specific disputes settlement provisions. Of the remaining seven awards, one applied only to Angliss meatworks and four more were specific to the large multinational export companies. Only one, the FMIA, applied more generally across the industry. Coincidentally, the FMIA and the two long service leave awards were the only federal awards, of those made before 1970, that still applied in 1986. As well, some 16 state awards applied to the processing sector in 1986. As a result, either a

81. Davies, *Meat workers unite*, pp. 205-206.

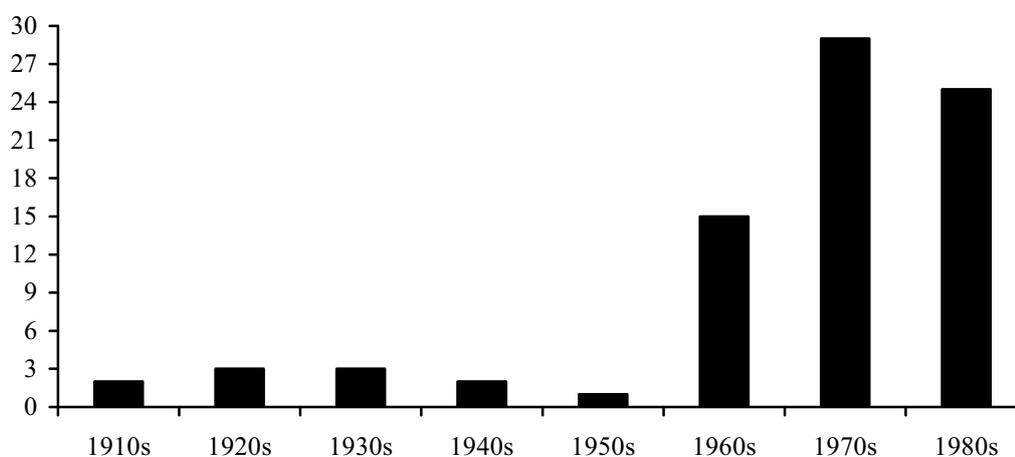
federal or state award covered almost all meat industry employees in 1986.

Graph 3-7 illustrates the pattern of federal award making by decade since the first meat processing industry award in 1916. What it does not show, however, is the number of awards that actually operated during any given decade. Graph 3-8 shows actual operation of federal meat industry awards by decade. What we can see from these two graphs is that federal award making in the meat processing industry was quite sporadic before the 1960s. These few awards tended to continue in operation for a number of decades but, by the 1970s, the parties began to create multiple federal awards, some with only short-run operation and others that continued into the 1980s.

Graph 3-7: No. of federal meat industry awards made, by decade⁸²



82. CAR, *passim*, 1904-1990. See also Industry Commission, *Meat Processing, Vol. II*, pp. 124-5.

Graph 3-8: No. of federal meat industry awards in operation by decade⁸³

What emerged from the federal award making of the 1960s was a small number of federal awards, regulating the larger meat export companies, with little reference to the smaller exporters and the domestic abattoirs. By 1986, however, there were 20 federal awards operating in all parts of the processing sector and there were many more operating in the other sectors of the industry. In the same period, the parties made nine other federal awards that subsequently expired or fell into desuetude before 1986. Thus, between 1960 and 1986, the meat industry created some 26 federal awards. At the same time, 16 more awards operated within the various state jurisdictions.⁸⁴ This is a clear indication that meat industry employers increasingly preferred award making as a strategy for managing industrial relations conflict.

There were a number of critical issues that were the subject of this award making, particularly in the 1970s. Of central concern to the parties in the early part of this period was the establishment of the tally system at all meatworks. By 1970 too, most abattoirs in Australia had installed a variant of the 'CanPak' system, ranging from fully mechanised systems to the more economical gravity-fed systems still in use in some rural domestic

83. CAR, *passim*, 1904-1990. See also Industry Commission, *Meat Processing, Vol. II*, pp. 124-5.

abattoirs.⁸⁵ To regulate conflict over the labour process after the installation of ‘CanPak’, employers and the AMIEU had finally convinced the Commission to allow the tally into the various federal awards during the 1960s. By 1970, every federal meat industry award relating to processing had the tally as a method of regulating the labour process.⁸⁶

With the tally inserted into every major federal award, the employers’ focus switched to federal award coverage for as many of the meat processors as possible. Employers saw the federal jurisdiction as providing more control. The alternatives to federal awards included wages boards that had no disciplinary mechanisms and arbitral systems in other state systems that did not create awards with specific respondents. As simple industry or sectoral awards, they provided employers with the situation where the awards were difficult to enforce on questions of conflict. MATFA was successful in establishing the broader application of the FMIA in 1981, the *Victorian Meat and By-Products Award* in 1978 and the *Queensland Meatworks Industrial Agreement-Award* in 1979. With the election of the Hawke Labor government in March 1983, the focus of employers and MATFA changed to account for the establishment of the Accord system.

MATFA, industry rationalisation and the Accord, 1983-86

During the industry’s boom in the late 1970s, MATFA had adopted highly defensive industrial relations positions to counteract AMIEU strategies and it did not significantly change these in response to the industry’s significant downturn in the early 1980s. The significant economic problems that confronted the industry between 1980 and 1982 persisted through the early Accord period. Of critical importance were the

84. Industry Commission, *Meat Processing, Vol. II*, pp. 126-7.

85. W. J. Powell & Co. Pty Ltd, 1961, *A discussion on the “Bovimation” system of on-the-rail-dressing*, The Annual Convention of the Country Meatworks Association, pp. 4-5. See also John W. Stamp Pty Ltd, 1961, *Some notes on the CanPak system of beef dressing on the rail*, The Annual Convention of the Country Meatworks Association, p. 2.

86. CAR, various 1969-1986; Interview with Neville Tame, Industrial Relations Officer, AMH, Ipswich,

chronic over-capacity of plant and chronic under-supply of cattle, both the product of the industry's export boom in the second half of the 1970s. These two problems created a severe over-supply of labour within the industry. While over-supply appeared endemic, the AMIEU fought hard to maintain its members' job security. These struggles only further weakened the financial position facing employers. MATFA policy and strategy therefore, both in this period and for most of the period under discussion, focused on the AMIEU, and particularly on the possibilities for containing the union's Victorian branch.

The economic crisis put considerable pressure on employment and management practices within the industry. Between 1980 and 1984, for example, the processing sector shed some 15,000 jobs⁸⁷ and MATFA industrial staff concluded that the actions of AMIEU officials had exacerbated these job losses.⁸⁸ This conclusion reflected the general view of MATFA staff toward the union at this time, particularly in Victoria. It was a view that flowed from the historically combative relationship between the parties, particularly where the AMIEU included a localised focus with militant tactics. In response, therefore, MATFA's leadership was highly supportive of the reintroduction of centralised wage fixing under the Accord, particularly as it hoped that the federal Commission's inclusion of the 'no extra claims' principle would help curb the tendencies of the Victorian branch of the union to use industrial action to gain over-award pay rises. MATFA's leadership could take heart from the seeming unanimity within the ACTU for top-down discipline over local industrial discontent,⁸⁹

Queensland, 11 June 1996. Tame was also the former Industrial Officer for the VMA from 1971-1985.

87. *AMIB*, Vol. 8, No. 1, 1986, p. 41.

88. Neville Tame, Industrial Relations Officer, AMH, Ipswich, Queensland, 11 June 1996. See also *AMIB, passim*, 1983-1986.

89. Braham Dabscheck, 1989, *Australian industrial relations in the 1980s*, Melbourne, Oxford University Press, pp. 45-6.

or so the union suggested.⁹⁰ The next chapter will discuss the effects of the Accord in more detail.

However, the return to centralised wage fixing after 1983 created a number of problems for MATFA given the traditional fragmentation of the industry's industrial relations and its own fragmented, state-based structure. As a result, MATFA could not effectively control union attacks on the 'no extra claims' principle and thus missed out on one of the major benefits that employers in other traditionally conflict-prone industries, such as the metal trades, came to enjoy under the early Accord.⁹¹ As well, notwithstanding MATFA's vigorous support for centralised wage fixing under the early Accords, many MATFA members subverted its role by pursuing their own industrial relations agendas.⁹² The AMIEU was one of the most prominent unions not to commit to the no extra claims principle. The actions of some MATFA members in also not standing firm on the principle only facilitated the union's strategy.⁹³ In the end, the early awards centralised wage fixing system failed to rein in the union's informal bargaining strategies and, it was not until 1989, that Victorian meat-industry employers decided to confront this situation head-on.

Conclusion

From 1960, the Australian meat processing industry entered a period of remarkable growth in production and exports. The employers, supported by state intervention, finally had a mechanism for regulating the wage-effort bargain, in the form of the tally system of incentive payments. Employer strategies then focused on

90. Wally Curran, AMIEU Victorian Branch Secretary (Retired), Carlton, Victoria, 1 March 1995.

91. Dabscheck, *Australian industrial relations*, p. 44.

92. See Chapters 4 and 7 of this thesis for a full discussion on how AMH and Gilbertsons subverted MATFA's centralised strategy of MATFA by continued bargaining at the workplace level

93. Braham Dabscheck, 1995, *The struggle for Australian industrial relations*, Melbourne, Oxford

firmly establishing the regulation of conflict within the main federal award structure. From this point on, the struggle between employers and their association on the one hand and workers and their union on the other centred on adjustments to the existing conditions of employment, conflict over new technology and industry restructuring as a result of export market demands and the chronic over-capacity problem of the 1980s.

The success of MATFA, in gaining widespread coverage of the processing sector under the federal centralised award system, was not without negative effects for its members. Exporters had been able, with MATFA's substantial encouragement and support, to de-skill substantially the labour process by gaining technical control over the labour process. In the sheep meat industry, this had come through the 'chain' system in the 1930s and, in the beef industry, initially through the CanPak system in the 1960s. Nevertheless, employers were unable to prevent the AMIEU from manipulating these systems to advantage meatworkers.

MATFA also pushed, during the 1950s, for the introduction of the tally system of production, another form of bureaucratic control, despite considerable resistance from the AMIEU and the federal tribunal. MATFA successfully convinced the Commission to have a standardised tally inserted into all federal awards from the 1960s. Despite having pushed to have the tally inserted into the main federal awards for more than a decade, by the mid 1970s, MATFA and its members would begin arguing before the Commission for the abandonment of the tally. The AMIEU had, once again, found a way to manipulate an employer-contrived control system to the advantage of its members.

Despite these apparent failures, the result often of unintended consequences, MATFA and its members had gained access to the federal award system of centralised

control, had successfully de-skilled both the sheep meat and beef sectors through technical control systems, and had introduced significant bureaucratic control over production through the standardised tally system. MATFA was at the forefront of all these initiatives. Without a permanent national association, in a context of a highly militant and decentralised brand of unionism, an isolated industry structure and small scale and seasonal production capacity, such radical changes to the regulation and control systems in the processing sector would not have been possible. The critical motivation all of these initiatives was employer regulation of industrial conflict.

The over-capacity crisis, which emerged in the Australian meat-processing industry in the early 1980s, was the product of poor business decision making and poor public policy. Excessive expansion during the boom years from 1975 led to an over-capacity crisis once the boom ended in 1980. The ‘traditional’ method of dealing with such crises, as after both World Wars, had been to change the labour market regulatory regime. The problem this time was that the entire export sector was operating under technical control systems that regulated the speed and skill of the production process (the chain and CanPak) and under bureaucratic control systems that regulated both the substantive and procedural rules of work (the tally and the federal award system). After half a decade of crisis, the only way forward, for employers at least, was rationalisation of production capacity. It also validated their strategic choices to seek greater state intervention in their industry’s industrial relations, through the re-emergence of centralised bargaining at the federal level and greater centralisation of coordination through MATFA.

Chapter 4:

Over-capacity and the emergence of AMH, 1986 to 1990

Introduction

In the previous chapter, we saw the emergence of a critical over-capacity problem in the Australian meat processing industry, due largely to a boom-bust cycle of the late 1970s and early 1980s. Proposed solutions to this problem proved unacceptable to the industry but, in 1986, some Queensland processors attempted to rationalise the export sector's chronic problems with over-capacity through their formation of Australia Meat Holdings (AMH) as a joint-venture holding company.

The formation of AMH represented the most radical departure from the traditional business structure of the Australian meat processing industry in more than 100 years. While its impact on over-capacity was not immediately evident, AMH did produce several other benefits for the joint-venture partners. Most notably, its new economies of scale and scope enhanced management's capacity to regulate industrial conflict through attacking union power. This chapter examines the emergence of AMH, particularly through the first two pitched battles that it waged in its war against union workplace power. AMH's success not only weakened the AMIEU, but disadvantaged its competitors and undermined employer organisation through MATFA. While the Fitzroy River dispute damaged the AMIEU in Queensland, the Portland dispute in Victoria became a watershed in industrial relations in this industry, in that it represented the first serious challenge to the power and position of both the AMIEU and MATFA.

This chapter examines both the "beach-head" struggle with the AMIEU at Fitzroy River and the main battle against the union at Portland. These two struggles highlight the unsuccessful local resistance of the union that attempted, each time, to use its favoured

tactic of isolating a single employer and a single plant, and the scepticism of MATFA in the face of an employer strategy which had historically worked in favour of the union. The ability of AMH to fight a protracted dispute against the two most formidable branches of the union stemmed from its extraordinary capacity to move production between plants. Exporters and domestic processors alike were justifiably concerned, particularly by the Portland outcome, for it re-set the wage-effort bargain in Victoria to their disadvantage.

The critical question here concerns the nature of the employer strategies for achieving a successful outcome at Portland. More importantly, why was the Portland dispute so different to the many disputes that had gone before it? The answers provide a key to understanding subsequent developments of meat industry industrial relations under a more decentralised bargaining structure. These form the subject of later chapters in this thesis. The answers will also help explain the subsequent changes to employer strategies apparent through the case study chapters in this thesis.

The political economy of the meat industry, 1986-1990

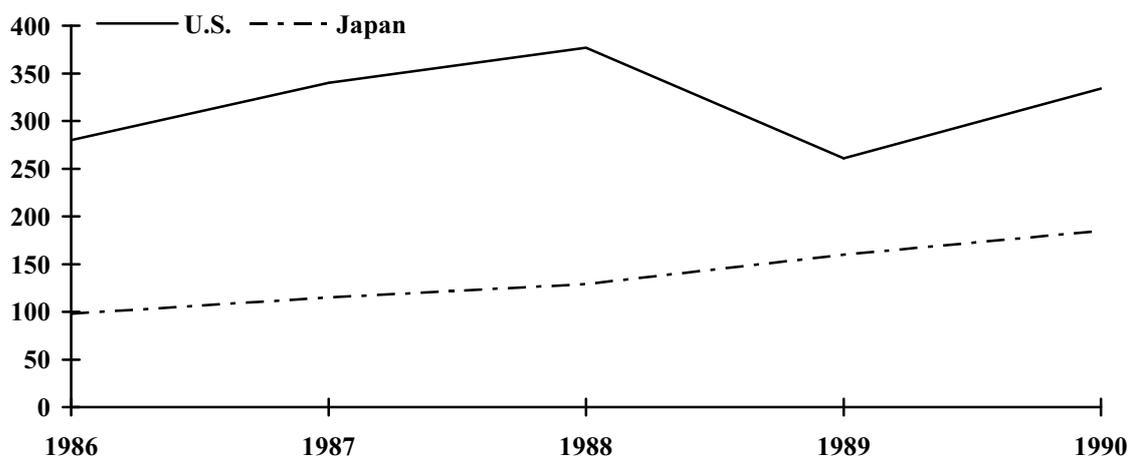
During the 1970s, the Australian meat industry had been heavily reliant on export markets, particularly to the United States (US) and Japan. Indeed, in the financial year 1972-73, Australia had become “the largest exporter of meat in the world”.¹ However, by 1986, Australia had slipped to second largest meat exporter, although it still exported more beef than any other country and ranked second to New Zealand in sheep meat exports. In terms of beef, Japan and the US were still the two most important markets, accounting for almost three-quarters of Australia’s beef exports, with South Korea and Canada representing significant secondary markets. The value of beef exported to Japan was

1. C. W. Roberts, 1975, ‘Queensland's beef industry’, *Queensland Agricultural Journal*, 101 (1), p. 48.

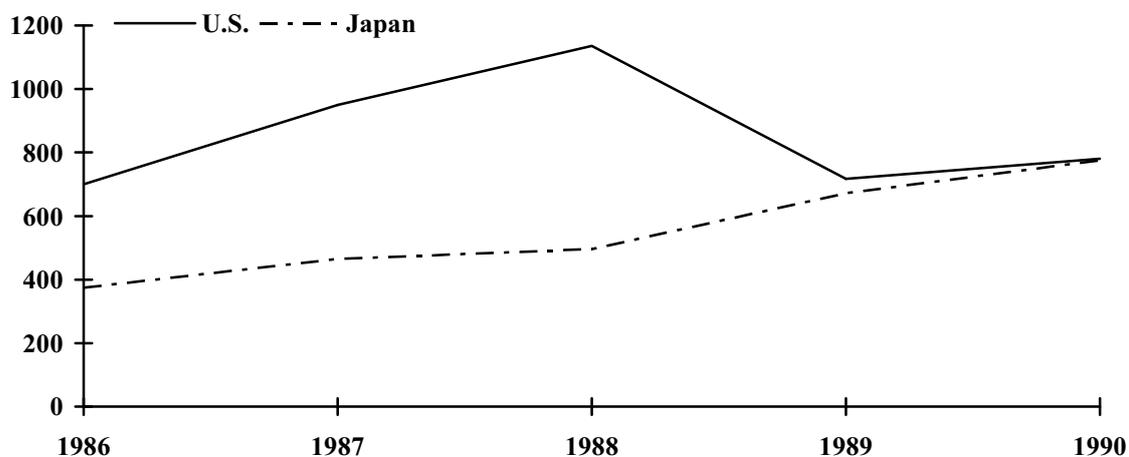
substantially higher than that to the USA, because Japanese buyers preferred mainly high grade, grain-fed, chilled beef, while US importers have preferred mainly lower grade, grass-fed, frozen beef.

By the early 1990s, Japan had overtaken the US as Australia's major export meat market, in value, if not in volume. Graph 4-1 shows the relative decline in the US market and the rise in the Japanese market for Australian beef. Graph 4-2 shows the relative value of the exports of Australian beef to both the US and Japan. Graph 6.2 indicates the higher value of the beef exported to Japan, compared with the beef exported to the US. Together these two markets imported over 80 per cent of Australian beef exports each year.

Graph 4-1: Quantity (000 Tonnes) of Beef Exports to US & Japan²

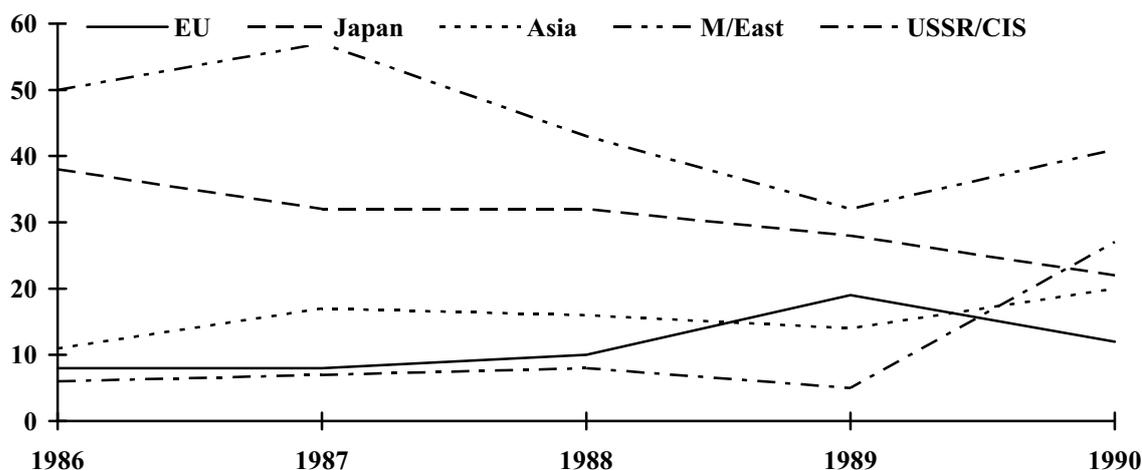


2. Unless otherwise indicated, all statistical information, upon which the figures in this chapter are based, were taken from the Australian Meat and Live-stock Corporation, various years, *Statistical Review of the Australian Meat & Livestock Industries*, Sydney. It should also be noted that the value of the horizontal axis refers to the year and the value of the vertical axis is for the variable described in the title below each figure.

Graph 4-2: Value (A\$000,000) of Beef Exports to US & Japan³

By comparison, the target markets for sheep meat exports were more diverse, although Japan was still important. During these years, the most important markets for mutton and lamb were East Asia (particularly Japan and Taiwan), the Middle East (particularly Saudi Arabia, Iran and Dubai) and the European Union (particularly Great Britain and Germany). Frozen mutton represented three quarters of all sheep meat shipments. Graph 4-3 indicates that, unlike beef, the main flow of Australian sheep meat (including live sheep) exports was to Asia and the Middle East.⁴ Declining mutton exports to Japan were, however, largely off-set by a major improvement in the lamb export trade with the Middle-East.

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3. Australian Meat and Live-stock Corporation, various years, *Statistical Review of the Australian Meat & Livestock Industries*, Sydney. It should also be noted that the value of the horizontal axis refers to the year and the quantity of the vertical axis is for the variable described in the title below each figure.
 4. McLennan, *Strategies for beef distribution in Japan*; Discussion Papers in International Business, University of Queensland; Morison, *A market share analysis of Japanese beef imports*; Long, 'The Uruguay Round outcomes'; Wilson, 'The Australian beef industry'; ABARE, *Substitution relationships between beef & other meats in Japan*, Project 7131.101; Bureau of Agricultural Economics.

Graph 4-3: Quantity (000 tonnes) of Sheep Meat to Key Markets

These three graphs (Graphs 4-1, 4-2 and 4-3) illustrate three important factors: first, the continuing importance of the US beef market for the survival of the meat industry in Australia; second, the emphasis in the Japanese market on high grade beef products, particularly grain-fed feedlot beef; and third, the far more diverse nature of the export markets for sheep meat (mutton and lamb), in comparison with beef. The first two factors significantly changed the nature of beef production in this country, while the third kept sheep meat production far more stable and less vulnerable to individual market fluctuations. Therefore, the export beef market was much more volatile for quantity and quality than sheep-meat exports. Beef was also far more subject to over-capacity problems, so that any employer re-structuring and cost strategies tended to focus on the beef export sector. Therefore, as beef export sector industrial relations were most exposed to changes in employer strategies they were also more volatile. The rest of the chapter explains how these factors played out at AMH in this period.

The emergence of AMH, 1986-1990

The roots of AMH can be traced back to the mid-1970s, when meat processing in Australia underwent a considerable economic transformation. The ensuing boom-bust

cycle, described in chapter 3, gave rise to a significant over-capacity problem.

It was out of the ashes of this short-run economic cycle in Queensland that AMH was conceived and born.

From as early as 1981, industry analysts in government and the primary sector began describing the serious over-capacity in the Queensland beef industry. In 1983, the federal Industries Assistance Commission produced a report which revealed that the Australian meat processing industry had some 38 per cent excess capacity, and that the industry generally accepted that rationalisation of this excess capacity was warranted.⁵ The debate over this over-capacity crisis in Queensland continued for five years, until early 1986, when four of the largest processors in the state conceived a concrete plan, focused on corporate re-structuring.

In late April 1986, the media began reporting a plan by F.J. Walkers (wholly owned by Elders IXL), Metro Meat Industries, Smorgon Consolidated Industries and Tancred Brothers to form a joint venture company, eventually called Australia Meat Holdings (AMH). The plan was to combine their Queensland meat processing operations and also take over the Queensland plants of Thomas Borthwick and Sons (Borthwicks) at Mackay and Bowen, establish the most suitable operating capacity for the new entity and then rationalise the remaining excess capacity.⁶

The public outcry, in Queensland in particular, over the formation of a “Cartel in cattle”⁷ attracted the attention of the federal Attorney-General,⁸ the Queensland Minister for Industrial Affairs,⁹ the Trade Practices Commission (TPC)¹⁰ and the Meat and

5. IAC, *Abattoir and Meat Processing Industry*, 313, pp.37-40 and H 15. It should be noted that the Industries Assistance Commission research was based on NSW data from 1981-82, and that the joint venture partners suggested in 1986 that excess capacity in Queensland was more like 47 per cent, See *The Australian*, 30 July 1986, p.2.

6. A.I. Tonking, 1988, ‘Concentration in Australian Industry: has it gone too far?’, *Queensland University of Technology Law Journal*, 4, p.15.

7. *Sydney Morning Herald*, 28 April 1986, p.2.

8. *The Australian*, 29 April 1986, p.2.

9. *Australian Financial Review*, 29 April 1986, p.9.

Livestock Authority of Queensland.¹¹ Investigations began, spurred on by the Cattle Council of Australia, the Cattlemans' Union, the United Graziers' Association, the Australasian Meat Industry Employees' Union and the federal member for Capricornia, the Hon Keith Wright MP. Of major concern to these groups was the potential domination of the Queensland beef market by the proposed merger entity, leading to big falls in saleyard prices and significant job losses as a result of plant rationalisation.

On 7 May 1986, representatives of the five companies involved appeared before the TPC to present their case. After extensive investigations, the TPC announced on 25 June 1986, that there would be no legal impediment to the merger proceeding.¹² While criticism of the plan continued in some quarters,¹³ there was widespread relief when Borthwicks announced, on 10 July 1986, that it had withdrawn from the merger talks.¹⁴ The Cattle Council of Australia concluded that, with Borthwicks out of the merger, competition for stock at the saleyards would keep prices from falling.¹⁵ The Queensland Government and the AMIEU were also relieved, as this would mean that the Borthwicks plant in Bowen and at least one other plant operated by one of the partners in north Queensland that had been ear-marked for closure, would remain in operation.¹⁶

With the withdrawal of Borthwicks from the merger, and the subsequent calming of industry and Government concerns, the way was now open for the joint venture to go ahead as it did on 29 July 1986. The new 'conglomerate', which was to operate only in Queensland, had combined assets of more than \$90m. Its principal objective was to rationalise the productive capacity of its nine abattoirs so that the remaining plants would

10. *The Age*, 30 April 1986, p.25.

11. *Australian Financial Review*, 5 May 1986, p.37.

12. *Australian Financial Review*, 26 June 1986, p.7.

13. *Australian Financial Review*, 27 June 1986, p.30.

14. *Australian Financial Review*, 11 July 1986, p.42.

15. *The Australian*, 12 July 1986, p.7.

16. *Australian Financial Review*, 11 July 1986, p. 42.

operate at near full capacity.¹⁷ Initially, the company decommissioned two older plants but, within a decade, AMH had closed or sold all but four of its plants.

Although Borthwicks withdrew from the merger in May 1986, by late 1987, its financial decline made it the subject of a takeover bid, initially by Teys Brothers and then, in January 1988, by AMH. In the end, the Borthwicks board accepted the \$30m offer from AMH but, once again, the TPC weighed in. Initially, the TPC served notice on AMH to withdraw the offer, but the Federal Court allowed the bid to stand, subject to various commitments and pending the outcome of a TPC inquiry.¹⁸ The TPC inquiry found that AMH's acquisition of the Borthwicks plants in Bowen and Mackay placed it in a market dominating position in north Queensland. The Federal Court agreed, and ordered AMH to divest itself of these two plants. While Bowen was of marginal importance, the Mackay plant was "considered one of the nation's most prized beef assets with links to the lucrative Japanese beef market."¹⁹

In a move to avoid losing complete control of the Mackay plant, the joint venture partners hatched a plan to sell the whole of AMH to Elders IXL, and then sell the Mackay and Bowen plants to one of the now former partners. Presumably, they could still act together to control saleyard prices and continue their original rationalisation program. The Federal Court then ordered that neither plant could be sold to the former joint venture partners in order to circumvent the court's previous order preventing AMH from gaining a market-dominating position in north Queensland.²⁰ In the end, AMH was forced to sell both plants, but was allowed to retain control of the third Borthwicks plant, at Portland in Victoria. While engaged in the Federal Court action with the TPC over market domination

17. *The Australian*, 30 July 1986, p. 2.

18. *The Age*, 27 January 1988, p. 23.

19. *Australian Financial Review*, 18 October 1988, p. 40.

20. *Australian Financial Review*, 18 October 1988, p. 40.

in north Queensland, AMH initiated significant industrial action at Portland which, eventually, changed the industrial relations landscape of the industry in Victoria.

The end result of the TPC action was the take-over of AMH by Elders IXL. While the TPC action prevented AMH from gaining effective control of the Mackay and Bowen plants, the buy-out effectively gave Elders a more dominant position in the industry in general.

AMH's early initiatives: the Fitzroy River dispute

While public attention on AMH focused on the company's product market dominance, AMH executives focused immediately on the company's industrial relations strategies. In particular, they sought to reduce the costs of over-capacity through lower labour costs. The executives of the new joint venture company appointed John Hughes to head-up their controversial industrial relations strategies.

Hughes, himself a former AMIEU workplace official, came to AMH through his involvement with Smorgons. He is a large and solidly-built man, with an intimidating presence and personality to match. Physical presence was important to industrial relations in this industry, like other 'blue-collar' industries, because it commanded respect. As seems often the case with ex-union officials who have changed sides, Hughes is known for his vigorous anti-union approach to industrial relations. While he argued that he never sought to eliminate the union from any site that he administered, it is clear from his freely expressed views that he believed they had far too much control over the work process in the meat industry.²¹ John Hughes would have been a formidable opponent in any industrial dispute. However, from within an organisation with the industrial and economic strength of AMH, his position had become very powerful indeed.

21. Personal observations during interviews, 26 and 28 February 1996.

The appointment of Hughes led to the implementation of AMH's new, controversial industrial relations strategies, which resulted in several long, bitter and very confrontational disputes. In each case, Hughes (Industrial Relations Manager of AMH) took *de facto* control of plant management during the disputes. He did this as a part of the overall strategy to distance plant based management from the more controversial AMH wide industrial relations strategies. These controversial strategies included dismissing the entire workforce of any plant experiencing high levels of militancy. This would lead to a formal lockout of all existing employees. AMH would then wait-out the union response, attempting to starve the workers into accepting lower wages and working conditions. Eventually, AMH would re-open the plant, but offering much lower employment conditions. The aim was to split the workforce over these lower conditions. The expected outcome of this process was an outbreak of violence on the picket line, as some desperate workers began to return to work. AMH's aim was to undermine the union. During this violent return to work process, management created a black-list to exclude more militant workers and loyal unionists from the workforce. Ultimately, sufficient workers would be re-employed under the lower working conditions, but without the black-listed workers and with a severely disrupted union structure, returning control of the labour process once more to the company.

AMH tested its industrial relations strategies almost immediately after its own establishment with a direct attack on the organisation's most militant workers, at the Fitzroy River plant in Rockhampton. The city of Rockhampton is located approximately 750 km North of Brisbane and 40 km inland from the Queensland coast. It is sometimes regarded as "the beef capital of Australia".²² Rockhampton is the eighth largest urban

22. Rockhampton City Council, 2006, *Rockhampton: The Lifestyle City*, Rockhampton City Council, p. 5.

centre in Queensland, with a stable population of around 58,000 to 61,000 over the last two decades.²³

A history of the Fitzroy River plant: militancy from the outset, 1965-1986

T.A. Fields had opened the Fitzroy River meatworks in 1965 to take advantage of growing demand for processing capacity from the Central Queensland cattle industry. Until this time, the only major processing plant in Rockhampton was the Lakes' Creek plant, then owned by the Central Queensland Meat Export Company (CQMEC). The Lakes' Creek plant, the oldest surviving plant in Australia, dated back to around 1870²⁴ and had had a history of industrial militancy unrivalled in Central Queensland.²⁵

By 1965, the available pool of meatworkers for the new Fitzroy River works was confined to unskilled local workers and the most hardened militant unionists who had been effectively 'black-listed' at Lakes' Creek. The new plant management attempted to recruit labour from Brisbane, and other larger labour markets, but they could not secure sufficient skilled labour in the time-frames provided to have the plant operational. As a result, they brought the plant on-line using some labour from outside the Rockhampton community but for the greater part, depending on those were drawn from the ranks of the former Lakes' Creek militants.²⁶ With such a workforce, it was hardly surprising that the history of the Fitzroy River plant featured high levels of militancy and strike action.

In 1965, when management at the new Fitzroy River plant sought to recruit a workforce, their immediate choices were limited, by the available pool of meatworkers, to unskilled local workers and the most hardened, militant unionists who had been effectively

23. The Office of Economic and Statistical Research, 2005, *Rockhampton and Capricorn Coast Regional Economic Profile*, Rockhampton Regional Development Limited, p. 6.

24. Lorna McDonald, (1981), *Rockhampton: A History of City and District*, Brisbane, University of Queensland Press, p. 237.

25. Blackmur, *Strikes*, p. 91. See also Oliver Simmonson, (1988), 'Fitzroy River Abattoir 1974-1986: A study of the impact of external influences on the factory-floor', Unpublished Undergraduate Research Dissertation, Capricornia Institute of Advanced Education, Rockhampton, *passim*.

26. Simmonson, 'Fitzroy River Abattoir', pp. 2 and 19-20.

'black-listed' at Lakes' Creek. The new plant's management attempted to recruit employees from Brisbane and other larger labour markets but time constraints prevented them from securing sufficient skilled labour. As a result, while the plant opened using some labour from outside the Rockhampton community, the majority came from the ranks of militants black-listed from Lakes' Creek.²⁷ Plant management appears to have developed little strategic sense in how to manage the challenges presented. It is hardly surprising then, that the history of the Fitzroy River plant includes high levels of militancy and strike action.

This legacy of militancy dogged the management of the Fitzroy River plant management for almost three decades. By the 1970s, plant level disputation was chronic, with disputes an almost weekly feature of industrial relations at the plant. Management began keeping a list of all disputes (for later reference in the Commission) and this showed that stoppages over minor issues within one section or another were so common that the plant rarely operated at full capacity across a full week throughout the 1970s and early 1980s.²⁸ In 1974, 1984 and 1986 (when AMH took effective control of the plant), full-scale strike action completely disrupted production at the plant and, in the intervening periods, minor, section level disputes were the norm. Thus the pattern of industrial relations at the plant is clear; long periods of minor localised skirmishes, interspersed with a small number of major plant-wide disputes which shut the whole plant for extended periods.

During the gradual transfer of assets from the consortium partners to the holding company, management practices became more confrontational. On 3 September 1986, about a month after the transfer of the plant, management summarily dismissed most of the

27. Simmonson, 'Fitzroy River Abattoir', pp. 2 & 19-20.

28. AMH, n.d., List of strikes at Fitzroy River, compiled by plant management, unpublished manuscript, AMIEU archives, Melbourne.

slaughtermen (40 of 49) for refusing to return to work during a stop-work meeting that the union had called over perceived threatening and intimidating letters from management. The plant-wide strike that resulted from this action was settled when management re-instated the slaughtermen on 10 September, after the intervention of the union but, on 13 September, management then summarily dismissed all the boners over their refusal to perform tasks they considered unsafe. On 16 September, the entire workforce struck in support of the boners. Despite state and federal union advice to return to work under reduced conditions, the strikers remained out until 8 October when Hughes dismissed the entire workforce and closed the plant. In the following weeks, AMH advertised all positions as vacant. Management reopened the plant on 18 November but, without more than 70 of those workers that they perceived to be more militant and had therefore 'black-listed'. The remaining 300 workers offered work refused to return unless management also re-employed those 70. By 4 December, more than 100 workers had crossed the picket-line and, on 10 December, the remainder voted to return, both without the 'black-listed' workers and under the reduced conditions originally offered by the company.²⁹

When interviewed, Hughes openly admitted that the Fitzroy River dispute was an attempt to rid the plant of militant unionists³⁰ and, in the end, this is exactly what he achieved. The crushing defeat of the AMIEU by AMH at Rockhampton radically altered the dynamics of industrial relations in the meat processing industry in Queensland. By the early 1990s, seemingly in direct opposition to MATFA, AMH began to assume the status of leader of employer opposition to the union. While significant as an overall victory for AMH, the Fitzroy River dispute was merely an indication of AMH industrial relations

29. Simmonson, 'Fitzroy River Abattoir', pp. 52-60.

30. John Hughes, 28 February 1996.

policy and practice. AMH displayed the full extent of its industrial relations power in 1988 and 1989 in the Portland dispute. The following section will discuss this in detail.

The Portland dispute: the city, the plant and the start of the dispute

The city of Portland was the site of the first settlement in Victoria but, was, at the end of the twentieth-century, an isolated urban outpost in gradual decline. It is the most westerly coastal centre in Victoria, located more than 360 km west of Melbourne and just 80 km from the South Australian border. Portland's population in 1986 was 10 934 but, by 1991, this had dropped to 10 115. In broader terms, it was Victoria's eighteenth largest population centre in 1987 but, by 1991, it had slipped to twentieth.³¹ Even the statistical division of Haywood, in which the city is located, is rather sparsely populated compared to the state as a whole. In 1991, Victoria averaged 18.3 people per square kilometre, but there it was only 4.65.³²

Despite its isolation and declining population, Portland is the second largest urban centre in the Western District of Victoria and Haywood is the most productive livestock region in the state. The district was Victoria's biggest producer of beef cattle, sheep, lambs, and wool and the second biggest producer of milk cattle in 1987.³³ Portland also has the largest port facility and was the location of the largest meatworks in the Western District. As Ross and Hartman suggested, given a highly unionised group of blue-collar workers in a relatively isolated location, where there was an absence of centralised national control and an emphasis on plant-based collective bargaining, one would expect them to exhibit a much greater propensity to enter into a bitter and protracted strike than would

31. ABS, *Victorian year book*, 1990, p. 33 and 1994, p. 55.

32. ABS, *Victorian year book*, 1994, pp. 28 and 50.

33. ABS, *Victorian year book*, 1993, pp. 138-144.

otherwise or elsewhere be the case.³⁴ Indeed, Kerr and Siegel hypothesised "that strikes occur most severely in industries which (1) segregate large numbers of persons who (2) have relatively unpleasant jobs."³⁵ They also argued that "industries will be highly strike prone when workers (i) form a relatively homogeneous group which (ii) is unusually isolated from the general community and which (iii) is capable of cohesion"³⁶ Therefore, it was not surprising that this small, urban outpost was the site of the most bitter and protracted industrial dispute in the Victorian meat processing industry for decades. This section explains why Portland came to be the site of the dispute.

After Fitzroy River, Portland, with its strong exposure to beef processing, became AMH's next priority as senior management attempted to respond to the critical problem that over-capacity represented in the beef sector. The aim, as at Fitzroy River, was to drive down labour costs and regain control of the labour process at the Portland plant. AMH's specific strategic objectives were to regain control of the labour process by killing-off the local union structure and destroying worker militancy. It did this by implementing similar strategies to those it had developed at Fitzroy River. So while Borthwicks management had informally allowed the union to gain some degree of control of the labour process at Portland, AMH was determined to take back control.

In late April and early May 1988, at the height of the TPC proceedings in the Federal Court, AMH retrenched approximately 550 employees at Portland, citing seasonal reasons, such as high stock prices and low commodity prices, for its action. Despite periodic AMH statements that the plant would open "next month", made between the mass

34. Arthur M. Ross and Paul T. Hartman, 1960, *Changing Patterns of Industrial Conflict*, New York, John Wiley & Sons, pp. 145-51.

35. Clark Kerr and Abraham Siegel 1954, 'The Inter-Industry Propensity to Strike: An International Comparison', in Arthur Kornhauser, Robert Dubin and Arthur Ross, *Industrial Conflict*, New York, McGraw-Hill, p. 196.

36. Kerr and Siegel, 'Inter-Industry Propensity to Strike', p. 195.

retrenchments of 29 April, and the beginning of the dispute ‘proper’ on 30 September, the plant remained shut.³⁷

The Portland dispute officially began on 30 September 1988 when AMH issued some 550 termination notices to members of the AMIEU and the Federated Cold Storage Union (FCSU). The workers and their unions perceived a critical difference between the dismissals on and after 29 April and those on 30 September. They viewed the earlier dismissals as a seasonal shut-down, even though it had lasted for five months. On the other hand, they clearly perceived that those of 30 September were an attempt by AMH to break the employment record of its stood-down workers.³⁸

AMH management’s own explanation supported this analysis. Seasonal reasons were their excuse for the 29 April shutdown and its continuation but, on 30 September, their stated objective was to reduce the level of award wages and conditions. AMH took the position that, by permanently breaking its contracts of employment with its employees on 30 September, it could eventually re-open the plant under a different award, with dramatically reduced wages and conditions.³⁹ It was, in effect, a lockout. The provocative nature of this move generated considerable antagonism among the parties involved. Increasingly the levels of antagonism that developed between the union and the company were the result of two key factors. First, there was the strategic and economic size of AMH and, second, there were the two main personalities involved, John Hughes for AMH and Wally Curran for the union.

The meatworks was the largest employer in the declining town of Portland. There were few other employment options in the South Western District of Victoria where the unemployment rate was at 8.9 per cent in 1988, compared to the Victorian rate of just 5.6

37. *Portland Observer*, 7 October 1988.

38. Correspondence, John Hughes to AMIEU, 10 October 1988, AMIEU archives, Brisbane.

39. Correspondence, N.J. Bargwanna to The Honourable E A. Walker, M.L.C., 10 October 1988, AMIEU archives, Melbourne. See also, John Hughes to AMIEU, 10 October 1988.

per cent and the national rate of 6.6 per cent.⁴⁰ The only other statistical district with a high unemployment rate was the Western District, just to the north of the South Western District, with a rate of 9.4 per cent.⁴¹ Given that the available pool of workers and available job opportunities were highly unfavourable, adding 550 more people to these unemployment statistics only increased the town's anxiety. Reflecting the general feeling in the city, the issuing of the termination notices to the meatworkers alarmed the civic leaders of Portland. The mayor of Portland, Cr. Robert Menxel, organised a meeting with the AMIEU and the local South Western District Trades and Labour Council (local labour council) "to discuss the implications of the dismissals."⁴² The Portland City Council (City Council) was unprepared for the lockout, as was everyone else in the city, "particularly in light of the expectations of workers and many others in the district that the plant would re-open in the near future."⁴³ After canvassing the various views on the matter, Menxel offered to call a public meeting to broker a lasting settlement so that the future of the plant and the long-term economic stability of the city could be assured.⁴⁴ Later in the dispute, the City Council became quite antagonistic toward the AMIEU, because it perceived the union to be prolonging the agony of the community by refusing to accept the company's offers of work at any price.

The presence of John Hughes and Wally Curran, at the head of the two key parties to the dispute, prolonged and embittered the dispute. Wally Curran, the long-time leader of the Victorian Branch of the AMIEU was, in many ways, the perfect opponent for John Hughes. Curran had spent most of his working life as an official of the AMIEU in Victoria. While not a big man, he was, nonetheless, a charismatic leader with a sharp wit and an acid tongue. Discussions with long-time managers in the industry in Victoria revealed

40. *Victorian Year Book*, 1989, p. 49.

41. *Victorian Year Book*, 1989, p. 49.

42. Press Release by Cr. Robert Menxel, 7 October 1988.

43. *Portland Observer*, 7 October 1988.

considerable resentment toward Curran. They complained of his aggressive attitude toward them and his use of often heavy-handed tactics to thwart their policies. Indeed, some expressed open hatred toward him, because of his determination to win a dispute at all costs.⁴⁵ Many believed that Curran's rather direct industrial tactics were principally motivated by his communist or socialist beliefs.⁴⁶ However, this is, perhaps, too simplistic a view.⁴⁷ Curran openly admitted to an earlier association with the Communist Party of Australia (CPA), although he did not claim to have been a member. He did have a long-association with the left-wing of the ALP in Victoria. He advocated worker rights, but did not propose the overthrow of society or the state-control of industry.⁴⁸ Regardless of the motivations of Hughes and Curran, their personal involvement in the Portland dispute and presence at the site no doubt prolonged the dispute.

AMH strategy and tactics

At the time of the dispute, the industry was in a rather parlous state and this gave the company considerable opportunity to drive down wages and conditions. As the largest employer in an Australian meat industry rife with over-capacity and with its main focus on Queensland, AMH was able to sustain a protracted dispute with little or no economic distress. Most other meat employers in Victoria and elsewhere operated just one or two plants, and thus did not have this capacity. A similar protracted dispute in Victoria would have had a far more damaging effect on their product market positions, encouraging compromise or an early back-down. Given the history of the industry, MATFA had

44. *Portland Observer*, 7 October 1988. See also the *Standard* (Warrnambool), 8 October 1988.

45. Interview with Peter Greenham, Managing Director, H. W. Greenhams, Melbourne, Victoria, 11 August 1995 and Bruce Overall, March 1996.

46. Peter Greenham, 11 August 1995, and Bruce Overall, 3 March 1996 and 3 October 2001.

47. Interview with Wally Curran, AMIEU Victorian Branch Secretary (Retired), Carlton, Victoria, 1 March 1995.

48. Wally Curran, 1 March 1995.

expressed considerable doubt over AMH's capacity to defeat the Victorian branch of the AMIEU.

After initiating the lockout, the company, which was still trading as Borthwicks because of the TPC case against AMH, received Federal Court approval to appoint John Hughes, from AMH, as administrator of the plant to "act for and on behalf of" the board in the dispute, even though, at this stage a formal industrial dispute did not exist. These were significant decisions by both Borthwicks and the Federal Court. AMH was, at the time, restrained from operating any of the three Borthwicks plants, yet an important AMH manager was allowed to act for Borthwicks as the employer, to systematically intervene in Borthwicks and to establish industrial relations policy and tactics very different from those Borthwicks had employed prior to April 1988. Hughes, on behalf of the company's owners - whether Borthwicks or AMH - clearly indicated on 10 October the real reason for the terminations. In a notice to the union he stated:

I am authorised to inform you on behalf of Thomas Borthwicks & Sons (Pacific) Limited that the company is terminating all existing over award agreements and arrangements, whether oral or in writing, made with your Union or it's (sic) members in relation to the Portland works. All such agreements and arrangements will terminate one month from the date of this letter.⁴⁹

The Borthwicks board backed the view that reducing the existing wages and conditions was to be the company's focus at Portland. In a letter to E. A. Walker, M.L.C. (the Victorian Minister for Agriculture and Rural Affairs), the Chairman of the Board, Mr Neville Bargwanna, stated that the board had resolved that the working conditions prevailing at Portland were no longer acceptable, and that changes had to be made. The Board further resolved to terminate the services of all meatworkers.⁵⁰

In this correspondence, the Borthwicks board, obviously in a caretaker capacity on behalf of AMH, made it clear that reducing award conditions was to be the focus of

management's industrial relations activity in the near future. This letter, in hindsight, indicated the next move of the company's management: the termination of the Thomas Borthwick Victorian Meatworks, Industrial Agreement Award 1982 (TBVMIAA) and its replacement with the FMIA. The TBVMIAA contained a clause 3(b) which specifically allowed either party (Borthwicks or the AMIEU) to terminate the agreement award at any time after the nominal expiry date, on two weeks notice.⁵¹ On 17 October, AMH's senior management, acting on clause 3(b), formally notified the union of its intention to terminate the TBVMIAA, effective from 2 November 1988.⁵² On 20 October, senior management announced that the plant would only re-open under the coverage of the FMIA, as opposed to the TBVMIAA which then still applied at the plant.⁵³ The FMIA, though applying at some sites in other states, was largely redundant by this time, as its wage rates and other award conditions had not kept pace with other, more current awards. The culmination of this strategy was the advertising of all meatworker positions in the *Portland Observer* on 7 November 1988. Hughes designed the advertisement to be provocative, as it read, in part:

Preference of employment will be given to employees that have given previous service and were terminated recently. The company is prepared to engage labor recognising previous seniority entitlements. ... All applicants must be prepared to work to the terms and conditions of the Federal Meat Industry Award, abide by a settlement of disputes procedure and wear safety equipment in accordance with employer's requirements. These will be conditions of your employment.⁵⁴

While the company offered to reinstate all seniority entitlements, Hughes (the presumed author of the advertisement) must have known that the union would not accept FMIA coverage of the site because it meant substantial reductions in wages and conditions.

49. John Hughes to AMIEU, 10 October 1988.

50. Correspondence, N.J. Bargwanna to The Honourable E.A. Walker, M.L.C., 10 October 1988.

51. Written Submissions of the AMIEU to the AIRC, C. No. 22934 of 1988. Also, Interview with Neville Tame, AMH Group Human Resource Manage, 17 August 2006.

52. Decision of Commissioner Caesar, 18 November 1988, p. 2.

53. *Portland Observer*, 21 October 1988. See also *Stock and Land*, 20 October 1988, p. 3.

54. *Portland Observer*, 7 November 1988.

Hughes would also have known that the union would attempt to prevent its members from returning to work under the conditions outlined above. After much community debate on the issue, the City Council and other civic bodies felt this was their last, best hope of seeing the plant re-opened. As a result, these groups swung in behind the company's proposal. However, on 18 November, the local Labour Council⁵⁵ ran its own advertisement in the *Portland Observer*, urging all meatworkers not to apply for these positions.⁵⁶ The battle lines were now clearly drawn, between the company and the community's business and civic leaders on the one hand, and the AMIEU and its labour allies on the other.

The determination of Hughes and AMH's on-site management to require its small, but growing group of strike-breakers to cross a hostile picket line in order to present for work only hastened the inevitable deeper polarisation of the dispute. Intensification of emotions included outbreaks of violence between picketers and strike-breakers, both at the picket and around the city.⁵⁷ This social conflict created plentiful press, supplied an outlet for the political objectives of the parties, and served to motivate, at times, the work of the Commission. As this is actually more important to a study that focuses on union strategy and tactics than one like this thesis, whose focus is on employer strategy, the following is brief.

AMIEU strategy and tactics

From November 1988, therefore the dispute took two vastly different forms. The first form of the dispute developed from AMIEU strategy, focused on public agitation and picket line activity at the west gate and on the streets of Portland. The second form, discussed at length in the subsequent section, played out before the Commonwealth

55. The local section of the AMIEU was one of the largest unions affiliated with the local labour council, and thus received substantial support from it during the dispute.

56. *Portland Observer*, 18 November 1988.

Conciliation and Arbitration Commission (the Commission). The Commission eventually dealt with the main issue at stake in the dispute, namely the question of award wages and conditions, and other legally-enforceable entitlements.

Throughout October and November 1988, the AMIEU attempted to prevent the introduction of lower wages and working conditions at Portland. The union leadership's main methods were a propaganda - or 'public relations' - campaign in the city and through the media, a campaign of defiance during their infrequent meetings with company representatives, and an active struggle, through the local officials of the union, to maintain the solidarity and unity of affected ex-employees.

The AMIEU initiated claims and counter claims about the intentions of Borthwicks and AMH in Portland through the local *Portland Observer* and the *Standard* in nearby Warrnambool. The early reports in the two newspapers carried dire (but ultimately accurate) headlines predicting the permanent closure of the plant. Union representatives, including State Secretary Curran, attended local City Council meetings and organised well-attended public meetings that railed against the 'evils' of AMH and the feared, low-wage structure. The local press duly reported all these local appearances by union officials. Union officials also used their own journal, *The Meatworker*, subject-specific newsletters and various other labour publications, such as the *Workers' News*, to pillory both the company (in this instance AMH, even though it was still fighting the TPC in the Federal Court) and John Elliott, CEO of Elders-IXL which was initially a 25 per cent shareholder in AMH and, from 17 November, the sole owner of AMH.⁵⁸

There is little doubt that the failure of these union tactics was due to the removal of effective control of the situation from local management and even the Melbourne offices of Borthwicks to Dinmore, near Ipswich in Queensland, the base of John Hughes and AMH.

57. *Standard*, 6 December 1988.

Having lost the initial struggle, even though it retained control of the hearts and minds of most of the local membership, the union had little option other than to increase the pressure on AMH. On 18 November, the same day that the local labour council urged meatworkers not to apply for the advertised positions at the plant, the AMIEU Borthwicks Shop Committee resolved to “put into place an official picket line at Borthwicks Portland plant as soon as Borthwicks try to treat stock. The VTHC [Victorian Trades Hall Council] will also be notified of picket in place.”⁵⁹ It is not a coincidence that both these statements were issued on 18 November, because this was the official closing date for applications for employment at the plant under the FMIA.⁶⁰ The establishment of the official picket outside the west gate of the Portland plant on Monday 28 November 1988 coincided with the day that the newly employed meatworkers (known by those on the picket line as ‘scabs’, but hereafter termed ‘strike-breakers’) presented themselves for work.

The role of the Commission

The strategies and tactics of AMH senior management to this point largely aimed at forcing the dispute into the Commission, but on the employer’s terms, with a cancelled award, removal of over-award agreements and a demoralised workforce. The Commission thus did not have an existing award on which to base any potential arbitrated outcome to the dispute. In the still largely centralised industrial relations context of the time, this strategy gave AMH the most leverage in the Commission. This strategy effectively highlighted the real costs of labour at Portland prior to the dispute, compared to costs at AMH’s other plants in Queensland. This strategy also created a state of discontinuity between past practices at Portland, and more broadly in the Victorian meat processing industry, and AMH’s desired labour cost outcomes. It also forced the AMIEU into a highly

58. On 17 November, in an attempt to settle the TPC case against it, Elders-IXL purchased the remaining 75 per cent of AMH from Metro Meats, Tancreds and Smorgons.

59. Resolution of AMIEU Borthwicks' Shop Committee, AMIEU archives, Melbourne.

defensive position, creating disunity among the workers at the Portland plant and opening the way for potential wide-spread acceptance of lower wages and working conditions.

The parties first appeared before the Commission on this matter on 26 October 1988, following notification from MATFA of the existence of a dispute between MATFA and Thomas Borthwicks & Sons (Pacific), on the one hand, and the AMIEU on the other.⁶¹ The parties were back before Cmr. Caesar on 4 November 1988 over AMH's 17 October termination of the agreement award. This second appearance marked the beginning of a lengthy period of intervention by the Commission.

In their joint submission, Borthwicks (effectively under AMH control) and MATFA argued that the Borthwicks award no longer applied to the Portland site, both because Borthwicks terminated it and as Thomas Borthwicks & Sons (Australia), to whom the agreement award applied, had been taken over by Thomas Borthwicks & Sons (Pacific) in 1985, and that Borthwicks (Pacific) had closed down the plant on 30 September 1988. The formal closure of the works on this date had effectively severed any application of the agreement award to either Borthwicks (Pacific), who was not named in it, or the employees, since there were none, as their employment had been terminated. Thus, argued Borthwicks (Pacific), since the Borthwicks award did not apply, the FMIA should apply to the site.⁶² The union countered that, since the Borthwicks award was an agreement award, only the original parties could terminate it. However, even if Borthwicks (Pacific) did have the right to terminate it, the conditions in that award should still apply until the Commission set it aside. The FMIA, however, would severely reduce the wages and

60. *Portland Observer*, 7 November 1988.

61. Report, Deputy President Riordan, 3 February 1989, pp. 3 and 4.

62. Outline of Submission for Thomas Borthwick & Sons to the AIRC, 4 November 1988. See also Decision of Commissioner Caesar, 18 November 1988, pp. 1 and 2.

conditions of the employees at Portland and would give the plant an unfair advantage in the industry, as its competitors did not operate under the same conditions.⁶³

Cmr. Caesar decided that, since the Borthwicks award was an agreement award, the Commission could not force either party to abide by its terms and conditions. He added that, if the union was not happy with the terms and conditions of whatever award was applied at Portland, it could pursue its own claim in the Commission. The applicants (Borthwicks (Pacific) and MATFA) claimed no void existed as other awards were available to them.⁶⁴ Cmr. Caesar's decision found in favour of Borthwicks, and left it entirely up to the parties to settle their differences 'in the proper manner'. The union took their claim back to the Commission on 14 December, with an application to have the Victorian Meatworks and By-Products Agreement Award 1978 (VMBA) varied to include Borthwicks at Portland, as a new member of MATFA.⁶⁵ The union argued that, since MATFA was the named respondent, all Victorian members of MATFA should be covered by the VMBA. The Commission, in a statement issued on 15 December, considered this to be "a roping-in application", and thus rejected it. Cmr. Caesar, however, recommended:

... that current practices carried out by the employers of meatworks labour in Victoria continues until any proceedings before the Commission require them to change. This recommendation applies to all employers of meatworks labour in Victoria including Borthwick Pacific.⁶⁶

Cmr. Caesar called on the union to notify the Commission of any problems which might exist at Portland, rather than trying "to achieve a new award" by roping-in Portland to an existing award.⁶⁷

Ironically, both parties claimed victory from the decision, and a new dispute broke out, over who had really won.⁶⁸ Within days, on 21 December, the matter was back before

63. Written Submissions of the AMIEU to the AIRC, on or around 12 November 1988. See also Decision of Commissioner Caesar, 18 November 1988, pp. 2 and 3.

64. Decision of Commissioner Caesar, 18 November 1988, pp. 3 and 4.

65. Report, Deputy President Riordan, 3 February 1989, p. 6.

66. Statement by Commission Caesar, 15 December 1988.

the Commission's Deputy President (D.P.) Riordan, following notification by the federal Minister for Resources of the existence of an industrial dispute between the two parties. The Minister became involved when federal meat inspectors, employed by the Minister's department, refused to cross the AMIEU picket line to meet a request by the company for meat inspection services at the plant.⁶⁹

The Full Bench of the Commission, after lengthy consideration, handed down a decision on 23 March 1989, in which it adopted a compromise position, rejecting both main arguments. The members of the Full Bench decided to adopt aspects of various agreement awards covering the varied activities of the Portland plant. The problem with adopting the union position was that it would require both the roping-in of Borthwicks and the updating of the VMBA to reflect previous National Wage Case (NWC) decisions. These NWC decisions had not been brought to the Commission, but had been dealt with 'in-house' by the various parties in the industry in Victoria through unregistered agreements. In a sense, then, Curran's own tactics of dividing one employer against another to drive up wages and conditions, adopted officially in 1979,⁷⁰ were backfiring on him in 1989.

On the other hand, the Full Bench rejected the FMIA option, because this award did not contain a sheep tally and because it too had fallen into desuetude. Consequently, the Full Bench decided to make a new award that could be used to rationalise the various awards in the industry and which took account of contemporary developments in wage fixation under the Accord, in particular the Structural Efficiency Principle. This new award would be based loosely on the Queensland Meatworks Industrial Agreement Award

67. Report, Deputy President Riordan, 3 February 1989, p. 6.

68. *Standard*, 15 and 16 December 1988, *Portland Observer*, 16 December 1988 and John Hughes, News Release: 'Arbitration Commission fails to support union', 15 December 1988.

69. Decision, Deputy President Riordan, 22 December 1988, pp. 1 and 2. (See F002CR DEC 1161/88 M Print H6365 - C No. 2337/1988.)

70. VMA Industrial Sub-committee, 'Minutes', 9 April 1979

(QMIAA), particularly in regard to beef tallies, and on the South Australian Meat Industry Agreement Award's (SAMIAA) sheep tallies. It chose the QMIAA, because the Queensland award conveniently applied to the other plants controlled by both Borthwicks and AMH even though it did not contain a sheep tally. The SAMIAA was useful because its sheep tallies had been created by consent between the AMIEU and MATFA.⁷¹

The Commission handed down the Thomas Borthwick & Sons (Pacific) Limited (Portland) Interim Award 1989 (Borthwicks award) on 13 June 1989. While it contained a number of major disappointments for both parties, the AMIEU was particularly bitter about the level of the tallies and about the award's greatly reduced wage rates. Both issues had been central to their argument concerning the application of the VMBA over the FMIA. Table 4-1, below, compares the tally sizes, both minimum and maximum, and wage rates, both daily and weekly, between the VMBA and the Borthwicks award.

Table 4-1: Comparison of Tallies & Wage Rates between VMBA & Borthwicks⁷²

Selected Job Classifications	VMBA Tallies	VMBA Daily Rates	VMBA Weekly Rates	Borthwicks Tallies	Borthwicks Daily Rates	Borthwicks Weekly Rates
Slaughtering – Sheep Minimum/Maximum	75 / 80	\$78.80 / \$111.20	\$394.00 / \$556.00	90 / 100	\$84.51 / \$94.81	\$422.55 / \$474.05
Slaughtering – Beef Minimum/Maximum	17 / 20	\$81.54 / \$102.33	\$407.70 / \$511.65	17 / 22	\$76.73 / \$101.78	\$383.65 / \$508.90
Boning – Mutton Minimum/Maximum	80 / 115	\$78.80 / \$145.22	\$394.00 / \$726.10	88 / 115	\$70.52 / \$113.39	\$352.60 / \$566.95
Boning – Beef Minimum/Maximum	48 / 69	\$78.80 / \$142.20	\$394.00 / \$711.00	46.24 / 69	\$70.52 / \$101.10	\$352.60 / \$505.50
Follow-on Labour – Sheep Minimum/Maximum	80 / 115	\$70.10 / \$90.05	\$350.50 / \$450.25	-	\$62.94	\$314.70
Follow-on Labour – Beef Minimum/Maximum	48 / 69	\$70.10 / \$90.05	\$350.50 / \$450.25	-	\$62.94	\$314.70
Fork Lift Driving	-	\$79.03	\$395.15	-	\$65.82	\$329.90
Time Working	-	\$73.24	\$366.20	-	\$62.94	\$314.70

71. Settlement of draft award, 22 May 1989, pp. 1-2. See also Full Bench Decision, 23 March 1989.

72. *Victorian Meatworks Agreement 1983*, as varied; AMIEU, 'Report of comparison between current Victorian processing wage rates and those wage rates applying at Portland Abattoirs', 12 January 1990,

As the above table indicates, there were, in certain instances, pay cuts greater than the feared \$100 per week. Table 4-1 also indicates that the tallies were increased, in certain instances, which made it doubly injurious to the union leadership and the members who had resisted the management offers to return to work under the FMIA. The VMBA contained a guaranteed minimum weekly payment, whereas the Borthwicks award contained no such guarantee and it also provided for a better employer Superannuation payment than the Borthwicks award.⁷³ Despite the poor outcome, the union recommended, on 14 June, that the picketers apply for work at the plant under this new award, with a view to winning their old wages and conditions back. However, a meeting of the picketers, on 15 June, rejected this recommendation in favour of returning to the picket line, which they eventually abandoned on 3 July 1989. Despite this futile late resistance, the plant returned to full production capacity in early July, under the reduced conditions won by AMH through the Commission.

Implication of AMH's victory at Portland

The result of these disputes for AMH was the restoration of managerial control over two of its beef plants. The Portland dispute, in particular, meant the union in Victoria, as well as at the national level, was weakened, even more vulnerable to a well-structured industrial campaign than the industry had believed. For the union it meant, any deliberate campaign in the industry must target AMH first, as this was the only company able to match or better its control of the labour process in the meat industry. For the industry, the Portland dispute meant the union could be defeated, although employers would need to develop and sustain a single, unified strategy over months or even years. If such a campaign could be sustained, the promise of higher tallies and lower unit costs for processing this through-put was already available, in the new Borthwicks' award.

While the relative isolation of the Portland plant gave AMH some degree of power in the dispute, in that the local community and local employees were highly dependent on the plant out of economic necessity, there were other factors at play that gave it similar power in other, less isolated disputes. The capacity for AMH to wage such a campaign over a protracted period owed much to its ability to shift processing of stock from one plant to another. Yet AMH's strategic advantages, particularly at Portland, allowed it to not only win the dispute on the ground but gain a new federal award that negated almost two decades of over-award bargaining by the AMIEU at the Portland plant. This, in turn gave AMH a considerable competitive product market advantage over other meat exporters in Victoria. This competitive advantage generated considerable distress among its competitors and within MATFA and the union.

Despite this detailed analysis of the Portland dispute, two very basic questions remain unanswered. First, why did AMH management target Portland, as opposed to one of AMH's seemingly more valuable assets in Queensland? Interviews with AMH senior management suggest the plant was simply an incidental part of the Borthwicks' purchase and that the TPC case created a need to salvage something from this deal.⁷⁴ The second, related question is, why did AMH management not simply shut the plant in 1988, instead of waging this bitter struggle, only to shut the plant less than a decade later? Again, interviews with AMH senior management suggest that, given it was the only Borthwicks' asset not covered by the TPC case, a genuine attempt to make the Portland plant profitable and, therefore, the Portland dispute was the fight AMH had to have. Given that AMH eventually shut the Portland plant in 1996, after just a few years operating on the new labour cost structure, this seems like the only compelling reason to initiate and sustain such a bitter dispute. It should not, however, be forgotten that the main objective in creating

73. AMIEU, 'Report of comparison of wage rates'. See also John Hughes, 26 February 1996.

AMH in 1986 was to overcome the chronic problem of over-capacity. Once the Queensland beef sector was again 'under control', after the bitter disputes at the larger AMH plants in Queensland between 1994 and 1996, the incidental or marginal plants, such as Portland, were no longer required. This capacity was then available through the larger, more modern and better structured Queensland plants.⁷⁵

Conclusion

From 1980, when a dramatic reduction in national stock numbers and drastically reduced US quotas combined to create a collapse in beef exports, the industry sustained a severe, long term crisis of over-capacity. Union attempts to prevent job losses through industrial action merely deepened the crisis. While numerous industry and government solutions to this problem of over-capacity emerged, none were successful, because the only real solution could come through a severe reduction in processing capacity, and this would mean both job losses and plant closures.

Thus, the crisis in the Australian meat processing industry was the product of earlier poor business decision making and poor public policy. The 'traditional' method of dealing with such crises, as after both World Wars, was to change the labour market regulatory regime, either through the introduction of a new award or the imposition of a new set of award conditions. The problem this time was that the entire export sector was operating under a technical control system which regulated the speed and skill of the production process, and under a bureaucratic control system which regulated both the substantive and procedural rules of work. After half a decade of crisis, the only way forward, for employers at least, was rationalisation of production capacity.

74. Personal Interview, Neville Tame, AMH Group Human Resource Manager, 17 August 2006.

75. Neville Tame, 17 August 2006.

In April 1986, the four largest processors in Queensland formed AMH, a joint venture holding company, to address the over-capacity crisis paralysing the beef sector of the industry. Primary producers, the union and other processors called it a 'cartel' that would exercise monopolistic control over the industry in Queensland. There was, however, little that could be done by its opponents to prevent AMH's formation. In January 1988, in an attempt to further rationalise the industry, AMH purchased the entire processing business of Thomas Borthwick's & Sons. By 1988, AMH controlled 30 per cent of Queensland and ten per cent of Australian beef processing capacity. This powerful market position enabled AMH to initiate its confrontational industrial relations strategies. It achieved these by instigating mass dismissals, leading to a lock-out that aimed at starving the workers into accepting lower wages and working conditions. The desired objectives were thus reduced labour costs and the decimation of the union's plant based structures, first at the Fitzroy River in Queensland and then at Portland in Victoria. Those victories then allowed AMH senior management to move to rationalise beef-processing capacity across what had been the four largest beef processors in Queensland.

While AMH's executive's primary aim was to address the over-capacity problem, particularly in Queensland, the overall outcome of this joint venture was the creation of an organization with enormous product market and industrial relations power. So powerful was AMH to become that it was soon capable of radically altering and controlling both the demand and supply sides of production as well as industrial relations in the industry as never before.

The Portland dispute was a display of unprecedented industrial power by a single meat industry company in this country and its outcome radically changed industrial relations in the meat processing industry. Despite its insignificance as a site of meat processing, Portland was a watershed dispute in the industry because it pointed to a whole new set of options for employers to regulate industrial relations conflict in the industry.

Before Portland, employers were increasingly constrained in their strategic choices, particularly in Victoria, due to severe product market and labour market pressures. The Portland dispute revealed greater strategic choices, within the labour market at least, particularly in controlling union militancy at the workplace. These could come through unregistered agreements and through strategies attacking the union in both the Commission and in the field.

Most particularly, for the industry's largest firms like AHM, there was the potential to use product market power in the service of industrial relations strategies. Here, the capacity to shift production between plants allowed AMH to gain all the advantages that militant employers could gain through combined action in an employer association but with none of the disadvantages related to cohesion. This appeared to signal a profound limitation on the AMIEU's workplace-level militancy.

Chapter 5:

MATFA, the VMBA Dispute and the emergence of enterprise bargaining in Victoria, 1986 to 1993

Introduction

The 1986 formation of AMH as a joint-venture holding company had represented the most radical departure from the traditional business structure of the Australian meat processing industry in more than 100 years. The goal behind AMH's formation was to overcome the most critical problem facing the industry, that of over-capacity. While its impact on over-capacity had not been immediately evident, the formation of AMH had produced several other benefits for the joint-venture partners. Most notably, its new economies of scale and scope had enhanced management's capacity to shift the pattern of industrial conflict through successfully attacking union power, particularly at their plants in Rockhampton in Queensland and Portland in Victoria.

Exporters and domestic processors alike were concerned by the Portland outcome, for it re-set the wage-effort bargain in Victoria to their disadvantage. To achieve a similar outcome and thus remove their new competitive cost disadvantage, the other meat industry employers refused to honour or re-negotiate all unregistered over-award agreements. They chose to carry out this strategy through MATFA.

While of marginal significance to MATFA at the time, AMH's victory at Portland generated considerable excitement among other processors in the state and the course of meat industry industrial relations shifted decisively as a result. MATFA itself concluded that if one firm could defeat the Victorian Branch of the AMIEU, then a

similar choice of strategy by the whole Victorian industry should have an even greater chance of victory. The decision to adopt this choice resulted in the Victorian Meat & By-products Award (VMBA) Dispute in Victoria which lasted between 1989 and 1992. This dispute became the most precipitous confrontation between capital and labour in the industry in more than 40 years as MATFA and its members sought to drive down wages and conditions across the industry. It also proved to be spectacularly ill-judged.

This chapter, in explaining the main processes at work in the VMBA dispute, focuses on the strategies in MATFA's unsuccessful attempt to achieve a similar outcome to that which AMH achieved at Portland. It particularly addresses the question; why after AMH's success at Portland, did the rest of Victoria's meat industry employers fail? In answering this question it highlights the issue of an undercurrent of disunity among employers under MATFA leadership. The answers provide a key to understanding the subsequent development of employer behaviour within meat industry industrial relations under a more decentralised bargaining structure, the focus of analysis in the later case study chapters of this thesis.

The changing industrial relations policy context, 1986-93

The immediate economic and political context continued to have a direct impact on the conduct of industrial relations in the Australian meat processing industry between 1986 and 1993, a period of continuing Federal Labor Government. The highly centralised industrial relations system of the first two Accords was under pressure by 1986, with the Federal Labor Government increasingly influenced by the arguments of a leading employer association, the Metal Trades Industry Association (MTIA), to

explore the concept later known as “managed decentralism”.¹ In September 1986, the Federal Labor Government sponsored the Work Practices Summit. The Summit had a dramatic impact on Government policy, with the Prime Minister, Bob Hawke, signaling an end to centralised wage indexation, one of the central tenets of the original 1983 Accord.²

The first major turning point in this process of institutional change was the Commission’s formal abandonment of centralised wage indexation in December 1986 and its March 1987 National Wage Case (NWC) decision to establish a two-tiered wage system linked to an agenda specifying reform of awards and workplace practices. This new wage-fixing system, in place from 1987 to 1991, came to be known as the “award restructuring phase” and it included a number of major elements affecting all sectors regulated under the federal jurisdiction. These included three new Accord agreements, the introduction of the *Industrial Relations Act 1988*, under which employers and unions could negotiate their own arrangements for wages and conditions, “subject to Commission wage fixing principle”, and a series of new Commission wage fixing principles.³

These new principles increasingly eschewed a centralised wage policy but, they maintained one of the central tenets of the original Accord, that of “no extra claims”.⁴ The Commission insisted that, where it varied an award to include a NWC decision,

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1. Peter Sheldon and Louise Thornthwaite, 1991, ‘The Metal Trades Industry Association’, in Peter Sheldon and Louise Thorntwaite (eds.), *Employer Associations and Industrial Relations Change: Catalysts or Captives?*, Allen & Unwin, Sydney, pp. 78-81.
 2. Sheldon and Thornthwaite, (Introduction), *Employer Associations*, p. 10.
 3. Braham Dabscheck, 1995, *The Struggle for Australian Industrial Relations*, Melbourne, Oxford Uni. Press, pp. 32-3; Sheldon and Thornthwaite, (Introduction), *Employer Associations*, p. 11; W.F. Mitchell, 1991, ‘Wages Policy and Wage Determination in 1990’, *The Journal of Industrial Relations*, 33 (1), p. 111; and W.F. Mitchell, 1992, ‘Wages Policy and Wage Determination in 1991’, *The Journal of Industrial Relations*, 34, 1, p. 158.
 4. Frank Stilwell, 1986, *The Accord and Beyond: The Political Economy of the Labor Government*, Sydney, Pluto Press, p. 164.

“the union undertakes that for a period of two years it will not pursue any extra claims, award or over award, except where consistent with the [NCW] Principles.”⁵ The principle, at the heart of these early Accords, was designed to maintain some semblance of control over wage-setting outside the Commission’s NWC decisions. The Commission sought agreement from unions that they would pursue no further wage claims in exchange for inclusion in the NWC decisions and second-tier pay increases.⁶ A particular target was strong, militant unions. This notion of ‘no extra claims’ would persist up until the introduction of enterprise bargaining in October 1991, but it was also one of the key causes of tension in industries with high-levels of union militancy, such as the meat industry. As we shall see later, MATFA eventually pressed the Commission to seek a commitment on the ‘no extra claims’ principle from the AMIEU and to discipline the union when it persisted in its Victorian campaigns for extra claims.

The initial reform agenda was based on the new Accord Mark III, which developed out of an agreement between the MTIA and the Amalgamated Metal Workers’ Union (AMWU).⁷ The Commission’s new wage fixing principle gave all workers a \$10.00 per week first tier pay rise. The second tier allowed for a further pay increase of up to 4 per cent, provided that unions and employers could prove to the Commission that they had implemented reforms on restrictive work and management practices, multiskilling and broadbanding of work classifications, reduced demarcation barriers and changes to award classifications.⁸ The complexity of the various existing federal meat industry awards meant the second tier appeared to be difficult to achieve.

5. AIRC, NWC Decision, September 1983. See also *AMIB*, 7 (1) 1984, p. 28.

6. Dabscheck, *Struggle for Australian IR*, pp. 32-3; A. Petridis, 1988, ‘Wages Policy and Wage Determination in 1987’, *Journal of Industrial Relations*, 30 (1), pp. 155-7.

7. Sheldon and Thornthwaite. ‘MTIA’, p. 78.

8. E.M. Davis and R.D. Lansbury, 1998, ‘Employment Relations in Australia’, in G.J. Bamber and R.D. Lansbury (eds.), *International and Comparative Employment Relations: A study of industrialised*

There were, potentially, major broadbanding concerns on both the slaughter-floors and the boning-floors, while employers for a decade had regarded the tally as a restrictive work practice, but one that the union would defend vigorously.

By the end of the 1980s, the national economy was starting to show signs of weakness and the Business Council of Australia (BCA), representing large employers, increasingly came to dominate policy debate about the shape and purpose of industrial relations. In 1989, an influential BCA policy publication argued that enterprise bargaining would improve business competitiveness, technological innovation, workplace and industrial harmony, and worker productivity and performance.⁹ Historically, the Commission had kept a close eye on the prevailing mood in the metals industry and, in this particular case, the MTIA was conspicuous among its peers in opposition to the decentralisation of wage fixing. The MTIA withheld its agreement to further decentralisation of Enterprise Bargaining until late 1990, just prior to the December NWC decision, when it reluctantly accepted some aspects of the new reforms, while still not fully convinced of the wisdom in abandoning the award system.¹⁰ However, by the end of 1990, some of the major industrial relations parties, including the Federal government and the ACTU, had reached substantial agreement on the need for a system that prioritised enterprise bargaining.

The Commission also remained unconvinced by these policy shifts and the developing policy consensus in December 1990. By the April 1991 NWC, the industrial relations landscape had again shifted. When the Commission reiterated its scepticism in its decision and refused further decentralisation, the political and policy pressures on the

market economies, Sydney, Allen & Unwin, p. 127-8.

9. Business Council of Australia, 1989, *Enterprise-based Bargaining Units: A Better Way of Working*, Melbourne, Business Council of Australia, pp. 8-9.

10. Dabscheck, *Struggle for Australian IR*, pp. 69-70; Mitchell, 'Wages Policy in 1990', p. 114-5;

Commission from the Government, ACTU and BCA were such that it reluctantly adopted enterprise bargaining as its new wage fixing principle in its October NWC decision.¹¹ The Commission indicated that it would return to its traditional role of focusing on setting minimum rates of pay and leave the parties directly concerned to determine the total rate of pay.¹² In 1993, the Federal Labor government formalised further change through the *Industrial Relations Reform Act* that now provided for a range of enterprise bargaining options, including, significantly, non-union Enterprise Flexibility Agreements. This opened up the potential for excluding trade unions from bargaining at the enterprise and workplace.

Meat industry employers, strategic challenges and industrial relations choice

These fundamental changes in the institutional arrangements that shaped award restructuring, together with the impact of the AMH victory at Portland, fostered major shifts in employer strategy and practice within the meat industry. A number of strategic choices confronted employers and their association in their relationship with the AMIEU, the level of trust within the industry and the strategies and processes for resolving conflict. As Kochan, McKersie and Capelli and Kochan, Katz and McKersie suggested for US employers, Australia's meat industry employers, particularly through MATFA, had, and implemented, strategic choices regarding their own preferences and behaviours in dealing with their internal and external environments.

On behalf of industry employers and its own organisational purpose, MATFA faced the need to deal with two key strategic priorities. Both priorities were intimately related, but also could be won or lost separately from each other. On the one hand,

Sheldon and Thornthwaite. 'MTIA', p. 82.

11. Mitchell, 'Wages Policy in 1991', p. 155-9.

AMH had successfully altered the wage-effort bargain in the Victorian meat industry through its victory at Portland. MATFA needed to respond to this external development, by seeking award restructuring within the Commission to alter the wage-effort bargain for its member companies. This suggested an institutional approach that combined pressure plus collaboration. Clearly this would not be easy, and was confounded by a second priority; the AMIEU was actively pursuing claims outside the Commission's 'no extra claims' principle. This also required MATFA's immediate response. This priority would ultimately call forth an adversarial, non-institutional approach, in direct response to the union's tactics. MATFA had to make strategic choices about how to deal with the downward competitive pull on wage rates resulting from the Portland decision and the upward push on wages resulting from both the Commission's two-tiered NWC decision and the union's extra claims campaigns. MATFA and its members chose the path of open, direct conflict in the field.

As earlier chapters pointed out, the bargaining strategies employers had used across the Victorian meat industry had for some time combined adversarial industrial and institutional approaches. Sequential changes under the Accord process changed the terrain for both approaches. The more centralised wage-fixing system of the early Accords had given more structure to bargaining, but also removed some flexibility from the process. The parties fought out the bargaining process, either through workplace level conflict – usually focusing on the utilisation and threat of sanctions – or through their representative organisations before industrial relations tribunals. Often the two approaches converged, overlapped or acted as a catalyst for each other. Central to the

12. Dabscheck, *Struggle for Australian IR*, pp. 70-4.

latter bargaining strategies were the bitter antagonisms between the AMIEU and MATFA.

MATFA reacted to these institutional changes by developing a range of adaptive strategies. This included adopting a more centralised industrial relations structure for itself in 1986, giving rise to a more monolithic set of industrial policies, particularly after the Commission issued its 'Restructuring and Efficiency Principle' in March 1987. By centralising industrial relations policy and strategy development within the national office, all of MATFA became fixated, it would seem, on the tactics of the Victorian branch of the AMIEU, the most aggressive branch of the union.¹³ As a result, between 1987 and 1992, Victoria became the major battleground for the union, MATFA and AMH through a series of struggles that would significantly change the conduct of meat industry industrial relations in Australia. As well, because the Victorian branch of the union appeared to be uncontrollable in the absence of the power and moral authority of the Commission, MATFA consistently opposed any and all forms of enterprise bargaining, favouring retention and reinforcement of the centralised wage-fixing regime.¹⁴

After the March 1987 National Wage Case, award restructuring became the principal mechanism for both MATFA and the AMIEU to pursue their differing strategic industrial agendas. For the union, the availability of a second-tier wage rise following the restructuring of awards provided considerable leverage in its ongoing struggle to improve its members' lot. For its part, on the other hand, MATFA insisted that second-tier wage increases could only apply if employers re-gained sufficient lost efficiencies to offset any pay rise. In his monthly report in March 1987, MATFA's

13. Interview with Bruce Overall, former senior manager and part-owner of Gilbertsons, 15 March 1996.

National Director of Industrial Relations, R.J. Burdis, listed what he saw as good starting points for these efficiencies: an examination of restrictive work and management practices; provision for multiskilling; and the removal of major demarcation barriers. These were all mainstream issues under the new Accord agreement and award restructuring. He challenged MATFA members to offer their own creative solutions, but there was little response.¹⁵

During this period, the no extra claims provision under the new wage fixing principle became the primary source of conflict between MATFA and the union. On 27 March 1987, the AMIEU gave the Commission a firm commitment that it would not pursue any extra claims after the application of the National Wage Case provisions. However, after the first-tier rise of \$10, the union immediately served a log of claims on Don Smallgoods in Victoria that went beyond the 4 percent allowable under the second tier.¹⁶ Shortly after this, the union served a number of other logs of claim on other smallgoods operators in Victoria that included the second-tier rise, but without providing for any ‘gains in productivity and efficiency’.¹⁷ This became the pattern for the union's Victorian branch.

MATFA's Industrial Committee developed an industry-wide strategy for use by the larger exporter members, such as Gilbertsons. For the purposes of this thesis, choice of strategies combined resistance to the AMIEU's use of award restructuring and “to better the competitive advantage of the industry in Victoria”¹⁸ by driving down wages and conditions across the industry. In authorising this campaign, senior managers of

See also MATFA justifications during 1984 and 1985 in *AMIB*, Vol.7 and 8 *passim*.

14. *AMIB*, Vol. 12, No. 6, 1989, p. 20.

15. *AMIB*, Vol. 10, No. 3, 1987, pp. 36, 42.

16. *AMIB*, Vol. 10, No. 5, 1987, pp. 16-18.

17. *AMIB*, Vol. 10, No. 5, 1987, p. 18.

18. Interview with Peter Greenham, Managing Director of Greenhams, 11 August 1995.

these member companies freely adopted the MATFA strategy of using legal processes and leverage from industrial confrontation to break the union's power. This campaign by MATFA members to establish a new, low wage award in Victoria became known as the 'VMBA dispute'. The union responded with a series of rolling stoppages at the participating employers' plants, being careful to avoid calling out the entire membership in the state at any one time.

Employers choice for industrial confrontation: the VMBA Dispute

Prior to 1989, most employers in Victoria had practised a type of active acquiescence to workplace-level union demands by including resulting improvements in wages and conditions in unregistered agreements.¹⁹ Companies such as Gilbertsons had handed over much of their primary bargaining responsibilities to the VMA during the 1970s and early 1980s. After 1986, MATFA took over that role. During the VMBA dispute, this delegation of responsibility to their association intensified. The VMBA dispute therefore intensified employer reliance on their association and the way this translated into new industrial relations objectives, policies and strategies.²⁰ It also produced a highly confrontational approach to the union.

The VMBA dispute started in July 1989,²¹ but followed in the wake of decisions by MATFA, meat employers and the Commission from late 1986 to mid-1989. The Portland dispute only helped create the conditions for the VMBA dispute, not the initial flash-point, which came from another process. In 1982, the Commission had altered the VMBA by agreement between the union and the VMA on behalf of the Victorian

19. Transcript of Meat Industry Inquiry, p. 2125 and 2127-2128. See also interviews with Malcolm Slinger, February 1995.

20. Transcript of Meat Industry Inquiry, pp. 2125, 2127-8; interviews with Malcolm Slinger, February 1995; Interview with George Gilbertson, Managing Director of Gilbertsons, 26 March 1996.

21. Letter from MATFA to Industrial Registry, 10 July 1989 (in union archives).

employers.²² In 1987, after disbanding the VMA, MATFA applied to have the 1982 amendments over-turned, arguing the VMA had not been authorised to reach such an agreement. MATFA, in turn, argued that the preceding award should apply. If accepted, this claim would have effectively returned employees to the 1982 award and forced them to suffer a loss of over \$70 per week in their pay. The union had, during this intervening period, advanced the interests of its members by reaching agreement with most meat employers in Victoria on a variation to the amended award (under section 28 of the 1904 Act).²³ When MATFA launched its appeal against the 1982 award variation, it also urged its members not to sign the s.28 agreement, viewing it as an ‘extra claim’.²⁴ The union stepped up its campaign on the s.28 agreement, applied for Commission ratification but began meeting employer resistance.²⁵ Despite assurances from most employers that they supported the application,²⁶ MATFA opposed registration of the agreement.²⁷ Instead, MATFA sought to break the union strategy of divide and conquer, and secure a new minimum rates award that more closely reflected wages and conditions in other states and the gains that AMH had recently won at Portland.²⁸

Union attention also turned to a reduction in working hours. In 1986, the union had approached MATFA to discuss the application of the 38-hour week.²⁹ First introduced into the metal industry in 1981, the 38-hour week gradually spread into most

22 *The Meatworker*, Autumn 1988, pp. 6-8.

23 *The Meatworker*, Autumn 1988, pp. 6-8.

24. *AMIB*, 7 (1) 1984, p. 28, 7 (2) 1984, p. 28, 7 (1) 1985, p. 41,

25 *The Meatworker*, Autumn 1988, pp. 6-8.

26. Letter from G.R. Gilbertson to The Secretary (Wally Curran) of the A.M.I.E.U., 9 December 1988 (in union archives). See also *The Meatworker*, Autumn 1988, pp. 6-8

27. *The Meatworker*, Autumn 1988, pp. 6-8

28. Sworn statement of Peter Greenham to Meat Industry Inquiry, p. 3 of written version, held by the Commission.

29. *AMIB*, 9 (4) 1986, p. 16 and 9 (5) 1986, p. 24.

private sector awards during the 1980s.³⁰ Having had no success with MATFA, in 1987, the union applied to the Commission for inclusion of the 38-hour week into the VMBA.³¹ On 23 March 1989, the Commission altered the VMBA to include a 38-hour week and the second-tier wage increase, but refused to accept the s.28 agreement. The introduction of the 38-hour week decision through the VMBA meant either a 19-day fortnight or a 5 per cent decrease in the tally in the VMBA.³² MATFA appealed against this, and also applied to include a ‘bans clause’ (“prohibiting any strikes promoted by the union and its officials”)³³ within the new minimum rates award that MATFA sought to have applied across the Victorian meat industry. On 14 September 1989, the Full Bench upheld MATFA’s application on the 38-hour week, and continued hearings into the minimum rates award application and the bans clause.³⁴ In the meantime, it showed every indication that it would not register the s.28 agreement. By this stage, the larger employers had also come to support MATFA’s position on all three issues, particularly against the union’s proposed s.28 agreement.³⁵ The union responded by instituting rolling stoppages on a 4-day week or 8-day fortnight, interspersed with occasional, longer stoppages.³⁶ This pattern, of employers refusing to re-negotiate the over-award agreements and pressing for the inclusion of a bans clause in a new minimum rates

30. R. Dixon, J. Freebairn and G.C. Lim, 2004, ‘An Employment Equation for Australia, 1966-2001’, Research Paper No. 892, Department of Economics, University of Melbourne, pp. 23-6.

31. *AMIB*, 10 (5) 1987, p. 20.

32. Jack O’Toole, ‘Implementation of 38Hour Week’, 12 December 1989.

33. Commonwealth of Australia, 1989, ‘Senate Hansard – Question without notice (Sen. McGauran to Sen Button)’, 24 October; ‘Letter to Company [Gilbertsons] employees’ 28 February 1990, Exhibit ‘1990-2’ in Meat Industry Inquiry.

34. Australia, ‘Senate Hansard – Question’, 24 October. See also Jack O’Toole, ‘Implementation of 38-Hour Week’, 12 December 1989.

35. G.R. Gilbertson, ‘Letter to Employees’ 2 August 1989. See also Senate Hansard, 25 October 1989 and Interview with Wally Curran, 21 February 1995.

36. ‘Number of Strike Days Lost at R.J. Gilbertson Pty Ltd’, AMIEU (Victorian Branch) Archives. See also ‘Number of Strike Days Lost at Gilbertson Group Services Pty Ltd’, AMIEU (Victorian Branch) Archives.

award, and the union implementing rolling stoppages created what became the VMBA dispute.

The MATFA campaign precipitated an unprecedented wave of strike action resulting in strikes on 23 percent of available work days, or some five months not worked due to strikes over two and a half years.³⁷ At the height of the VMBA dispute, in which AMIEU members carried out rolling stoppages on a weekly basis at most export meatworks,³⁸ MATFA sought to have the Federal Court de-register the Victorian branch of the AMIEU. Having precipitated the dispute in the field, MATFA now sought to save its members through the tribunal system. On 10 May 1990, however, MATFA agreed to a conditional stay of proceedings, principally because the federal Commission had established its Meat Industry Inquiry a month earlier.³⁹ Nevertheless, it continued with its militant industrial campaign.

MATFA and the Commission's Meat Industry Inquiry

Given the scale, duration, intensity and impact of the VMBA dispute, it is not surprising that it generated considerable concern within society, in the community, union movement, and at state and federal levels. On 7 March 1990, the ACTU was so concerned at MATFA's strategy and the employers' militant activism in their campaign to drive down wages and conditions, that it asked the President of the Commission to refer the various disputes, already before the Commission, to a Full Bench "on the basis that issues raised within them had important implications for the future of wage fixation

37. Transcript of Meat Industry Inquiry, pp. 2118-9, 2127; sworn statement of Peter Greenham to Meat Industry Inquiry, pp. 2-3; interview with Peter Greenham, August 1995; interviews with Malcolm Slinger, February 1995; interview with George Gilbertson, March 1996.

38. 'Number of Strike Days Lost at R.J. Gilbertson Pty Ltd', AMIEU (Victorian Branch) Archives. See also 'Number of Strike Days Lost at Gilbertson Group Services Pty Ltd', AMIEU (Victorian Branch) Archives.

39. AMIB, 13 (6), 1990, p. 43, and insert in AMIB, Vol. 13, No. 3, 1990, announcing establishment of national meat industry inquiry.

in the meat industry”.⁴⁰ The Full Bench, in turn, referred all these matters to Commissioner Harrison for investigation and report. In effect, the VMBA dispute directly influenced the Commission to establish Harrison C’s Meat Industry Inquiry,⁴¹ which ran from 9 April 1990 until the Full Bench’s decision on the future of wage fixation in the industry on 17 June 1992. In the meantime, on 12 September 1991, Commissioner Harrison submitted his report.

The Commission President, Justice Maddern, informed the parties that the inquiry would examine “the whole issue of award regulation in the industry” in a bid to settle the then 10-month old dispute⁴² (in reality nine separate disputes).⁴³ From the outset, MATFA argued that the Commission should establish an interim award similar to that operating at Portland, but Justice Maddern rejected this, instead suggesting that existing wages and conditions continued to apply during the inquiry.⁴⁴

The purpose of the inquiry was to investigate and report back to the Full Bench on the major issues raised in the various inspections and submissions. Harrison C. determined to inquire into “all aspects of the meat industry and Federal Award Regulation”, including consideration of “rationalising the number of Federal awards in the industry” ... “wages and conditions” ... and ... “systems of work, including the efficiency of the tally systems and the future impact of technological change.”⁴⁵ Thus, MATFA’s main objectives in the VMBA dispute became the principle area of investigation by Harrison C’s inquiry.

40. Meat Industry Inquiry Decision, p. 18.

41. *The Age*, 24 March 1990, ‘Commission Begins Inquiry to Settle Meat Industry Row’.

42. *The Age*, 24 March 1990, ‘Commission Begins Inquiry to Settle Meat Industry Row’.

43. Meat Industry Inquiry Decision, pp. 18-19.

44. *The Age*, 24 March 1990, ‘Commission Begins Inquiry to Settle Meat Industry Row’.

45. Meat Industry Inquiry Decision, pp. 18-19.

The Inquiry's inspection of 34 meatworks operations highlighted the high incidence of private agreements which had overlaid the award system, particularly the multiplicity of agreements in the slaughtering and processing sector. In August 1990, the Meat Industry Inquiry inspected operations and research facilities in New Zealand and in November 1990, the Federal government led a tripartite mission, including the AMIEU and MATFA, to Denmark, Germany and the United States to investigate those countries' meat industry industrial relations systems and production processes. Accompanying the findings of the tripartite mission were written and verbal submissions from the AMIEU, MATFA, the National Farmers' Federation (NFF), the Angliss Group and the Federal and Victorian Governments. The AMIEU and MATFA tendered a total of 191 exhibits.⁴⁶

As the representative body of organised meat employers, MATFA took a very active role in the Commission's Meat Industry Inquiry, where its submissions dramatically highlighted the gulf between MATFA and the AMIEU on even the most basic of propositions, including the nature of awards, pay rates and classifications.⁴⁷ Indeed the gulf between the MATFA and AMIEU submissions suggests that they were both engaging in exaggerated claims, with a view to having the Commission arbitrate the whole outcome. This seemed to fly in the face of arguments from both parties that co-operation and enterprise bargaining were the best ways to solve the industry's problems particularly its "appalling" level of industrial disputation.

The Inquiry soon revealed the industry's reputation for being the most disputatious industry in Australia. This reflected that divisions were not limited to the traditional divide between capital and labour. This traditional division was, clearly, of

46. Meat Industry Inquiry Decision, pp. 118-23.

the highest order, however, what seemed to set the meat industry apart were the very real divisions within the ranks of both capital and labour.

The Mudginberri dispute and the subsequent s.45D case in the High Court clearly illustrated that not all meat workers supported the AMIEU on some issues.⁴⁸ Also, although the union and the ACTU unequivocally argued for the retention of the tally system of payments, many meatworkers in some Queensland and Victorian plants subsequently accepted enterprise arrangements based on time work. Although this division over the accepted labour process did exist, the solidarity of labour within the industry, on the whole, was still very strong during the early 1990s. This cannot be said of the employers.⁴⁹

In its decision, the Full Bench recognised the divisions between the industry's employers, most evident over the tally system. MATFA, in its submissions to Harrison C., had argued that, although there were many deficiencies in this system of payments, it wanted its retention, but as an appendix in any new award. However, in its submission to the Full Bench hearings, MATFA argued that the "tally systems should be abolished and time work substituted therefore ..."⁵⁰. Both the Angliss Group and the NFF unequivocally urged the Commission to abolish the tally system in any new award. During the Full Bench hearing, other employer groups urged the Commission to retain the tally. Clearly the employers were divided on this issue.⁵¹

As a way of gaining some control over wage rates and bargaining patterns, throughout the public hearings and in written submissions to the Meat Inquiry, MATFA

47. Meat Industry Inquiry Decision, pp. 10-11.

48. J. Kitay and R. Powe, 1987, 'Exploitation at \$1000 per week? The Mudginberri dispute', *JIR*, 29 (3), pp. 365-400.

49. Meat Industry Inquiry Decision, *passim*.

50. Meat Industry Inquiry Decision, p. 3.

51. CCH, 'Meat Industry Inquiry', *The Australian Industrial Law Review*, 27 August 1992, p. 257. See

consistently argued that existing federal awards be regarded as paid, rather than minimum rates awards. Any adjustments to awards for local conditions was the place for enterprise bargaining.⁵² It also argued that the Commission should rationalise these paid rates awards into one, or a small number of, more general awards. These arguments had some limited success. In his June 1992 Inquiry recommendations, Commissioner Harrison indeed proposed the rationalisation of more than 50 existing awards into just three awards but these were to be minimum not paid rates awards. There was to be one for each sector of the industry (processing, smallgoods, retail shop butchers).⁵³ He also proposed that enterprise bargaining become the process for enterprise and workplace-level variations to these awards.⁵⁴

Another issue that indicated the divisions within the capitalist ranks was explanation of the causes of the industry's high level of industrial disputation. The NFF provocatively argued that one of the contributing factors was the heavy influence of the AMIEU and MATFA at the company level.⁵⁵ This reflected tensions between the NFF and MATFA since the Mudginberri Dispute, as NFF aggressively attempted to enlarge its involvement in industrial relations policy and processes within the processing sector of the industry and more widely. Primary producers saw the meat industry in a very different way to both MATFA and the AMIEU. The NFF had represented their position at Mudginberri and sought to represent their views in the Inquiry. In this, like its members, it had become a strong and vociferous proponent of radically decentralised industrial relations and anti-unionism.⁵⁶

also Meat Industry Inquiry Decision, pp. 53-60.

52. Meat Industry Inquiry Decision, pp. 25, 67.

53. Meat Industry Inquiry Decision, pp. 10-11.

54. Meat Industry Inquiry Decision, pp. 12-13.

55. Meat Industry Inquiry Decision, p.95.

56. K. Coghill, 1987, *The New Right's Australian fantasy*, Fitzroy, Victoria, McPhee Gribble/Penguin

The Full Bench, in handing down its decision, tended to favour the arguments of the employers over those of the union. In the Full Bench's one major concession to the unions, it followed Commissioner Harrison in deciding for minimum rates, as opposed to paid rates awards. On the other hand, it abolished seniority, the tally (except where it appeared in enterprise agreements) and daily hire, in favour of permanent weekly hire. In maintaining an industry-bargaining framework, the vehicles the Full Bench chose for these outcomes were to be three federal minimum-rates awards that Harrison had recommended. The Full Bench established a Consultative Council to negotiate the structure of the proposed new awards as well as their dispute settlement procedures.⁵⁷ Although the Full Bench directed that the new awards be operational by 1 January 1993, the Consultative Council deadlocked on several important issues, and failed to arrive at a negotiated decision.⁵⁸ In the meantime, enterprise bargaining had overtaken these efforts towards industry-level bargaining and regulatory strategies and processes, in each state leaving the Consultative Council largely redundant.

Changes to management personnel and policy at Gilbertsons, the largest meat processor in Victoria, provided a catalyst that led to a major breakdown in employer unity. Whereas MATFA had consistently supported centralised wage fixing and argued that an arbitrated statewide outcome was the only long-term solution for the industry (including the VMBA dispute),⁵⁹ Malcolm Slinger, the new Managing Director of Gilbertsons, opted for an enterprise-based solution. This had far-reaching implications.

The actual breakdown of MATFA's campaign came therefore, not through any failure in the Commission, but, as in most sustained multi-employer campaigns, through

Books, pp. 131-2. See also Meat Industry Inquiry Decision, p.95.

57. Leon Gettle, *The Age*, 18 June 1992, 'IRC Turns 50 Meat Awards Into Just Three'.

58. Personal communication, Leigh Archie, Deputy Industrial Registrar of the Commission in Queensland, 1992.

key individual members re-assessing and changing their strategy and other members following suit. In this particular campaign the first member to re-assess its strategy was G. & K. O'Connors at Pakenham. In October 1990, the union approached the company to discuss potential productivity-based agreements as a way to end the dispute and secure a pay rise for its members. MATFA had advised its members that they should not correspond with the union, so O'Connors resigned from MATFA and began discussions with the union.⁶⁰

Nevertheless, the first breakthrough was at Gilbertsons. In the wake of the purchase of 40 percent of the company by Simikin Bussan, a Japanese meat distribution company in late 1989, Gilbertsons' board of directors appointed Malcolm Slinger as Assistant Managing Director in December 1990.⁶¹ His brief was to restructure the organisation with a view to saving it from economic collapse as a result of the VMBA dispute.⁶² A fuller discussion of Slinger and his role appears in Chapter 7, the case study that focuses on Gilbertsons.

In comparison to his predecessors at Gilbertsons, Slinger took a very different industrial relations approach to bargaining and regulation. In early 1991, he personally contacted the AMIEU's Wally Curran with a view to reaching an agreed settlement to the dispute as it applied at Gilbertsons. This was a most unusual step in the industry, particularly in Victoria. It was a radical departure from more than two decades of reliance on MATFA (including the VMA) as the primary bargaining forum with the AMIEU.⁶³

59. AMIB, Vol. 12, No. 6, 1989, p. 20.

60. 'Rebel abattoirs 'sick of waiting'', *Stock and Land*, 6 June 1991, p. 3.

61. Interview with Malcolm Slinger, 28 February 1995.

62. Interview with Malcolm Slinger, February 1995.

63. Original document found in Victorian Branch of AMIEU archives.

Several other employers involved in the VMBA dispute soon joined Gilbertsons in working with the union to resolve the dispute. In March 1991 four other employers - O'Connors (which had been holding its own secret discussions with the union for several months), M. C. Herds, Bunge Australia and Brooklyn Consolidated Industries - began secret joint discussions with the union and the ACTU to resolve the dispute.⁶⁴ MATFA and other employers in the industry expressed anger and dismay when the secret negotiations, and the subsequent deals, were made public in late May 1991. Initially, they blamed the AMIEU for deliberately attempting "to undermine the meat industry inquiry" and the ACTU for "trying to legitimise a disreputable group in the meat industry, the Australasian Meat Industry Employees' Union".⁶⁵ Several expressed their commitment to maintaining the *status quo* until the making of a new award but, in the end, the rest of the industry followed the lead of the five breakaway employers.

One critical outcome of the now-public negotiations was the union's complete cessation of all strike action in Victoria from May 1991.⁶⁶ So, despite the anger and resentment of the other employers and MATFA concerning the secret deals, the whole industry benefited as a result of Slinger's and O'Connors' initiatives, the new strategic direction of the five employers and the cessation of the union's industrial campaign.

With the Commission's adoption of the Enterprise Bargaining Principle in October 1991, the way was clear for Slinger and Curran to formalise their negotiations within the tribunal system. On 17 November 1991, the Commission certified the first

64. Brian Clancy, 'Abattoir deal with union angers industry', *Stock and Land*, 30 May 1991, p. 3.

65. Clancy, 'Abattoir deal', p. 3.

66. Annual Returns of R. J. Gilbertson Pty. Ltd, 1993. The Board recognised that no strikes have occurred "in the Victorian industry since May 1991."

comprehensive enterprise agreement in the Victorian meat industry. Thus, Gilbertsons and its workforce were no longer parties to the VMBA.⁶⁷

Within a matter of months, facing up to the enormous losses they had incurred during the long struggle, and with no immediate sign of victory in sight, almost every other Victorian meat processor had abandoned the MATFA model and adopted the Gilbertsons model. Thus, the vast majority of agreements that the Commission certified in the weeks and months after the Gilbertsons agreement were very similar to it. By the middle of 1993, there were some 27 separate registered enterprise agreements in the Victorian meat processing industry. MATFA had had little or no input into any of them. The industry in Victoria subsequently experienced very low levels of industrial conflict until the late 1990s, when another dispute, again inspired by the outcome of an AMH dispute, seriously disrupted the industry.⁶⁸ It would therefore appear that, indeed, MATFA may have been the single greatest contributing factor to the protracted nature of the VMBA Dispute.

There are many reasons for MATFA's failure in the VMBA dispute. However there are three clear reasons that stand out as pivotal when compared to AMH's success at Portland. First, whereas AMH had isolated its Portland Dispute within a small, rural community and contained it to a single site, the VMBA dispute was too widespread. Second, while the AMIEU was unable to maintain internal discipline and enthusiasm at Portland, during the state-wide dispute the union quickly recognised that it was fighting for its very survival. Finally, AMH had had the economic power to maintain a

67. The agreement was entitled 'R.J. Gilbertson Pty Ltd and the Gilbertsons Group Services Pty Ltd and the Australasian Meat Industry Employees' Union Victorian Meat Processing Agreement 1992', and was certified by the Commission under the code number R0122 on 17 November 1991. However it was back dated to 9 November 1991.

68. Interview with Wally Curran, February 1995 and Interview with Malcolm Slinger, February 1995. See also Meat Industry Inquiry Decision, p. 10.

protracted and focused struggle at Portland since it could offset any loss of production through its other plants in Queensland and New South Wales.⁶⁹ Other Victorian employers did not have the capacity, or sufficient capacity, elsewhere to shift production and maintain output, markets, revenue and profits. This meant that industrial action created severe competitive disadvantages for those most committed to and exposed by MATFA's strategy. As a result, over time, some of these vacillated between MATFA's hard-line position and a more pragmatic, conciliatory approach. The inherent disciplinary problems associated with a dispute of this nature, particularly with the level and nature of MATFA's involvement, meant that a single internal solution was much more difficult.

MATFA, enterprise bargaining and the road to industrial peace, 1991-1993

Whereas the Commission's inquiry had attempted to resolve the meat industry's problems with industrial conflict through a more centralised bargaining structure, its October 1991 enterprise bargaining decision, in fact, appeared to have provided a lifeline for the dispute-ridden Victorian meat processing industry. Had the Meat Industry Inquiry recommendations born fruit, MATFA would have continued to play a central role, on behalf of employers, in the meat-industry industrial relations.

MATFA's position, particularly late in the Inquiry, reflected the reality of its failure in the all-out VMBA conflict with the AMIEU in Victoria. Faced with few other options, MATFA, in 1992, therefore adopted the Inquiry's recommendations regarding the three sectoral minimum rates awards plus enterprise bargaining. It then consistently presented this model to its members, particularly in Queensland. This was despite the fact that its Victorian members had already abandoned a single minimum rates award in

69. Personal Interview, Neville Tame, AMH Group Human Resource Manage, 17 August 2006.

favour of site-specific enterprise agreements based on the Victorian award.⁷⁰ It seems that, having lost the VMBA dispute and its leadership role in Victoria, MATFA was determined to maintain control of the main mechanism for industrial relations bargaining and regulation in the other states. To a degree, this position was only a minor variation on MATFA's long-held preference for centralised industrial relations in which it would hold central award-making responsibilities on behalf of the industry's employers.

However, the spread of enterprise bargaining in the Victorian meat processing industry resulted in the almost complete exclusion of MATFA from enterprise bargaining and other industrial relations activities, either at the operational or policymaking levels in that state. The initial reason for this exclusion in 1991-92 had been that MATFA's agenda did not include compromise with the AMIEU. Given the scale of losses suffered and the AMIEU's combative survival, compromise of some sort was inevitable. The way the MATFA leadership drew their implications of AMH's victory through confrontation at Portland and its exit from the Victorian award had shaped MATFA's specific goals for the rest of the industry in Victoria. However, following Gilbertsons' example, a constructive alternative avenue for compromise had appeared. Once the major meat processors began bargaining with the AMIEU and its workplace level representatives without MATFA, the Association's role as employers' principal industrial agent collapsed. Significantly, since then, most MATFA members have pursued their own industrial policies.

Conclusion

70. Interview with Greg Arnold, Manager, Human Resources, National Meat Association, Queensland Branch, May 1997.

By the late 1980s, the Victorian meat processing industry had been unable to deal with the wide gulf between the positions of MATFA and the AMIEU. The VMBA dispute reflected this quite clearly. Whereas the union's localised defeat in the earlier Portland dispute (1988-89) had resulted in the federal Commission creating a new award which favoured AMH's position, the subsequent VMBA dispute (1989-91) escalated to such a degree that no amount of third party intervention appeared capable of bringing the warring parties together.

MATFA's structural and policy changes during the mid-1980s and its loss of control of industrial relations in Victoria during the early 1990s are indicative of the impact of a number of important factors. First, there were the political shifts within Australia, most notably the changing nature of the Accords during this period. Second, there was the emergence of AMH within the context of persistent industry overcapacity. MATFA, in centralising its industrial relations program, adopted an industrially confrontational and aggressive approach to both the AMIEU and the political environment through its initiation of the VMBA Dispute.

The outcome of the VMBA Dispute appears to run counter to previously identified hypotheses, in that meat employers in Victoria undertook sustained coordinated industrial action at the state level for over two and a half years, yet failed to defeat the union. The principal contributing factors deciding the outcome of this dispute appear to have been the presence of a Federal Labor government highly sympathetic to the union and, at the same time, a major shift in union strategy away from state level action to local level action. Rather than calling all its members out at one time, the AMIEU leadership coordinated a sustained series of rolling stoppages in the export sector, calling different plants out on different days. Thus the dispute was not focused,

as MATFA had anticipated, but diffused. This enabled the union to utilise its strength at the local level, while still countering the employer action at the industry level.

As a result, MATFA chose to take a very active role in the Commission's Meat Industry Inquiry, established in direct response to the VMBA Dispute. The Inquiry ultimately produced a Full-bench decision with far-reaching implications. An important outcome of this inquiry was the public exposure of the sharp divisions within the meat processing industry, not just between labour and capital, but also between the various employers and between some employers and MATFA. Only after the Commission adopted the new Enterprise Bargaining Principle under the Accord did the parties find a way to end the conflict. The centralised bargaining system, very much an underlying assumption behind the inquiry, the submissions of the parties and the Full-Bench decision, failed the parties, but the new decentralised system opened the way for a resolution to the dispute. By the time the Commission handed down its decision on the Meat Inquiry in 1992, the regulation of conflict and employment relations in the Victorian meat industry had shifted to enterprise bargaining.

The actual breakdown of the MATFA campaign came, not through any failure in the Commission, but, through a failure of the employer association to maintain internal cohesion, as key individual members re-evaluated their strategy and other members following suit. By mid 1992, all Victorian processors had negotiated an accommodation with the union, delivering a fatal blow to the industrial relations function of MATFA in Victoria. Thereafter, as the next chapter explains, the union, encouraged by the ACTU, moved its struggle for enterprise agreements to the other states, and particularly Queensland, where AMH awaited.

Thus, the VMBA Dispute highlights inherent challenges facing wide-scale multi-employer industrial action by smaller employers compared to industrial action by

a single employer with the economic and production capacities of AMH. In the particular circumstances, AMH had all the advantages of multi-employer coordination with none of its weaknesses. It also clearly maps the moment at which centralised employer action was finally abandoned by Australian meat processors in general and Victorian processors in particular. At this point, MATFA lost its leadership role in the industry, on industrial relations matters at least.

While a decentralised bargaining system opened the way for settlement of the VMBA Dispute, its adoption was to again highlight the difference between AMH and the rest of the industry. Decentralised bargaining gave AMH further scope to pursue a more aggressive industrial relations strategy, particularly in Queensland. From that moment, AMH continued to increase in power and importance, while the other major processors began to lose significance.

In the circumstances, meat industry employers were confronted with a new set of strategic choices, particularly through enterprise bargaining which provided them more scope to re-arrange the wage-effort bargain. Thus the VMBA dispute and the subsequent enterprise bargaining settlements in Victoria revealed a greater array of strategic choices for employers to choose from. Initially, they had sought to attack the union in both the Commission and in the field. Subsequently, they shifted strategy to embrace direct bargaining at the enterprise level, rather than workplace level, with the union.

Chapter 6

Australia Meat Holdings, ConAgra and the Queensland and Victorian meat processing industries, 1990-2001

Introduction

In the previous two chapters, we saw how the emergence of AMH in 1986 created a major new dynamic in meat industry industrial relations. Unlike the other major employers in the industry, AMH had multiple large plants across several states, bringing it considerable economic resources, economies of scale and strategic and operational flexibility. When AMH fought the Portland dispute in 1987-88, it could move surplus processing capacity through its other plants, and thus sustain a protracted struggle with little disruption to its suppliers and customers.

In the previous chapter, we saw that, while of marginal significance to MATFA at the time, AMH's victory at Portland had spurred other processors in Victoria, and MATFA, to emulate AMH's Portland strategy with the expectation that they could thereby emulate AMH's success. MATFA itself had concluded that if one firm could defeat the Victorian Branch of the AMIEU, then a similar frontal strategy by the whole Victorian industry should have an even greater chance of victory. The subsequent and bitter failure of the MATFA strategy in the VMBA dispute between 1989 and 1992 perhaps indicated as much about the particular strengths of AMH, as the inherent weakness of the strategies employed by MATFA and the other employers in Victoria.

Foreign ownership also emerged as a significant industrial relations issue during the early 1990s. The foreign-owned, corporate dominance of the export sector had long had a significant effect on its industrial relations processes, given these companies' use

of their own approaches and policies. This intensified throughout the 1990s, particularly after 1990, when ConAgra, a USA-based multinational food processing company, began to take control of AMH. By 1996, ConAgra owned 100 percent of AMH, giving it control of the largest meat processing company in Australian history.¹

During the finalisation of ConAgra's take-over, AMH initiated a set of industrial actions at its Queensland plants, with a view to driving down their labour costs. The primary focus of this bitter confrontation fell upon the Fitzroy River plant in Rockhampton, where an intensely bitter series of strikes and lockouts endured for around 11 months, from September 1994. While disputes occurred at all AMH plants in Queensland, Fitzroy River is where AMH chose to take on the union and the existing wage-effort bargain through a frontal confrontation. The resulting intense level of conflict at Fitzroy River also largely overshadowed developments at other AMH plants. The Fitzroy River dispute therefore forms the basis of our understanding of the way AMH conducted its Queensland strategy.

This chapter will discuss and analyse the full power and strategy of AMH in light of the compromises forced on the other meat processors in Victoria. While Portland was a watershed for the meat industry, AMH's victories in Queensland in the 1990s were to prove to be of far greater significance.² The critical questions here regard how AMH exploited its labour market and product market positions to further drive down the wage-effort bargain, and the ultimate outcome of these strategies for the industry as a whole. The answers to these questions will help explain the two final chapters, the case studies on SBA Foods (formerly R.J. Gilbertson & Sons) and South

1. Lon Bram, 'AMH goes American and wins', in *Business Queensland*, January 1994, pp. 54-56. See also ConAgra History, <http://company.conagrafoods.com/phoenix.zhtml?c=202310&p=irol-history>, accessed 9 July 2006.

2. Interview with John Hughes, 26 February 1996.

Burnett Meat Works Co-operative Association Limited. These answers will also reveal the likely future of industrial relations in export meat processing. The rest of this chapter begins with an analysis of the political economy of the industry in the 1990s.

The political economy of the meat industry, 1990-2001

During this period, meat processing remained among Australia's more important export commodities although, by the mid-1990s, Australia had slipped from the largest, to second largest, meat exporter in the world.³ In 1999-2000, for example, the total value of meat exports from Australia amounted to almost \$4,500 million, representing around 4.6 percent of the value of all Australian exports. This made meat one of the five most valuable export commodities.⁴ Significantly, beef represented, in volume, over 70 percent but, in monetary value terms, over 80 percent of total meat exports. Once again, it is necessary to examine a variety of meat industry characteristics, including the product market and scale of the industry, its composition and the re-emergence of the over-capacity problem.

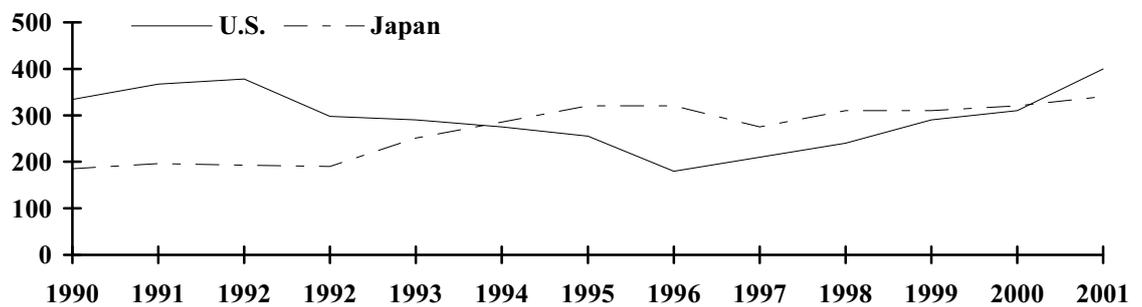
Graph 6-1 shows a continuation of the trend of relative decline in the US market and the rise in the Japanese market for Australian beef in the early to mid-1990s. By the beginning of the twenty-first century, however, the US market had once again become the major market for Australian beef. What continued to set Japan apart from the United States and other foreign markets was the type and value of its beef imports from Australia. The US continued to import primarily lower grade frozen beef while Japanese customers maintained their preference for higher-grade, chilled beef and veal. Graph 6-

3. Australian Meat & Live-stock Corporation, 1994, *Statistical Review*, see also C. W. Roberts, 1975, 'Queensland's beef industry', *Queensland Agricultural Journal*, 101(1), p. 48.

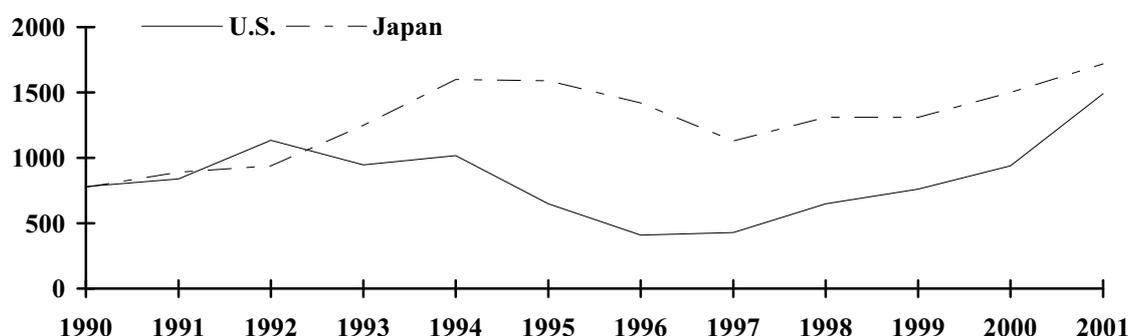
4. Australian Bureau of Statistics, 2001, *International Accounts and Trade: Merchandise exports and imports by commodity*, <http://abs.gov.au> (accessed 10 July 2006), pp. 1-5.

2 shows the relative value of the exports of Australian beef to both the US and Japan. When taken together with Graph 6-1, Graph 6-2 indicates the higher value of the beef exported to Japan, compared with that to the US. Despite their relative fluctuations, these two markets together represented over 80 percent of Australian beef exports each year.

Graph 6-1: Annual Quantity (000 Tonnes) of Beef Exports to US & Japan⁵



5. Unless otherwise indicated, all statistical information in this chapter comes from the AMLC, *Statistical Review of the Australian Meat & Livestock Industries*, Various Years, AMLC, Canberra. The horizontal axis refers to the year and the value of the vertical axis is for the variable described in the title below each figure.

Graph 6-2: Annual Value (A\$mil.) of Beef Exports to US & Japan

ConAgra and the changing face of the Australian meat processing industry

ConAgra represented the leading edge of a radical shift in the ownership and operation of the Australian meat processing industry. ConAgra had begun as Nebraska Consolidated Mills (NCM) when four flourmills combined to form a single corporation in 1919. After further expansion through taking over flourmills, NCM expanded its product range in 1942, to include the processing of animal feed and, in 1951, into the cake mix business. In subsequent decades, NCM broadened its focus to other more lucrative areas of food production, while also growing to become the largest individual distributor of grain in the United States of America.⁶

From the 1960s to the 1980s, NCM underwent a radical transformation of its core business activities, changing its name, in 1971, to ConAgra.⁷ In 1961, NCM moved into animal processing, with the purchase of a chicken processing plant in Georgia and, by 1990, the company had become the second largest chicken processor in the USA.⁸

6. ConAgra History, <http://company.conagrafoods.com/phoenix.zhtml?c=202310&p=irol-history>, accessed 9 July 2006.

7. ConAgra History, <http://company.conagrafoods.com/phoenix.zhtml?c=202310&p=irol-history>, accessed 9 July 2006.

8. W.D. Heffernan and D.H. Constance, 1994, 'Transnational Corporations and the Globalization of the

The next shift was into seafood processing, when, in 1970, it purchased the Stral Catfish Company, in Alabama and, by 1990, the company had become the largest seafood processor and the second largest catfish processor in the USA.⁹ In 1978, ConAgra acquired United Agri Products, an agricultural chemical distribution business. This pattern of diversification, through acquisition of established businesses, became ConAgra's standard method of expansion. Of the more than 70 branded products ConAgra marketed, it had acquired all but a handful after someone else had developed them.¹⁰

ConAgra strategically acquired a diverse, yet narrowly defined group of products and brands to develop an oligopsonistic enterprise without national boundaries. ConAgra's market size and share in a relatively focused set of related markets across the global food system enabled it to influence price structures in inputs markets, product markets and labour markets. Its meat processing business was an excellent example of this oligopsonistic practice.¹¹

In meat processing in the USA, ConAgra developed a considerable oligopsonistic position after 1985, despite only entering the meat-processing sector in 1983.¹² At the turn of last century, the four largest meat processors in the USA (often called 'packing houses' in the USA) were Armour, Morris, Swift-Hammond, and Schwarschild & Sulzberger.¹³ By 1972, the four largest processors were American Beef

Food System', in A. Bonanno, L. Busch, W. Friedland, L. Gouveia and E. Mingione, *From Columbus to ConAgra: The Globalisation of Agriculture and Food*, Kansas, University Press of Kansas, p. 37.

9. Heffernan and Constance, 'Transnational Corporations and the Globalization of the Food System', p. 37.

10. ConAgra History, <http://company.conagrafoods.com/phoenix.zhtml?c=202310&p=irol-history>, accessed 9 July 2006.

11. ConAgra History, <http://company.conagrafoods.com/phoenix.zhtml?c=202310&p=irol-history>, accessed 9 July 2006.

12. Bruce Marion and Donghwan Kim, 1991, 'Concentration Change in Selected Food Manufacturing Industries: The Influence of Mergers vs. Internal Growth', *Agribusiness*, Vol. 7, No. 5, p. 425.

13. L. Gouveia, 1994, 'Global Strategies and Local Links: The Case of the U.S. Meatpacking Industry',

Processors (ABP), Armour, Iowa Beef Processors (IBP) and Swift Independent Packing Company (Swifts).¹⁴ By 1987, ABP had gone into liquidation, Cargill had emerged as a significant meatpacker (through its subsidiary Excel), purchasing significant processing capacity throughout the 1970s and 1980s, while ConAgra had acquired both Armour and Swifts, along with Monfort, Val Agri and E.A. Miller.¹⁵

ConAgra then merged these diverse meat interests into two distinct subsidiary companies, one focused on pig meat and the other (trading as Monfort¹⁶) on beef.¹⁷ Along the way, it became the second largest beef processor and the second largest pork processor in the USA.¹⁸ By the mid-1990s, ConAgra emerged as one of the dominant corporations in the USA, developing an oligopsonistic position there. In 1997, ConAgra had a 22 percent share of all grocery products, a 25 percent share of all foodstuffs, feed and fertilizer, and a 53 percent share of refrigerated food sales, in the USA.¹⁹

ConAgra's global reach has also extended well beyond the USA. In the early 1990s, the corporation controlled 56 separate subsidiary companies, employing more than 58,000 people, in 26 countries, across a variety of almost exclusively agricultural commodities, including meat processing and livestock feed.²⁰ In 1992, ConAgra recorded \$16.2 billion (USD) in fresh meat sales worldwide (no doubt bolstered by its

in A. Bonanno, L. Busch, W. Friedland, L. Gouveia and E. Mingione, *From Columbus to ConAgra: The Globalisation of Agriculture and Food*, Kansas, University Press of Kansas, p. 127-8.

14. E.E. Davis, 1997, 'Packer Concentration – Non-fed Cow/Bull Slaughter', Texas Extension Agricultural Economics (Texas A&M) at <http://agecoext.tamu.edu/publications/beef/packer/packer.htm>, p. 2. Viewed 15 July 2006.

15. Davis, 'Packer Concentration', p. 2.

16. Gouveia, 'Global Strategies', p. 128.

17. ConAgra History, <http://company.conagrafoods.com/phoenix.zhtml?c=202310&p=irol-history>, accessed 9 July 2006.

18. Heffernan and Constance, 'Transnational Corporations and the Globalization of the Food System', p. 37.

19. P. McMichael, 1998, 'Global Food Politics', *Monthly Review*, 50, (3), pp. 104-5.

20. Heffernan and Constance, 'Transnational Corporations and the Globalization of the Food System', p. 45.

recent purchase of AMH), making it the world's largest combined processing and packing company.²¹

ConAgra's assumption of control of AMH in 1990 and 1991 was not straightforward, with some parties raising similar concerns to those raised during the formation of AMH in 1996. Rumours that the various AMH plants were for sale began circulating in late July 1990, although what form this sale would take was unclear.²² By 8 August, Elders publicly announced its intention to sell the entire AMH business as a single entity, which raised the perennial concerns of increased foreign ownership and market domination in the industry. The Cattlemen's Union argued that ConAgra's pending purchase of AMH would reduce both market competition and cattle prices,²³ and cut access to Japanese markets.²⁴ They called for a moratorium on foreign investment in the beef industry, concerned that ConAgra would take profits offshore, and that it "could also threaten to manipulate cattle prices in this country because of its worldwide beef marketing network".²⁵ Other domestic critics suggested beef producers should buy the AMH business instead.²⁶ For example, Queensland's Primary Industries Minister suggested that graziers collectively buy AMH, rather than calling for a moratorium, suggesting that the Queensland Government would not support ConAgra's interest in AMH.²⁷

By early September 1990, Queensland graziers were actively trying to raise sufficient funds to purchase a controlling interest (51 percent) of AMH before ConAgra

21. J. Brueggemann and C. Brown, 2003, 'The Decline of Industrial Unionism in the Meatpacking Industry: Event-Structure Analyses of Labor Unrest, 1946-1987', *Work and Occupations*, 30, (3), p. 336.

22. 'Elders to sell AMH abattoir', *The Morning Bulletin*, 31 July 1990, p. 1.

23. 'Abattoir sales bad for graziers', *The Morning Bulletin*, 12 September 1990, p. 7.

24. 'AMH sale data kept secret', *The Morning Bulletin*, 14 September 1990, p. 6.

25. 'Casey: Industry is safe', *The Morning Bulletin*, 10 August 1990, p.5.

26. 'Curb urged on investors', *The Morning Bulletin*, 8 August 1990, p. 5.

27 'Graziers told to buy AMH plants', *The Morning Bulletin*, 9 August 1990, p. 3.

did.²⁸ Within a week of making their plan public, the graziers had all-but conceded defeat.²⁹ Despite conceding defeat in September, in October, Queensland graziers managed to secure an equity-partner, the Dalgety Farmers Company, to bid for AMH. The graziers bidding war with ConAgra for AMH continued into 1991. A last ditch effort by a Queensland Federal Labor parliamentarian to block ConAgra's offer failed.

On 29 January 1991, the Foreign Investment Review Board approved the sale of AMH to a consortium including ConAgra (50 percent), Elders (45 percent) and the D.R. Johnston Group (5 percent), a joint venture subsidiary of ConAgra.³⁰ The deal included the meat operation of Elders IXL and Elders' entire brewing business. Importantly, it also included Elders Stock and Station agency business, including its livestock business and international wool operations.³¹ The D.R. Johnston Group, a joint venture subsidiary of ConAgra, obtained an additional 5 percent of AMH.³² By 1996, ConAgra owned 100 percent of AMH.

ConAgra's acquisition of AMH was a clear strategic move to acquire the largest and most vertically integrated beef business in Australian. At that time, AMH stood out from its major competitors in Australia, as the only major processor with both multiple (nine) abattoirs across three states and several (four) feedlots.³³ The Elders deal also meant ConAgra gained control of the largest livestock business in Australia.³⁴ This gave ConAgra (and AMH) an oligopsonistic position in the Australian beef cattle market. This process was entirely in keeping with the way ConAgra had been operating in the

28. 'Graziers urged to buy abattoirs', *The Morning Bulletin*, 4 September 1990, p. 5.

29. 'Cattlemen 'too late' to buy meatworks', *The Morning Bulletin*, 8 September 1990, p. 6.

30. 'Graziers discuss ConAgra move', *The Morning Bulletin*, 30 January 1991, p. 5.

31. Heffernan and Constance, 'Transnational Corporations and the Globalization of the Food System', p. 45.

32. 'ConAgra's yearly sales top \$15 billion', *The Morning Bulletin* (Rockhampton), 19 September 1990, p. 6.

33. *Feedback*, July/August 1991, pp. 16-22.

34. F. Vanclay, 1994, 'A crisis in agricultural extension?', *Rural Society*, 4 (1),

USA and elsewhere. In the USA, ConAgra had developed its beef and pork processing as a part of its expansion from a grain company, to a grain and feed corporation, and then to a transnational agri-business with control over multiple stages in the food system.³⁵ The attraction for ConAgra in the AMH deal was that, while it did not establish AMH's oligopsonistic position in product market inputs, nor establish its oligopsonistic labour market practices, ConAgra saw an opportunity to realise fully these positions in inputs markets and product markets, both in Australia and abroad.

ConAgra's economic strength on world markets produced significant industrial relations and labour market power as well. This would have major significance within a very short period in the Australian beef export sector. Like the other three big US processors, ConAgra's industrial relations practices and labour market power had changed the meat processing industry in the USA during the 1980s and would have a major impact on the Australian industry in the 1990s.

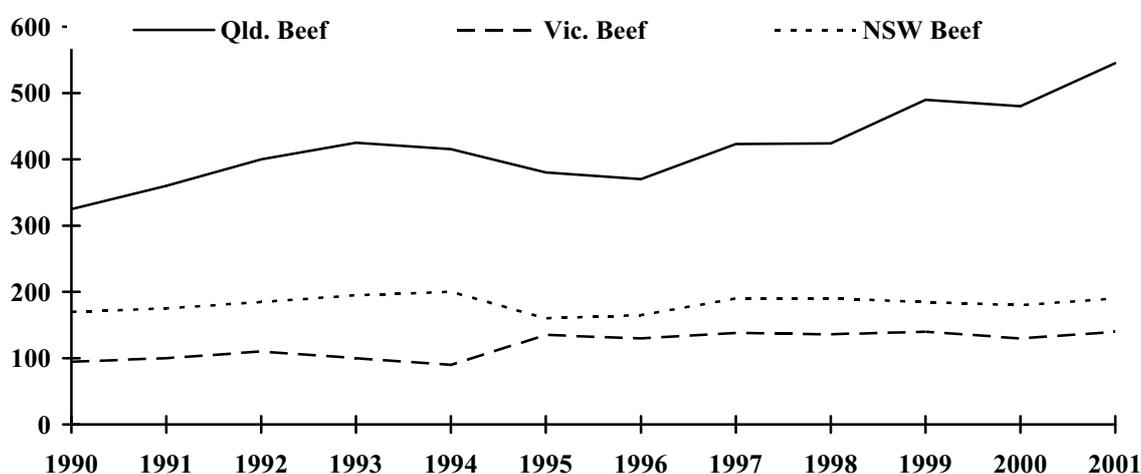
Over-capacity, the entry of ConAgra and emerging oligopsony

Previous chapters discussed the problem of over-capacity in detail and, in chapter 4, there was a suggestion that this long-standing problem had begun to recede due to AMH's rationalisation of its capacity and the slow recovery of beef exports. In the mid to late 1990s, however, the problem of over-capacity re-emerged, in a more localised way, particularly as a result of AMH's significant expansion in beef processing capacity in Queensland at the expense of less efficient processors in Victoria, NSW and Queensland. Graph 6-3 illustrates that, during the 1990s, processing of beef continued to stagnate in Victorian and NSW when compared to the significant growth of beef processing in Queensland. One industry leader suggested that AMH's

<http://www.csu.edu.au/research/crsr/ruralsoc/v4n1p10.htm>, viewed 7 December 2006.

successful competitive strategy was to increase its plants' capacities, reduce labour costs and pay higher cattle prices to capture an even larger part of the beef cattle market.³⁶ As AMH drove down its labour costs and increased its throughput through greater use of its existing capacity, it developed into an oligopsony³⁷ in the market for cattle. This had much to do with the entry of ConAgra as part- and later full-owner of AMH.

Graph 6-3: Beef Exported from Queensland, Victoria & NSW (000) tonnes



AMH clearly demonstrated the success of its oligopsonistic strategy by its growth in processing capacity from around 8.4 percent of the national kill in 1990 to around 13 percent by 2001. As a proportion of the export market, AMH's growth was even greater. At the same time, its closest Queensland competitors, such as Nippon Meat Packers and Consolidated Meat Group, experienced a marginal decline in their export share.³⁸ Some Victorian processors suggested that the success of AMH in

35. Gouveia, 'Global Strategies', p. 128.

36. Interview, Malcolm Slinger, 2 October 2001.

37. 'A market situation in which a limited number of buyers follow the leadership of a single large firm.' See <http://dictionary.reference.com/browse/oligopsony>, accessed 8 December 2006.

38. *Feedback*, March 1991 & September 2002.

reducing wage costs and introducing greater labour flexibilities into its Queensland plants in the mid-1990s resulted in Victorian cattle producers shipping their stock to Queensland for processing.³⁹ In response to this challenge from AMH, several large processors either closed their plants or undertook industrial campaigns to drive down wages to compete with AMH. Other processors faced a crisis in 1999. For example, South Burnett Meatworks Cooperative Association closed down as a result of “a lack of suitable stock”⁴⁰ and SBA Foods closed its large Altona North plant in September, again “due to lack of stock”.⁴¹ These plants form the successive case studies for the following two chapters.

As explained earlier, AMH’s aggressive industrial strategy covered all five Queensland plants, but was most intense at the Fitzroy River plant. The next section will briefly examine the history of the Fitzroy River plant. This will help explain why it became the epicentre for the Queensland struggle between ConAgra’s AMH and the AMIEU. In the meantime, the legislative framework regulating industrial relations in the meat industry continued to shift radically to advantage employers. The following section will discuss the changing Federal industrial relations legislative framework during this period.

The changing industrial relations policy context, 1990-2001

The previous chapter explained how the immediate economic, political and legislative context had a direct impact on the conduct of meat industry industrial relations, particularly during the early and middle Accord periods. This trend continued

39. *Feedback*, March 1996 & September 2000. See also Personal interview with Malcolm Slinger, September 2001.

40. *Feedback*, September 2000, p. ii.

41. *Feedback*, September 2000, p. viii.

to be the case between 1990 and 2001, a period where radical changes occurred under both the Federal Labor Government and then under the Federal Liberal-National Coalition (Coalition) Government when it took power in early 1996. The introduction of what became known as ‘managed decentralism’ and award restructuring were hallmarks of the middle period of the Accord but, as the previous chapter explained, the Commission’s October 1991 adoption of its Enterprise Bargaining principle had significant, immediate ramifications on the bargaining and regulation processes of meat industry industrial relations.⁴² This impact was to be a continuing one.

In December 1993, the Federal Labor Government formalised and extended the reforms it had been developing through the Accord process with the *Industrial Relations Reform Act 1993* (the IRR Act). What set the IRR Act apart from previous legislative arrangements was that, for the first time since 1904, the Commonwealth asserted constitutional power over industrial relations through both its Corporations Power and External Affairs Power, effectively expanding the Commonwealth’s scope on regulating industrial relations, particularly unfair dismissal and its enterprise bargaining reform agenda.⁴³ The IRR Act gave specific certification powers to the Commission in relation to enterprise agreements and, controversially, expanded the range of such agreements to groups of workers without effective union coverage, through non-union Enterprise Flexibility Agreements (EFAs). This opened up, for the first time in the history of the Federal arbitration system, space for the determination of a non-union bargaining stream in competition to union led bargaining and regulation.⁴⁴

42. Braham Dabscheck, 1995, *The Struggle for Australian Industrial Relations*, Melbourne, Oxford University Press, pp. 69-74. See also Peter Sheldon and Louise Thornthwaite, (eds.), 1991, *Employer Associations and Industrial Relations Change: Catalysts or Captives?*, Sydney, Allen and Unwin, pp. 78-81.

43. Robert Reitano, 1994, ‘Legislative Change in 1993’, *JIR*, 36 (1), pp. 59-60.

44. Reitano, ‘Legislative Change in 1993’, pp. 66-7.

As we shall see below, AMH unsuccessfully attempted to use this provision during its dispute with the AMIEU in Queensland. Despite failing to secure an EFA, AMH successfully used other provisions of the IRR Act to drive down the wage-effort bargain in Queensland between 1994 and 1996, much as it had under award restructuring in Victoria in the late 1980s.

The industrial relations reform agenda radically changed once more, with the election of the Coalition Government in March 1996. The electoral victory of the Coalition ended the Accord process. The Coalition marginalised and even demonised the ACTU and union movement and gave much greater influence over industrial relations reform to employers and their organisations. Within 10 months, the 1996 WR Act replaced the 1993 IRR Act. The 1996 WR Act took industrial relations decentralism a step further, from a co-ordinated flexibility model endorsed by Labor to a more fragmented approach.⁴⁵ It restricted the role of the Commission “by prescribing and subscribing it more closely”⁴⁶ and introduced the compulsory process of award simplification (or stripping) - a process that reduced award making to a minor part of the Commission’s work. As well, the WR Act significantly expanded the scope for non-union enterprise agreements, including the introduction of individual non-union agreements called Australian Workplace Agreements (AWAs),⁴⁷ restricted the role and

45. S. Deery, D. Plowman, J. Walsh & M. Brown, 2001, *Industrial Relations: A Contemporary Analysis*, Sydney, McGraw-Hill, pp. 250-3. See also G.J. Bamber & E.D. Davis, 2000, ‘Changing Approaches to Employment Relations in Australia’, in G.J. Bamber *et al* (eds.), *Employment Relations in the Asia-Pacific: Changing Approaches*, Sydney, Allen and Unwin, p. 38.

46. M. Gardner and J. Palmer, 1997, *Employment Relations: Industrial Relations and Human Resource Management in Australia, Second Edition*, Sydney, Macmillan, p. 40.

47. M. Lee, 1997, *Bargaining Structures under the Workplace Relations Acts*, M. Lee and P. Sheldon (eds.), *Workplace Relations: Workplace Law and Employment Relations*, Papers from the Conference held by the Centre for Research on Employment and Work (CREW), Brisbane, pp. 39-41. See also E.M. Davis & R.D. Lansbury, 1998, ‘Employment Relations in Australia’, in G.J. Bamber & R.D. Lansbury (eds.), *International and Comparative Employment Relations: A Study of Industrialised Market Economies*, Sydney, Allen and Unwin, p. 138.

scope of industrial action, and restricted the role of unions in the workplace and in agreement making.⁴⁸

MATFA, AMH and the beginnings of the “new” enterprise bargaining in Queensland

Although the Federal Labor Government trumpeted the enterprise bargaining agreements that flowed from the VMBA dispute as landmark agreements that would change the direction of meat industry industrial relations nationally, many employers initially saw them simply as a means for settling the long-running, bitter and for them, unsuccessful VMBA dispute that they had initiated. They took the view that the union had simply succeeded in dividing employers once again, on its terms, and that the outcomes were very poor examples of agreement making.⁴⁹

However, not all meat processors saw this early phase of enterprise bargaining as a failed experiment. Several processors subsequently saw the Victorian agreements in a far more positive light. A 1995 consultancy report for the Federal Department of Industrial Relations found significant optimism among the Victorian processors involved in this process. Senior executives and Industrial Relations Managers in some of the larger processors in Victoria interviewed by the consultants claimed that productivity had increased because of the early agreements. Others highlighted a significant improvement in workplace culture and still others identified a “momentum

48. M. Mourell, 1997, ‘Trade Unions: their future under the acts – The Workplace Relations Act – problems and opportunities for trade unions’, M. Lee and P. Sheldon (eds.), *Workplace Relations: Workplace Law and Employment Relations*, Papers from the Conference held by the Centre for Research on Employment and Work (CREW), Brisbane, pp. 109-15. See also M. Lee, 1997, *Bargaining Structures under the Workplace Relations Acts*, M. Lee and P. Sheldon, (eds) *Workplace Relations: Workplace Law and Employment Relations*, Papers from the Conference held by the Centre for Research on Employment and Work (CREW), Brisbane, pp. 33-4 & 40-1, and Gardner and Palmer, *Employment Relations*, p. 40.

49. Fellows Medlock and Associates, 1995, ‘Review of progress in workplace reform in the export meat processing sector’, Commissioned by Federal Department of Industrial Relations, p. 32. See also, Interview with Neville Tame (AMH), November 1996.

for change” as the main benefits of the early 1990s agreements. These companies looked to the next round of bargaining, in 1995, as an opportunity to both build on the successes of the first round agreements and advance the reform process.⁵⁰

Nevertheless, it was the initial pessimistic assessments that appear to have influenced meat processors in other states, particularly in Queensland. They were, therefore, reluctant to follow the path the Victorians had taken. This did not mean the Queensland processors shied away from enterprise bargaining, but they did approach it from a different angle. Rather than attempting to break the union, as had occurred in Victoria, MATFA in Queensland sought to utilise the Consultative Council established as part of the 1992 Meat Industry Inquiry decision. On 23 April 1993, after initial hints at enterprise bargaining at AMH,⁵¹ MATFA called a conference with the union to establish the terms of reference for the parties to begin enterprise bargaining.⁵²

While MATFA was attempting to organise an industry-wide framework for enterprise bargaining with the union, AMH began its own process of implementing enterprise bargaining. The initial approach came, it would seem, from the Queensland branch of the AMIEU, through its various works committees.⁵³ From the outset, the union sought to manage the process at the plant and local levels. Only after this local campaign stalled did the Federal office step in to force a more co-ordinated and deliberate approach.⁵⁴ In the interim, between when AMH received the overture from the union, and when the more deliberate campaign began, MATFA established a set of

50. Fellows Medlock and Associates, ‘Review’, pp. 34-5.

51. Letter from John Hughes to AMIEU, 5 March 1993.

52. Overview of Conference on 23 April 1993, found in AMIEU archives, Victoria. In possession of author.

53. Interview, Rod Meikeljohn (AMIEU Industrial Officer), August 1995. Also, Interview with AMIEU workplace delegate, Beef City plant, September 1995 (name withheld at interviewee’s request)

54. Interview with Rod Meikeljohn (AMIEU Industrial Officer), August 1995.

terms of reference for enterprise bargaining, but then lost momentum, presumably, because its own members kept looking to AMH for leadership on the issue.⁵⁵

The other employers, for fear of losing their competitive advantage, should AMH win better wages and conditions, stalled their negotiations until AMH made an agreement.⁵⁶ In the meantime, the Queensland AMIEU branch's two-year, plant-level campaign brought the union no success. In the face of intense employer reluctance, the AMIEU in Queensland came under increasing pressure from the ACTU to make progress on enterprise bargaining. On 15 August 1994, Jenny Doran, the ACTU industrial officer assigned to the meat industry, sent a memorandum to the national executive of the AMIEU stressing the "urgent need to progress enterprise bargaining in the meat industry".⁵⁷ The memorandum, under the authority of ACTU President, Martin Ferguson, and Secretary, Bill Kelty, indicated, "The failure to negotiate agreements with the major export works in Queensland is having a detrimental effect".⁵⁸ Most problematic were delays in the negotiations of a national agreement with Smorgons, the renegotiation of the Victorian agreements and the progress on a new federal award. The memorandum pointed out that the 1993 IRR Act provided the union with "the mechanism for an industrial campaign to achieve an agreement".⁵⁹ Doran offered to present a model campaign proposal to the union's Federal Council meeting on 7 September 1994.⁶⁰

To advance enterprise bargaining in Queensland, on 7 September 1994, the AMIEU Federal Council adopted "a spearhead campaign against AMH who [were]

55. Interview with Rod Meikeljohn (AMIEU Industrial Officer), August 1995.

56. Interview with John Hughes, September 1996.

57. ACTU, "Memorandum", 15 August 1994, p. 1.

58. ACTU, "Memorandum", 15 August 1994, p. 1.

59. ACTU, "Memorandum", 15 August 1994, p. 1.

60. ACTU, "Memorandum", 15 August 1994, p. 2.

determining the industrial strategy for employers”.⁶¹ To strengthen the campaign, the Federal Council asked Wally Curran to assist the Queensland branch in the campaign against AMH, because of his experience in industrial campaigns (particularly with AMH).⁶² AMH management, however, concluded that Curran’s direct involvement, in what was essentially a Queensland branch campaign, was a chance for him to settle the score with AMH and John Hughes over the Portland dispute.⁶³ The Federal Council directed Tom Hannan, Federal Secretary of the AMIEU, to coordinate the campaign, with a view to taking the campaign to the national level once AMH was defeated. The Federal Council also accepted the offer of ACTU assistance, were the campaign to end up in the Commission, on the proviso that this assistance did “not constitute intervention in any branch”.⁶⁴ The Queensland branch formally endorsed the Federal Council’s spearhead campaign on 23 September 1994.⁶⁵

The spearhead campaign against AMH had an immediate impact on the stalled enterprise bargaining campaign in Queensland. On 17 September 1994, six days before the Queensland branch formally endorsed the Federal Council’s spearhead campaign, in a move that mirrored its successful strategy at Portland (to shift the fight first to the Commission); AMH publicly announced it was resigning from MATFA.⁶⁶ AMH believed that by resigning from MATFA it would effectively be award-free, as MATFA

61. AMIEU, ‘Minutes of Federal Council Meeting’, 7 September 1994, p. 6.

62. AMIEU, ‘Minutes of Federal Council Meeting’, 7 September 1994, p. 6.

63. Interview with John Hughes, September 1996. It should also be noted that Wally Curran suggested as much in an interview in March 1995.

64. AMIEU, ‘Minutes of Federal Council Meeting’, 7 September 1994, pp. 6-7.

65. AMIEU (Queensland branch) ‘Resolution’, 23 September 1994, (found in AMIEU Victorian Branch archives).

66. Department of Industrial Relations, ‘Chronology of minimum rates award campaign’, (AMIEU Victorian Branch archives).

was the principal respondent to all the federal awards covering its Queensland plants, and that the company was only a respondent by virtue of its membership of MATFA.⁶⁷

The question of federal award responsibility, at the heart of this phase of the AMH campaign, was not at all straightforward. Three of AMH's Queensland plants, Beaudesert (near Brisbane), Beef City (near Toowoomba) and Dinmore (near Ipswich), operated under the *Queensland Meatworks Industrial Agreement-Award, 1983*, whereas the *Queensland Meatworks Metro Meat (Peterborough Ltd and Others) Award, 1984* covered the Fitzroy River plant. AMH claimed that it was not a respondent to these two awards, as they were binding on MATFA on behalf of certain named members (the original owners of the plants, not AMH, were named), and was not a party to the relevant dispute finding. The Stuart plant (near Townsville) operated under the *F.J. Walker Meatworks Industrial Award, 1976*. AMH had purchased this plant from F.J. Walker Ltd (a named respondent) in 1991, but claimed that there was no transmission of business, within the meaning of the *Industrial Relations Act 1988*.⁶⁸

To reinforce this stand, AMH lodged a claim in the Commission on 17 October 1994 "for a minimum rates award to cover all its abattoir operations".⁶⁹ The union responded by applying, on 15 and 21 November 1994, to have the Commission make interim awards covering the various AMH Queensland plants. Boulton J. heard the various arguments on the matter during November and December 1994, and on 31 March 1995, he decided that the Commission would make interim awards to apply to the AMH plants in both Queensland and Victoria (Portland). These would be in similar terms to the relevant awards that had applied prior to 17 September 1994 and would

67. DIR, 'Chronology'. See also, Interview with John Hughes, September 1996.

68. DIR, 'Chronology'.

69. AMH, *Employee News*, 17 October 1994

have for a duration of 12 months.⁷⁰ On 6 April, the Commission made the *Australia Meat Holdings Pty Limited – Beaudesert, Beef City and Dinmore Abattoirs – Interim Award 1995*, the *Australia Meat Holdings Pty Limited – Stuart (Townsville) – Interim Award 1995*, and the *Australia Meat Holdings Pty Limited – Rockhampton Abattoir – Interim Award 1995*. While this process was under consideration by the Commission, both AMH and the union pursued an alternative strategy to secure an outcome under the enterprise bargaining provisions of the 1993 IRR Act.

On 23 September 1994, less than a week after AMH resigned from MATFA to precipitate the award process discussed above, the Committee of Management of the Queensland branch of the AMIEU formally endorsed and adopted the Federal Council resolution on a spearhead campaign against AMH. Nevertheless, it is important to note that the Queensland Committee of Management was cautious about the establishment and involvement of a National Coordinating Committee in this spearhead campaign against AMH. The Queenslanders preferred to rely “on plant organisation and the workers’ commitment in (sic) already in place”.⁷¹ There was a clear preference to rely on the well-established strategy of local action. To assert their independence in this matter, the Committee of Management called on “the National Coordinating Committee to endorse a campaign in this state of a four day week campaign with stoppages resulting from that campaign to take place on each second Friday and Monday”.⁷² The similarities to the AMIEU Victorian Branch strategy during the VMBA dispute are obvious. Members at the plants in dispute were to negotiate any changes to the

70. Boulton J., ‘Decision’, Dec 764/95, 31 March 1995, p. 16.

71. AMIEU (Queensland branch) ‘Resolution’, 23 September 1994, (found in AMIEU Victorian Branch archives).

72. AMIEU ‘Resolution’, 23 September 1994.

frequency of the stoppages. This local independence would prove to be detrimental in the end for union members at the Fitzroy River plant.

In the two years between the conclusion of the Commission's Meat Industry Inquiry in June 1992 and these developments in September 1994, enterprise-based bargaining action had occurred at the five Queensland AMH plants, but without bringing any success. At the Beef City plant, for example, local union delegates engaged management, at both the plant level and at the corporate level, in bargaining activity. Face-to-face and telephone conferences with management and consultation with the workers on site continued for much of this time. By September 1994, management and the union had created, discussed and then, for a variety of reasons, abandoned eight different drafts of an agreement. On several occasions, management agreed to trial the new arrangements, to evaluate whether they met both management and employee objectives, but on each occasion management terminated the trials and rejected the agreed outcomes. AMH management appeared to be using a competition/avoidance negotiation strategy. Management wanted to cut labour costs, a very unpopular move, and so sought to dominate or control the agenda, strictly avoiding reaching an agreement with the union. They knew that if they avoided agreement long enough, union members would eventually take industrial action, thus allowing the dispute to go to the Commission, where they had won the Portland dispute. If this failed, management could then lock the unionists out and achieve lower labour costs with non-union labour and strikebreakers.⁷³

By September 1994, worker frustration was high, and long-term industrial action was widely regarded in the industry as inevitable. While having largely left negotiations

73. Richard Dunford, 1992, *Organisational behaviour: an organisational analysis perspective*, Sydney,

to the individual plant organisations, the Queensland branch executive had coordinated the various negotiations and found that the story was similar at the other four Queensland AMH plants. Therefore, when the executive endorsed a more direct campaign, the membership was highly receptive and committed to it.⁷⁴

The union strategy combined the eight-day fortnight with a claim for an upfront 4.5 percent wage increase before bargaining could begin. The union also demanded a wage increase of 14 percent as part of the enterprise agreements. On 23 September 1994, the union notified AMH of the initiation of an official bargaining period, under the 1993 IRR Act, and lodged its claim for a 14 percent wage increase.⁷⁵ On 30 September, the union notified AMH of its intention to take industrial action at the five Queensland AMH plants, and on 3 October, the first strike took place. The first industrial action involving an eight-day fortnight took place on 14 and 17 October.

AMH countered by challenging, in the Commission, the validity of both the Notice of Initiation of Bargaining Period and the Notice of Intention to Take Industrial Action, maintaining that the strikes were not protected action under the 1993 IRR Act.⁷⁶ Management also wrote to its workforce on 17 October outlining its position. John Hughes, General Manager – Abattoirs Industrial Relations & Personnel, stated in the company's *Employee News* that AMH intended pursuing a set of minimum rates awards, as outlined above, and "has made a total commitment to achieve enterprise agreements in all its abattoir operations".⁷⁷ However, Hughes also wrote that AMH

Addison-Wesley, pp. 225-7.

74. Interview with AMIEU delegate 1994 (name withheld at interviewee's request). Also, copies of all eight drafts of the Beef City agreement, accompanied with attending documentation, in authors possession.

75. Letter from McCrea Jones Solicitors, acting on behalf of AMH, to the Registrar of the AIRC, 17 October 1994, p. 5.

76. Letter from McCrea Jones Solicitors, acting on behalf of AMH, to the Registrar of the AIRC, 17 October 1994, p. 5.

77. AMH, *Employee News*, 17 October 1994, p. 2.

required productivity improvements to remain competitive and was pursuing remedies against the union's industrial action in the Commission. The newsletter concluded with a veiled hint of the company's future attitude, "strikes of doubtful legality called by your union will only hinder that process".⁷⁸ As well, AMH acted in a rather predictable manner when it decided not to enter into any form of enterprise negotiations, so long as there was the use of, or even threat of, strike action against it.⁷⁹

By December 1994, it was apparent that the dispute would take on a far more serious tone as the union persisted with its eight-day fortnight across the AMH plants and AMH continued to refuse to negotiate whilst this action was going on. For its part, AMH management in December retaliated by reducing shift Tallies from the existing maximum tally to the minimum allowable under the interim awards. The effect of this was that senior management introduced a second shift at most plants, also at minimum Tallies, to maintain throughput. The only exception to this was the Stuart plant in Townsville, where its award had never allowed for minimum Tallies. This management tactic was unusual in that it was a management form of work-to-rule, perhaps a 'manage-to-rule' industrial action. Clearly, under the tally system, management was under no obligation to offer maximum Tallies, but, if capacity allowed, could reach the required plant output through two shifts at minimum tally, rather than one shift at maximum tally.

The union and its members at the four affected plants quickly concluded that management was trying "to starve its employees into submission".⁸⁰ After several months of working under these conditions, the union responded with a week-long strike. At this point, the Commission intervened by calling a compulsory conference. The

78. AMH, *Employee News*, 17 October 1994, p. 2.

conference agreed that the union would suspend its eight-day fortnight campaign and management would restore maximum tallies at all affected plants.⁸¹ When, two weeks into the agreement, management had still not restored maximum Tallies the union became frustrated, particularly after management blamed its delaying on a lack of suitable stock. For its part, the union leadership was aware that management had a considerable fighting fund and planned to lockout its employees, introducing strikebreakers, should there be another strike. Wary that its membership might be provoked into an AMH management trap, the union's leadership, therefore, warned members to be patient and refuse to be provoked.⁸² However, the local autonomy of plant-level union organisation came to the fore at this point, with disastrous consequences.

There was a general perception within AMH management that the union leadership could not control its more militant plants, such as Rockhampton. Management also had plans in place to smash the union's power wherever it could. Fitzroy River, with its history of plant-level militancy, was an obvious starting point.⁸³ As at Portland, AMH had the capacity to redistribute production in the face of union picketing. Aware of this, union officials therefore warned a mass meeting outside the Fitzroy River plant in March 1995, that calls for another strike to force management to restore maximum Tallies, as per the agreement in the Commission, were impulsive, and that a strike could cost many of them their jobs. On a show of hands, the meeting

79. AMH, *Employee News*, 17 October 1994, p. 2.

80. Interview with Rod Meikeljohn (AMIEU Industrial Officer), August 1995.

81. 'AMH kill rests with union', *The Morning Bulletin*, 10 June 1995, p. 3.

82. Interview with John Hughes, September 1996. In this interview, Hughes claimed the union had installed a tape machine and microphone under the floor of the building where management met to discuss industrial strategies.

83. Unpublished list compiled by plant management, AMIEU Victorian Branch archives, in possession of author.

endorsed a motion for a two-day strike despite these dire warnings and against the clearly stated recommendation of the union officials at the meeting.⁸⁴ Therefore, the union leadership had not chosen Fitzroy River as the site for its pitched industrial confrontation with AMH management, but became embroiled in such a struggle as local militants fell into the trap that AMH management had cleverly and carefully prepared for them. On the afternoon of the first day of the strike, management duly retaliated, announcing that it was locking out the Rockhampton employees indefinitely. It was later to announce the dismissal of the entire workforce.⁸⁵

AMH senior management had several reasons for precipitating strike action at Fitzroy River. First, there was a significant slow-down in beef export activity in 1995. This meant the loss of one plant, due to a protracted strike or lockout, would not adversely affect AMH's capacity to meet its export orders. Graphs 6-1, 6-2 and 6-3 illustrate this, but local media reports indicate this was a widespread concern in the industry at this time.⁸⁶ Another important reason was that the Lakes Creek abattoir was going through a major economic restructuring and was not operating during much of the first half of 1995.⁸⁷ This resulted in a considerable labour pool to draw on once local meatworkers became desperate enough to cross the union's picket line. As well, Fitzroy River's highly strike-prone workforce had acted against their own union official's advice, giving AMH an opportunity to embarrass the union in the media.⁸⁸

84. 'Strike threat – meat union wants action', *The Morning Bulletin*, 16 March 1995, p. 1.

85. 'AMH bid to settle on-going disputes', *Morning Bulletin*, 25 May 1995, p. 2.

86. 'Meatworks defer start', 6 January 1995, p. 1, 'Abattoir opening dates delayed', 12 January 1995, p. 3, 'Abattoir stays shut', 26 January 1995, p. 3, and 'Meatworks future in the Balance', 16 February 1995, p. 3, *Morning Bulletin*.

87. 'Abattoir resumption up to 5 months away', *Morning Bulletin*, 8 March 1995, p. 1. See also the above references.

88. *Morning Bulletin*, *passim*, 1977 to 1996. See also unpublished list compiled by plant management, found in AMIEU Victorian Branch archives, in possession of author.

The next phase of the dispute was replete with vitriol and propaganda from both sides. The union set up a picket line at the main gate, attempting to prevent strikebreakers from entering the plant to restart production. Management engaged a labour hire company to work alongside those few employees who did cross the picket line early in the piece. As the lockout and picket dragged on, more employees crossed the picket, and more non-union workers took advantage of the situation to secure a new job. In the end, the union characterised all these employees as ‘scabs’, and created a scab list. For its part, management identified and blacklisted the so-called ringleaders by video-filming the picket and mass meetings. Both the union and management used their lists in an attempt to exclude the respective ‘offending’ individuals.⁸⁹ The longer the dispute endured, the clearer it became that management would win and more employees began to cross the picket. The picket finally collapsed in October 1995.

After its victory, AMH management excluded the ‘trouble-makers’ and completely decimated the union presence at the plant. Before the dispute began, there had been more than 350 employees, all of whom were union members, and a well-defined union representative and presence structure at the plant. After the collapse of the strike, only 40 out of the 350 employees were union members (or less than 12 percent), and there was no recognisable union structure on site. Indeed, the union lost its right of access to the site after the federal election in March 1996.⁹⁰

Having won in the field, AMH now returned to the Commission to harvest its gains institutionally. The critical, final feature of this dispute was AMH’s application, on 11 October 1995, for Commission approval of a (non-union) EFA for its Fitzroy

89. Interview with Les Day, AMIEU Central Queensland District Secretary, November 1996

90. Interview with Les Day, AMIEU Central Queensland District Secretary, November 1996. See also, Interview with John Hughes, September 1996.

River plant under the 1993 IRR Act.⁹¹ The impetus for AMH's decision to push for an EFA was majority employee acceptance of a draft EBA in a general plant-wide vote on 29 September 1995 and the union's subsequent rejection of it on 3 October 1995. A majority – 153 for, 97 against and 1 informal – supported the draft EBA.

This meant that the union was clearly at odds with the majority of the plant workforce and now lacked any influence over the eventual outcome. A majority of staff (161 for and 105 against) voted in favour of converting the draft EBA to an EFA on 10 October 1995. The plant was now effectively de-unionised as many employees had resigned from the union during the lockout to avoid victimisation after they returned to work, and a new non-union agenda prevailed.⁹² Clearly, the decimation of the union on this plant opened the way for an EFA. The Commission heard the application from 27 October⁹³ and adjourned it on 10 November 1995.⁹⁴

During the course of these hearings, the Full Bench issued a statement, on 9 November, which outlined its concerns about aspects of the process that gave rise to the proposed EFA. Those concerns related to the consultative process used, the genuineness of employee agreement and the opportunity provided to the union to participate in the negotiations on the EFA. The Full Bench therefore “decided to hear submissions from the parties and interveners on these matters” on 10 November.⁹⁵

At this critical moment, the Federal Labor Government sought to help rescue the union from its dire predicament. Some interviewees suggested this was due to the

91. Australian Industrial Registry, ‘Application for Approval of Implementation of Enterprise Flexibility Agreement’, C/No. 40630, 11 October 1995. See also, AIRC, ‘Transcript of Proceedings: Application for Enterprise Flexibility Agreement’, 27 October 1995. and Interview with Les Day, AMIEU Central Qld District Secretary, November 1996.

92. AIRC, ‘Transcript for EFA’, 27 October 1995.

93. AIRC, ‘Transcript for EFA’, 27 October 1995.

94. AIRC, ‘Transcript of Proceedings: Application for Enterprise Flexibility Agreement’, 10 November 1995, p. 605.

95. AIRC, ‘Statement’, 9 November 1995, p.1.

influence of Wally Curran through his prominent role in the Victorian branch of the ALP. The Federal Labor Government voiced its concerns during October,⁹⁶ and in November, the Federal Department of Industrial Relations (DIR) formally intervened in the dispute on behalf of the Minister. The DIR intervened in the matter on 9 November, indicating its concerns about allegations of duress and intimidation of employees in the development of the EFA at Fitzroy River.⁹⁷

The Commonwealth submission referred to expressions of concern by Leary C. on 20 September, and the Full Bench on 16 October 1995, over the trial arrangements at the Fitzroy River plant, which effectively became the proposed EFA conditions. These concerns related to workload demands and the effects of increased workload on occupational health; the rates of pay and the basis of their calculation; and the genuineness of the trial and negotiations.⁹⁸ The Commonwealth argued for an agreement to be approved but the Commission needed to be satisfied that the enterprise bargaining process was free from coercion or intimidation, in line with s.170NC of the 1993 IRR Act, and that this clearly had not been the case.⁹⁹

The Commonwealth then recommended, because of its concerns about the consultative process, the genuineness of employee agreement and the (lack of) opportunity that management had provided to the union in the negotiations that, under s170NF of the 1993 IRR Act, the Commission should refuse to approve the implementation of the EFA. The Commonwealth also argued that the “concerns go to the foundation of the agreement, not its operation; they are not matters capable of post-

96. ‘AMH negotiations worry Govt’, 13 October 1995, p. 8, ‘Federal Govt steps in to AMH dispute’, 18 October 1995, p. 1 and ‘Brereton slams strike-breakers’, 26 October 1995, p. 3, *The Morning Bulletin*.

97. DIR, ‘Full Bench Statement – 9 November 1995, Commonwealth Response’, 10 November 1995.

98. DIR, ‘Full Bench Statement – 9 November 1995, Commonwealth Response’, 10 November 1995.

99. DIR, ‘Full Bench Statement – 9 November 1995, Commonwealth Response’, 10 November 1995, p.

implementation correction [and that] ... they are not correctable by an instrument”.¹⁰⁰ The only solution would be “to go back, effectively, to the commencement of the process by which an agreement might be reached”.¹⁰¹

The Commission reserved its decision on the continuation of AMH’s application for an EFA at Rockhampton, thereby blunting the force of AMH’s prolonged attack on the union and the wages and conditions of its employees. Management at AMH then switched its point of attack in the dispute on 15 November 1995, by applying for a variation to the interim award, of 3 July 1995¹⁰², to delete all tally provisions and to insert ‘time work’ provisions in their place. AMH, in fact, argued that work “under the tally System is highly inefficient, inflexible and is sufficiently uneconomical so as to threaten the viability of the Applicant’s operations.”¹⁰³ The company claimed that this was consistent with the findings of the 1992 Meat Industry Inquiry decision and that the abandonment of the tally was necessary before agreement on workplace change could be reached with the union through enterprise bargaining.¹⁰⁴ In the meantime, on 15 December 1995, the Commission refused to accept the EFA at Rockhampton and recommended that the parties return to negotiations to remedy the deficiencies in the original bargaining process.¹⁰⁵

The standoff continued until 13 March 1996, four days after the election of the Federal Coalition Government, when AMH and the union agreed to end the dispute. On that date, the union agreed to the long-disputed arrangement at Fitzroy River on the

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100. DIR, Attached document entitled ‘S170NF – Duties of the Commission before refusing (sic) to approve implementation’, in ‘Full Bench Statement – 9 November 1995, Commonwealth Response’, 10 November 1995, p. 4.

101. DIR, Attached document, 10 November 1995, p. 4.

102. AIRC, *Australia Meat Holdings Pty Limited – Rockhampton Abattoir – Interim Award 1995*, 3 July 1995.

103. AMH, ‘Application to vary an award’, found in AIRC files, 15 November 1995.

104. AMH, ‘Application to vary an award’, 15 November 1995.

basis that AMH honour its agreement “to alter the terminology from an EFA to an EBA” and thus include the union in the bargaining and regulatory process.¹⁰⁶ Having successfully reduced their labour costs, AMH management was able to accommodate the union, perhaps to build some social credits for future negotiations at Fitzroy River and its other plants.

The parties also agreed that, as the first trial of the Fitzroy River agreement had begun in August 1995, negotiations on a new agreement would commence, with full union involvement, within three months of the expiry of that existing agreement on 10 October 1996. Management suspected that the union had decided to accept the ‘time work’ provisions in the Fitzroy River agreement rather than risk fairing far worse due to the change in government.¹⁰⁷ While the negotiations on the second round agreement were far from amicable, taking some nine months to finalise, the next Fitzroy River agreement was a union negotiated agreement under s170LJ of the 1996 WR Act and not a non-union (s170LK) agreement.¹⁰⁸ The outcome of both the 1996 and 1997 agreements, across all AMH Queensland plants, had significant ramifications for the rest of the industry, not just in Queensland, but in Victoria and NSW too.

The ramifications of the AMH dispute

The successful completion of enterprise agreements at all AMH plants in Queensland established a significantly cheaper wage-effort bargain. The main vehicles for this were increased working hours and providing management with increased working-hours flexibility. The Fitzroy River agreement, for example, increased the

105. ‘Court forces new AMH talks’, *The Morning Bulletin*, 16 December 1995, p. 3.

106. Letter of Agreement from AMIEU to AMH, signed by both Ross Richardson, Qld Branch President, and John Hughes of AMH, 13 March 1996.

107. Interview with John Hughes, September 1996.

108. The Australia Meat Holdings Pty Limited – Enterprise Agreement Rockhampton 1997.

hours of work from 37 to 40 ordinary hours per week, permitting the working of up to 10 ordinary hours per day and a six-day working roster covering ordinary hours from 5 am to 7 pm.¹⁰⁹ This resulted in three rotating rosters of four days on and three days off. The ‘time work’ provisions allowed management to increase throughput significantly without paying tally penalties and overtime on Saturdays.¹¹⁰

Beyond AMH, other processors, particularly in Queensland and Victoria, considered Fitzroy River wage rates to be far lower than those in the federal awards and those in the Victorian federal agreements negotiated in 1992 and renegotiated in 1995.¹¹¹ The flexibilities in the AMH agreements encouraged the company to make significant investments in plant and equipment, particularly at Dinmore and Rockhampton. This capital expenditure program, combined with the lower labour costs in AMH agreements, resulted in significantly increased economies of scale within the AMH organisation. The increased throughput at these plants produced an increased AMH share of the national export market, rising from around 8.5 percent in 1990 to around 13 percent in 2001.

The decreased labour costs and increased economies of scale at AMH had a dramatic impact on the viability of its competitors. The South Burnett Agricultural Cooperative, operator of the South Burnett Meatworks since 1956, left the industry in 1999 due to a lack of stock.¹¹² In 1998, G. & K. O’Connor’s, one of the original companies to reach agreement with the union during the VMBA dispute, locked its employees out and attempted to de-unionise its plant and ‘negotiate’ a collective AWA. Management claimed the agreement it had negotiated in 1995 had resulted in increased

109. The Fitzroy River Enterprise Agreement 1995, clause 9.1.

110. Interview with John Hughes, 26 February 1996.

111. Interview with Darryl Steinhardt (Human Resources Manager, South Burnett Meatworks), 8 September 1995 and Interview with Malcolm Slinger, 2 October 2001.

wage costs to the point where it cost \$30 more to process a head of cattle in Victoria than at AMH in Queensland.¹¹³ This dispute lasted for more than a year and a half, and resulted in around half the employees signing individual AWAs. Despite this limited success, the Federal Court eventually ordered the company to comply with its 1992 agreement¹¹⁴ and to pay more than \$1 million in back pay to the dissenting employees paid under the wrong industrial instrument.¹¹⁵ The Federal Court ruled O'Connors had applied duress in trying to get their employees to sign the AWAs, in contravention of s170WG of the 1996 WR Act.¹¹⁶ Added to this, the Commission finally ruled in favour of replacing the tally in the Federal meat industry awards with a more flexible and simplified incentive payment system.¹¹⁷

In 1999, Gilbertsons, by then called SBA Foods, closed its massive Altona North plant and terminated the employment of some 650 employees. Management stated that the competitive advantage of AMH and the other Queensland processors resulted in lower production costs, which therefore, allowed AHM to pay higher prices for stock. Even taking into account transport costs to Queensland, it was more profitable for Victorian cattle producers to sell their cattle to AMH. Victorian cattle producers sold their stock in Queensland for higher prices than Victorian processors were able to

112. *Feedback*, September 2000, p. viii.

113. 'Wages row in court', *The Herald and Weekly Times*, 2 June 1999, p. 2. See also Interview with Malcolm Slinger, 2 October 2001.

114. Federal Court of Australia, 'Australasian Meat Industry Employees' Union v G & K O'Connor Pty Ltd [2000] FCA 1795 (12 December 2000), pp. 5-6. See also 'Court orders pay boost to remedy duress', *Workplace Express*, 14 December 2000.

115. 'G&K O'Connor faces backpay claim', *Workplace Express*, 29 August 2000. See also 'Vic – Meatworkers win thousands of dollars in backpay', Australian Associated Press, 25 August 2000 and 'Back pay ruling', Hobart Mercury, 26 August 2000, p. 4.

116. Federal Court of Australia, 'Australasian Meat Industry Employees' Union v G & K O'Connor Pty Ltd [2000] FCA 1795 (12 December 2000), pp. 4-5. See also 'Court orders pay boost to remedy duress', *Workplace Express*, 14 December 2000.

117. AIRC decision F0512, 1 September 2000, p. 1. See also 'IRC rules on new meat processing payments', *Workplace Express*, 1 September 2000.

pay and this generated a significant stock shortage in Victoria.¹¹⁸ This helps explain Graph 6-3 which shows beef exports from both Victoria and NSW remaining largely stagnant for a decade, while beef exports from Queensland dramatically increased during the same period, particularly from 1996, when AMH finally reached an accommodation with the union based on reduced wage rates and higher production levels.

AMH management's successful industrial relations strategy, first at Portland and then at Fitzroy River, provided it with opportunities to develop its business in an oligopsonistic manner, using its low wage costs and economies of scale to drive stock prices up while maintaining the same, or lower, meat export prices to the market. In the process, AMH tended to starve its competitors out of the industry as it dominated the sale-yard markets in Queensland, Victoria and NSW. The limited available stock meant record sale-yard prices for cattle, and increased price competition in the processing sector. AMH, with its lower labour costs and economies of scale, paid more for the stock than its competitors, and yet, was competitive with them on meat prices. This resulted in AMH being the only buyer, or at least the first buyer at the sale-yard, while lack of suitable stock drove several of its competitors out of the market.

Conclusion

The emergence of AMH in 1986 had created a major new dynamic in meat processing industrial relations, which was realised fully only a decade later. Unlike the other major employers in the industry, AMH had multiple large plants across several states, providing management with considerable economic resources and economies of

118. Interview with Malcolm Slinger, 2 October 2001. See also 'Two more beef exporters close down indefinitely', *Daily Commercial News*, 17 March 1999, p. 10 and 'Feedback', September 2000.

scale that opened new opportunities in labour, input and product markets. When AMH fought the Portland dispute in 1987-88, it could move surplus processing capacity through its other plants and sustain a protracted struggle with little disruption to its suppliers and customers. During 1994-96, AMH was able to sustain a series of protracted disputes, this time across its four Queensland plants, using similar tactics to those utilised at Portland. Unlike its competitors, who were in direct competition with each other, despite their occasional multi-employer action, AMH had no such internal divisions within its corporate structure. As a result, it could merely shift its processing requirements, from whichever plant was in dispute, to its other plants, with little disruption to processing capacity.¹¹⁹ This was particularly the case after ConAgra purchased AMH in 1991. ConAgra's global reach, economic size and product market diversity enabled it to sustain effectively short-term losses in some areas, such as Queensland, while still satisfying its shareholders' desires for profits.

This made AMH an informal pace-setter in pay-setting as its competitors conferred on it informal leadership status. In Queensland, AMH management, under Hughes, once again used its strategy of first crushing union resistance in the field, before formalising gains through the Commission. Repeatedly, Hughes plotted a strategy that combined delays and provocations to lure the union into localised battles that favoured management rather than employees and their union. Once more, it used excuses regarding supply of inputs to launch a dispute. AMH initially sought to gain a new, low-wage award but then began to destabilize its workforces by reducing tallies to the minimum, to 'starve their employees into submission'.

119. Interview with John Hughes, 22 September 1995.

For its part, the union began coordinating a series of rolling stoppages, much as the Victorian branch had done five years earlier in the VMBA dispute. However, in May 1995, the Rockhampton workers, in a major departure from this strategy, took strike action, thus falling into the trap laid by Hughes. AMH locked out the entire Rockhampton workforce, encouraged local strikebreakers and brought in a labour hire company. In November, some six months later, AMH began operating the plant under a new, low-wage arrangement with a substantially new workforce, and without a union representative structure. The implications of AMH's victory in Queensland went beyond industrial relations.

AMH reduced the number of its own plants, increased the production capacity of the four remaining plants, and then paid higher cattle prices to capture a substantially larger share of the input market. Thus, AMH management's success in reducing wage costs and introducing labour flexibilities into its Queensland plants contributed to an AMH business model so successful that Victorian cattle producers chose to ship their stock to Queensland for processing. AMH's growth in export processing capacity also demonstrated the success of its oligopsonistic strategy on the supply side of the industry. The parent company, ConAgra, had done similar things in other markets and sectors.

One result was that several of AMH's direct competitors either closed their plants or initiated bitter industrial campaigns to drive down their own wage costs. Moreover, the dominance of AMH over the fortunes of the whole beef export sector continued unabated, as its management continued to exploit its advantages in the labour market, the input side of the industry and its production capacity to drive its competitors from the industry, or at least into a less favourable position. Central to this success was its senior management's adoption of radical and confrontational industrial strategies in

the context of the original strategic choice to form AMH to resolve the industry's chronic problems with overcapacity. Legislative change also greatly advantaged employers as AMH's greater control over input, output and labour markets reinforced its dominance in the industry. In a word, for AMH and its owners, ConAgra, conflict paid dividends. It also validated AMH's strategic choices in seeking greater control over the labour market, particularly the elimination of the tally and the breaking of local union power at the Fitzroy River plant. What this chapter has also revealed is that not all employer strategic choices were successful, even when they gained union support along lines suggested by the literature on the "new" industrial relations.

Chapter 7: Case Study

R.J. Gilbertson Pty. Ltd. (SBA Foods), Victoria

Introduction

We saw in the previous chapter that, while the Portland victory was a watershed for the meat industry, AHM's victories in Queensland in the 1990s were of far greater significance. Between 1994 and 1996, AMH was able to sustain another protracted dispute, this time across its Queensland plants, using similar tactics to those it had used at Portland and Fitzroy River in the late 1980s. Unlike its competitors, who were in direct competition with each other, despite their occasional collective action, AMH had no such internal divisions within its corporate structure, particularly after ConAgra purchased 90.9 per cent of it in 1991. AMH could merely shift its processing capacity from whatever plant was in dispute to one or more of its other plants, with little disruption to its suppliers and customers. This chapter helps explain the impact of AMH and the introduction of enterprise bargaining to the Victorian side of the meat industry by examining industrial relations at the Kyle Road plant of R. J. Gilbertson Pty. Ltd. (Gilbertsons and, from 1996 SBA Foods Pty Ltd from 1996).

From its humble beginnings as a butcher shops proprietor, Gilbertsons grew to be the largest meat processor in Victoria, and among the top five, in terms of export and domestic production, in Australia.¹ Because of its size and importance to both the Victorian and Australian industry, both MATFA and the AMIEU often targeted Gilbertsons in their respective industrial campaigns and Gilbertsons' management often took an active leadership role in the various industrial struggles.

Research work for this case study presented particular challenges. One of the major difficulties encountered in examining industrial relations in the Australian meat processing industry is the high level of suspicion and secrecy of all the key participants. This was a particular problem in Victoria, where considerable conflict and industry tensions clouded the situation.

The widespread secrecy and suspicion regarding industrial relations matters among the meat industry's main participants were also manifest at Gilbertsons. Management withheld access to even the most general of documents on operations at the Kyle Road plant. As a result, this case study relies heavily on interviews with a number of key individuals within the organisation, or with past association to the company, as well as union leaders. On the employer side, there were several distinct groups, with widely varying stories to tell, however, few documents were available.

Management was also very resistant to allowing workforce interviews. Therefore, the union leaderships at plant and branch levels provided the employee side of the case. This may have resulted in a rather narrow, 'official' slant to employee opinion. Although the union made all of the written material in its archives available, much of the documentary evidence covering events after 1991 was limited as the union archivist may have discarded, or misfiled, some of the more important the documents. In the end, this case study, of necessity, relied heavily on testimony, some of it sworn as evidence to the Commission's Meat Industry Inquiry, and the rest given personally to the researcher.

The rest of this chapter divides into four sections. It begins by examining the history of Gilbertsons, including such factors as ownership patterns, markets and patterns of production. Second, it examines Gilbertsons' business structure since 1983.

1. 'The 'Top 25' processors: processors making changes', *Feedback*, July/August 1994, p. 17.

A third section examines management's industrial relations policies and practices to 1989. Finally, it discusses how management at Gilbertsons (SBA Foods) changed these policies and practices in the 1990s. The critical question here is: how did the introduction of enterprise bargaining, and the role of AMH in Queensland, impact on the operation of Gilbertsons in Victoria, particularly during the 1990s? Evaluation of this question will extend our knowledge of the range and patterns of employer strategy, and the significance and impact of AMH's choices of industrial relations strategies.

The case study

The early history of R. J. Gilbertson & Sons Pty. Ltd.

R.J. Gilbertson & Sons Pty Ltd began in 1928 with the conversion of a partnership between Robert James ('R.J.') Gilbertson, Harry Langdon Dunstan, Fredrick Josiah Gilbertson and Cyril Edwin Turnbull, into a proprietary limited company. Prior to the formation of the original partnership, in 1901, R.J. Gilbertson had worked as a delivery boy and butcher in the family butcher shop of Fred Paul. The shop, situated at 161 Pascoe Vale Road, Moonee Ponds, became the first in a small chain of shops, which R.J. Gilbertson and a workmate, Harry Dunstan, acquired during their successful partnership.²

The partnership began on 4 March 1901, when Paul sold the Pascoe Vale Road business to Gilbertson and Dunstan for the sum of £48. About three months later Gilbertson and Dunstan purchased Paul's other shop, at 106 Puckle Street, Moonee Ponds, for £70. A term of the original sale was that the partners purchase all their meat from Paul, and he still owned the premises from which the businesses operated. In April

2. R.V. Ord, (1978), 'R. J. Gilbertson Pty. Ltd.: a recollection' in *R. J. Gilbertson Pty. Ltd.: premier*

1902, they purchased the premises in Pascoe Vale Road for £250. In order to finance this purchase, Gilbertson and Dunstan reformed the association as R.J. Gilbertson and Co. and admitted a third partner, George Thomas Ord, a qualified butcher who was married to Gilbertson's cousin, May Woods. Ord paid £230 for his share in the company. Several years later, for an undisclosed sum, R.J. Gilbertson, the driving force behind the business, purchased the Puckle Street premises. He surmised that removing Paul from the partnership would enable it to develop more fully.³

Within a few years, the partners had expanded their operations, purchasing several more shops and moving into the live beast and offal trades. By 1920, the two original partners were looking to expand even further but Ord would not support the move and so retired from the partnership. On Ord's retirement, Fredrick Josiah Gilbertson, R.J.'s younger brother, and Cyril Edwin Turnbull, Dunstan's half brother, came in as junior partners in November 1920. By 1928, the partners wanted to expand into slaughtering, rather than have their stock slaughtered under contract by others. The partners decided to terminate the partnership, form a limited liability company and sell the shares to the partners and selected employees. Thus R.J. Gilbertson Pty Ltd came into being in September 1928, with capital assets of £50,000. The four partners became Directors, while Frank Woods (George Ord's brother-in-law) became a junior Director and Robert Henry Gilbertson became company Secretary.⁴

In 1929, the company opened its own slaughtering facilities to supply its chain of butcher shops. This slaughtering capacity developed into an export business with the first shipment of frozen meat to the United Kingdom in 1936. In 1947, the Board of the company decided to focus more effort on its export business and, in 1951, it completed

butchers, 1928-1978, R. J. Gilbertson Pty. Ltd. Melbourne, pp. 5-8.

3. Ord, 'A recollection', pp. 6-8.

the construction of its Kyle Road, Altona North plant. Initially a smallgoods plant, operating under the name Don Smallgoods, Kyle Road plant began mutton slaughtering in 1955, by-products production in 1956 and beef slaughtering in 1958. The principal markets for the output of the plant were the UK and the USA but, in 1964, Gilbertsons began exporting mutton to Japan. In 1971, the company purchased the Champion Road meatworks in Newport, which it subsequently sold to H.W. Greenham & Sons Pty. Ltd. in 1979.⁵ By 1995, Gilbertsons operated a boning room in South Australia, a meatworks in Grafton, New South Wales and two meatworks in Tasmania, as well as its Kyle Road plant.⁶

Corporate and management change, early 1980s-1991

Gilbertsons had emerged as a major meat exporter in the 1970s and 1980s, but during the late 1980s and early 1990s, the company went through major ownership and production changes. Until 1989, the ownership and control of the company had remained in the hands of the descendants of the 1928 partners and selected others with a close association with the company. During the 1980s, two important events within the organisation, the formation of a joint venture partnership with Greenhams and a serious rift within the Board, led to a major change in the overall financial and management structure of the organisation involving its gradual takeover by a Japanese meat supply company.

In 1983, the company had attempted to rationalise its Victoria-based processing capacity by entering into a joint venture partnership with Greenhams, another family-owned meat processing company. On 15 June 1983, both companies announced that,

4. Ord, 'A recollection', pp. 8-20.

5. Interview with Peter Greenham, 11 August 1995.

6. 'The changing face of R. J. Gilbertson P/L' *Stock and Land*, 27 July 1995.

from 1 July, they would operate on a joint venture basis, as a means of combating the “extreme shortage of livestock and inherent excess abattoir capacity.”⁷ The overcapacity issue discussed in chapters 3, 4 and 5 was the driving factor behind this joint venture. The two companies formed a joint venture subsidiary holding company called Gilbertson-Greenham Pty. Ltd.⁸ The two companies co-jointly contributed \$100,000 in capital to establish this holding company, \$60,000 by Gilbertsons and \$40,000 by Greenhams.⁹ The new organisation would take over the Victoria-based operations of both companies, primarily through a lease arrangement on the Kyle Road and Champion Road plants. The resulting organisation was the largest meat processor in Victoria, accounting for around 30 per cent of beef and 15 per cent of sheep meat production in that state, 60 per cent of this for export.¹⁰

The two companies publicly argued for three months that both plants, the Gilbertsons plant at Kyle Road, Altona North and the Greenhams plant at Champion Road, Newport (which Greenhams had purchased from Gilbertsons in 1979), would continue to operate independently, as would the two companies, but some rationalisation would take place from time to time.¹¹ Nevertheless, on 16 September 1983, the new holding company permanently shut the Champion Road plant¹² in direct contradiction to all the assurances given to the respective workforces and the union,

7. Letter from F.G. Pacher (Commercial Manager of Greenhams) to W. Curran, 15 June 1983 and attached statement from H. W. Greenham & Sons Pty. Ltd. dated 15 June 1983 found in A.M.I.E.U archives.

8. *Sworn Statement of Peter Greenham to Meat Inquiry*, p. 1, and *Transcript of Meat Inquiry*, p. 2108.

9. *AMIEU Newsletter*, 30 September 1983

10. *Transcript of Meat Industry Inquiry*, p. 2111.

11. Letter from F.G. Pacher (Commercial Manager of Greenhams) to W. Curran, 15 June 1983 and attached statement from H. W. Greenham & Sons Pty. Ltd. dated 15 June 1983 found in A.M.I.E.U archives.

12. AMIEU, ‘Joint Venture dispute’, *AMIEU Newsletter*, 30 September 1983. See also ‘Redundancy Settlement: H.W. Greenham – Champion employees’, a jointly signed document from the union and Greenhams, 2 February 1984.

which had consistently predicted job losses as the likely outcome of the venture.¹³ The companies met with the union on 20 June 1983, to clarify their intentions but, almost immediately, the union became concerned about the companies' statements. Union members and delegates at Champion Road noticed changes, such as the alleged removal of the rotating knocking box from Champion Road to Kyle Road.¹⁴

The union's position was that, while rationalisation in the industry, including at Gilbertson-Greenhams, was inevitable, the transferring of employees and stock processing between the two plants was unacceptable. The union argued it was simply protecting the seniority of its members at both plants, but it was also protecting its own position at Kyle Road.¹⁵ The union initiated a dispute over the terms of the joint venture, which turned into a dispute over the redundancy payments for the Champion Road employees.¹⁶ The union and Greenhams settled the redundancy payments dispute for the Champion Road employees in early February 1984, but Greenhams has still paid the employees their entitlements by the end of May 1984.¹⁷ The union suggested that this was because Greenhams were in serious financial difficulties at the time. Greenhams reputedly still owed Gilbertsons between \$3 and \$5 million from the purchase of the Champion Road plant in 1979.¹⁸ The union argued this was the primary reason for the joint venture, not the claimed rationalisation of the industry due to insufficient stock supplies as suggested by the joint venture partners.¹⁹

13. AMIEU, 'Rationalisation of the industry', *AMIEU Newsletter*, 17 June 1983.

14. Letter from W. Curran to G. Gilbertson, 24 June 1983, found in A.M.I.E.U archives.

15. Letter from W. Curran to B. Overall, 21 July 1983, found in A.M.I.E.U archives.

16. AMIEU, 'Joint Venture dispute', *AMIEU Newsletter*, 30 September 1983. See also 'Redundancy Settlement: H.W. Greenham – Champion employees', a jointly signed document from the union and Greenhams, 2 February 1984.

17. Letter from M. Pike (Assistant Secretary, AMIEU Victorian Branch) to H.W Greenhams & Sons, 21 May 1984, found in A.M.I.E.U archives.

18. AMIEU, 'Joint Venture dispute', *AMIEU Newsletter*, 30 September 1983. See also Interview with Bruce Overall, 3 March 1995.

19. AMIEU, 'Joint Venture dispute', *AMIEU Newsletter*, 30 September 1983.

The Gilbertsons Board developed considerable internal tension over the terms of the joint venture. The main cause of the tensions was an unauthorised offer from Managing Director, George Gilbertson, of the CEO position of the joint venture company, to Peter Greenham. The view at the time by the dissenting majority of Board members was that Greenham had sent his family company broke at Newport, and there was every indication that he would do the same at Altona North. Indeed, one insider categorically stated Greenhams still owed Gilbertsons \$3 million from the purchase of the Newport plant in 1979.²⁰ While this dissent did not erupt further during 1983, and Greenham did become CEO of the joint venture company, future disagreements were more difficult to contain.

The financial holdings of the partners roughly determined the power structure of the joint venture company. Gilbertson-Greenham had a seven-seat Board of Directors, which was separate from the two parent companies, with Gilbertsons holding four seats, and effective control, and Greenhams holding three seats. It was to give Greenham's a greater semblance of equality in the decision making process that Peter Greenham became the Chief Executive Officer of meat operations for the Gilbertson Group in Victoria.²¹ He continued in this position until the dissolution of the joint venture in 1991 in the wake of the VMBA dispute. He subsequently established a new meat processing company under the Greenham name.²²

Questions for the Gilbertson-Greenham Board, including those regarding industrial relations strategies, first went to the Boards of the two parent companies. This resulted, more often than not, in two different voting blocks that only dealt with major strategic and policy decisions, while Peter Greenham made the day-to-day industrial

20. Interview with Bruce Overall, 3 March 1995.

21. Transcript, pp. 2294-2295.

relations decisions.²³ Greenham argued that this corporate structure resulted in Gilbertson-Greenhams adopting the industrial relations strategies of Gilbertsons,²⁴ but key members of the Gilbertsons Board disputed this.²⁵ This became important, because it was Peter Greenham, as the manager of operations of the company, who bore the brunt of criticism for the massive losses the holding company suffered in the VMBA dispute in 1989 and 1990. Greenham's perceptions of himself as "the scape goat" rest on the fact that, although at the management level it was the joint venture Board that made the major strategic decisions, his company was a minority member.²⁶ Gilbertsons terminated the joint venture in 1991, as a means of attributing blame over the massive financial losses.²⁷

In 1990, around the time Itoman purchased 40 percent of the company, Gilbertsons was the third largest meat processor in Australia, with an estimated 5.2 per cent of the national kill. Only AMH, with 8.4 per cent and Metro Meats, with 5.3 per cent, were larger.²⁸ This was the highest ranking the company would achieve in the 1990s, before a gradual decline in its ranking from 1991. In 1991, Gilbertsons slipped to fourth largest, with 4.1 per cent of the national kill, due mainly to the sale of its Brooklyn smallgoods plant. It was also due to the expansion of AMH, which now claimed up to 9.9 per cent, and the growth of several smaller processors.²⁹ In 1992, Gilbertsons maintained its ranking, but experienced a gradual decline in its output, slipping to just 3.8 per cent of the national kill. The main contributing factor to its fall in

22. Interview with Peter Greenham, 11 August 1995.

23. Interview with George Gilbertson, 22 September 1995.

24. Interview with Peter Greenham, 11 August 1995.

25. Interview with George Gilbertson, 22 September 1995 & Interview with Bruce Overall, 3 March 1995

26. Interview with Peter Greenham, 11 August 1995.

27. Interview with Malcolm Slinger, 28 February 1995 & Interview with George Gilbertson, 22 September 1995.

28. *Feedback*, 4 (4) 1991, pp. 16-8.

the rankings that year was Smorgon Meat Group's purchase of the Angliss Group in late 1992, which brought Smorgon a total of 5.4 percent of the national kill.³⁰ In 1993, Gilbertsons slipped to sixth in the rankings,³¹ but in 1994, it recovered slightly to be fifth on the national kill rankings.³² Gilbertsons' ranking stabilised around the middle of the top ten processors in Australia in the mid-1990s,³³ but in 1999 it slipped again when it closed its Kyle Road plant. This was due primarily to a "lack of stock"³⁴ but also due in part to industrial relations factors.

In 1996, Simikin Bussan purchased the remaining Gilbertson family interests in the company and changed the company's trading name to SBA Foods.³⁵ The ownership change did not have an immediate impact on the status of the company, but in 1998, due largely to a failure of the new management practices, the new EBA dramatically increased the wage-effort bargain, particularly at Kyle Road, and it was indefinitely shutdown.³⁶ This was the last time either trading name (Gilbertsons or SBA Foods) would appear in the Meat & Livestock Australia list of the top 25 meat processors. In 2001, some three years after Kyle Road originally shutdown the massive plant sat idle, even though its major competitors experienced significant growth.

The major reason for the company's massive operational losses between 1989 and 1991 was due to its involvement in the VMBA dispute. In this sense, Peter Greenham could justifiably claim that he was a scapegoat. As chapter 5 showed, the dispute over award coverage, and wages and conditions at the AMH Portland plant had a dramatic impact on industrial relations in Victoria's meat processing industry between 1989 and

29. *Feedback*, 5 (4) 1992, pp. 20-2.

30. *Feedback*, 6 (4) 1993, pp. 29-30.

31. *Feedback*, 7 (4) 1994, pp. 22-5.

32. *Feedback*, 8 (4) 1995, pp. 25-6.

33. *Feedback*, March/April 1999, pp. v-vi.

34. *Feedback*, September 2000, pp. v-viii.

35. *Feedback*, September 2000, pp. v-viii.

1991. It was freely admitted, by all the parties the author interviewed at Gilbertsons, that AMH's success in driving down wages and conditions at Portland had been the catalyst for MATFA's push to drive down general wages and conditions "to better the competitive advantage of the industry in Victoria".³⁷ MATFA's campaign strategy rested on the larger export plants, including Gilbertsons and Gilbertson-Greenhams, as vanguards of change. In this sense, the Boards of these major exporters freely adopted the MATFA strategy of using legal processes and industrial muscle to break the power of the union and establish a new, low wage award in the State. Chapter 5 explained how this strategy failed, although George Gilbertson also blamed the Commission for not cooperating with employers.³⁸ Other factors were driving the decisions of the Gilbertson Board at the time and these eventually resulted in the company withdrawing from the VMBA struggle in 1991.

Gilbertsons underwent considerable internal changes to its share registry and management during the period of the joint venture with Greenhams, between 1983 and 1991. In 1985, a dispute over the assets of the company developed into a full-blown rift within the Board. Several Directors, led by John Gilbertson and Bruce Overall, considered that many of the company's vast assets were under-performing or making operational losses. This faction, who represented the majority of the Board, argued that the company should sell under-performing assets and restructure the rest of the business to focus on its more profitable enterprises. A more conservative faction, led by George Gilbertson, resisted this proposal. Its members argued that all the assets of the company were their family heritage, and that selling any of them would be wrong. The *impasse*

36. Interview with Malcolm Slinger, March 2001 and Interview with Graham Bird, March 2001.

37. Interview with Malcolm Slinger, 28 February 1995, Interview with George Gilbertson, 22 September 1995, Interview with Bruce Overall, 3 March 1995 and Interview with Peter Greenham, 11 August 1995.

dragged on for almost four years. Despite a considerable effort by John Gilbertson to avoid a split, his faction attempted to resolve the *impasse* by offering to buy out the other faction and take complete control of the affairs of the company. The conservative faction rejected this offer, and in 1989, made a successful counter offer.³⁹

In 1989, the outcome of this internal, family dispute within the Board forced R.J. Gilbertson Pty Ltd to undergo a major restructuring program. In 1988, to satisfy certain equity requirements for the split, Bunge Australia purchased Don Smallgoods, a wholly owned subsidiary of Gilbertsons, for \$26.4 million and, in January 1989, the company finalised the shares buy-out.⁴⁰ To finance the buy-out of the disaffected family members, the Board introduced a 40 percent Japanese equity partner, Itoman Pty. Ltd., later to become Simikin Bussan, (a wholly owned subsidiary of the Sumitomo Bank). Tokyo-based Itoman was one of the leading meat importers and traders in Japan at the time. This equity structure reflected a “marriage of convenience”, since Itoman, and later Simikin Bussan handled the majority of the Gilbertsons’ Japanese exports.⁴¹ In reality, it appeared that Itoman (and perhaps, more correctly, the Sumitomo Bank) gradually took control of the company from 1989. Certainly, the make-up of the Gilbertson Board of Directors suggests such a change. As well, after the arrival of Itoman as equity partner, the Board decided to terminate the Gilbertson-Greenhams joint venture. In particular, the decision reflected disagreement over the joint venture’s industrial relations policies, which Gilbertson’s Board concluded were too expensive.⁴²

Prior to Gilbertson’s sale of almost eight million shares to Itoman in 1989, family

38. Interview with George Gilbertson, 22 September 1995.

39. Interview with Bruce Overall, 3 March 1995.

40. “Don Smallgoods sold”, The Meatworker, October 1988, p. 6 and Transcript, p. 2270.

41. Interview with Malcolm Slinger, 28 February 1995.

members, including John Gilbertson and Bruce Overall, held all six places on the Board. After the share sale, the conservative Gilbertson family faction took three of the four Board seats previously occupied by the disaffected Gilbertson family members, with Shoichi Yoshimura, representing Itoman, taking the fourth vacant seat. In June 1991, Malcolm Slinger, appointed in preparation for the future retirement of the Managing Director, George Gilbertson, took another Board position previously held by the Gilbertson family. On 12 November 1991, the Board created three more seats for Itoman. The Board, in August 1995, contained four Gilbertson family members (one of whom occupied the Chair of the Board), one independent member (Malcolm Slinger) and four Itoman members. While Slinger joined the Board to replace a member of the Gilbertson family, and to act on their behalf, in reality he took an independent course.⁴³ Thus, Itoman gained a great deal more influence than their equity share suggested. In fact, the Gilbertson family still own 60 per cent of the company's shares, while Itoman owned just 40 per cent of the shares.⁴⁴

This structure continued until 17 November 1996, when the remaining Gilbertson family members finalised the sale of the entire business to SBS Foods Ltd Pty, a subsidiary of the Sumitomo Bank. The trading name 'R.J. Gilbertson & Sons Pty Ltd' ceased to exist. SBS Foods simply transferred the existing management structure and workforce from Gilbertsons on 18 November 1996, without any loss of production or worker conditions.⁴⁵

Industrial relations policies and practices at Gilbertsons prior to 1990

The industrial relations policies and practices of Gilbertsons' management prior to

42. Interview with Malcolm Slinger, 28 February 1995, Interview with George Gilbertson, 2 March 1995 & Interview with Bruce Overall, 3 March 1995.

43. Interview with George Gilbertson, 2 March 1995.

44. Historical Company Extract: R. J. Gilbertson Pty. Ltd., Australian Securities Commission.

1991 reflected the standard agenda of employers in the Victorian meat industry at the time. There was a strong confrontational attitude toward the AMIEU. Anti-unionism among these managers was rife and, in many instances, it still is.⁴⁶ The management of Gilbertsons were leading exponents of this anti-union sentiment prior to 1990. Indeed, Peter Greenham suggested that the Gilbertson brothers had an “almost serfdom attitude toward the workers” at their plants, although this has been vigorously disputed by both the Gilbertsons and, to a lesser degree, by the union.⁴⁷ The aim of this section is to outline the nature and origins of this industrial relations strategy. Although we can make some general conclusions about industrial relations prior to 1983, the main thrust of the discussion in this section will be on the period of the joint venture.

Prior to the establishment of the VMA in 1967, the larger export meatworks conducted bargaining at the workplace level. The judicious use of strikes and lockouts usually prevailed when plant-based negotiations broke down. Although most exporters were members, MATFA studiously avoided direct participation in industrial relations matters at these sites. MATFA’s officials adopted the view that, because of the high level of competition for stock and restricted export markets, managers at these sites gave in too easily to union demands. For them, Gilbertsons was no exception to this rule. However, during the mid-1960s, Bruce Overall, the son of one of the directors of Gilbertsons, began to champion multi-employer collective bargaining among the employers. Overall’s efforts resulted in the formation of the VMA in 1967, as a means for employers to combine against the labour market strength of the union.⁴⁸

Gilbertsons, despite its role in the formation of the VMA in 1967, retained

45. AMIEU, ‘Sale of R.J. Gilbertson’, AMIEU Newsletter, no date.

46. The O’Connors’ case discussed in chapter 7 is a case in point.

47. Interview with Peter Greenham, 11 August 1995. See also interview with Bruce Overall, 26 March 1996, interview with George Gilbertson, 2 March 1995 and interview with Wally Curran, 27 February

workplace collective bargaining as a core feature of its industrial relations practices between the 1960s and the 1980s. Yet, notwithstanding this key role of workplace bargaining, Gilbertsons lacked a clearly defined written policy agenda prior to 1991. Workplace bargaining appears to have been based largely on precedent and experience (custom and practice), and became rather reactive and confrontational. There were no formal consultative procedures in place in the company's Victorian operations, although there were some at the plants in other states,⁴⁹ and the works managers and department supervisors at the plant and shop floor-levels respectively handled industrial grievances on a day-to-day basis. There was no policy on wage negotiations, or even changes to work practices. Company business planning did not include consideration of future co-ordination of wage bargaining and conflict resolution.

Without clearly defined written policies on industrial relations, Gilbertson's management could not co-ordinate their efforts, and thus past-experiences guided their bargaining with the union. This resulted in a series of unregistered over-award agreements, which only served to create more confusion, and a greater reliance on unregistered agreements.⁵⁰ The company's most senior managers, when interviewed, freely admitted that they had been willing participants in the union's workplace bargaining strategy, even though it was contrary to the policy they had agreed to within the VMA and MATFA.⁵¹ On the other hand, Gilbertsons' management did refuse to abandon its managerial prerogative on occasion. When management announced the joint venture with Greenhams in 1983, for example, the only measure in place to deal with union dissatisfaction over job rationalisation was limited commitment to

1995.

48. Interview with Bruce Overall, 3 March 1995.

49. Meat Industry Inquiry Transcript, p. 2120.

50. Interview with Bruce Overall, 26 March 1996, interview with George Gilbertson, 2 March 1995,

consultation, and defence of its managerial prerogative.⁵² Management did little to negotiate a reasonable settlement of the dispute with the union.

Prior to 1989, Gilbertsons had practised a type of active acquiescence to workplace-level union demands by including resulting improvements in wages and conditions in unregistered agreements.⁵³ Gilbertsons had handed over much of their industry-level collective bargaining responsibilities to the VMA during the 1970s and early 1980s and to MATFA after 1986. During the VMBA dispute, this delegation of responsibility to their association intensified. The VMBA dispute therefore intensified Gilbertsons' reliance on their association and the way this translated into new industrial relations objectives, policies and strategies.⁵⁴ It also produced a highly confrontational approach to the union. This was a Board decision, not a plant management decision, and throughout the conflict the Board knew exactly how much the struggle was costing. Support for this claim comes from an interview with George Gilbertson. He said "attempts were made to better the competitive advantage of the industry in Victoria through legal processes, that is through the Commission and other legal processes, along similar lines to AMH at Portland."⁵⁵ The Board remained committed to continuing the struggle, until Malcolm Slinger joined the Board in 1990. The cost to the firm of industrial action during the VMBA dispute, finally induced the Board to change radically its reliance on MATFA in 1991. By then, however, there was little option but

Interview with Tony James, 22 September 1995 and Interview with Wally Curran, 27 February 1995.
 51. Transcript, pp. 2118-2118 & 2127, & *Sworn Statement of Peter Greenham to Meat Inquiry*, p. 3.
 52. AMIEU, 'Joint Venture R.J. Gilbertson and H.W. Greenham', *AMIEU Newsletter*, 21 June 1983 & Letter from F.G. Pacher (Commercial Manager of Greenhams) to W. Curran, 15 June 1983 and attached statement from H. W. Greenham & Sons Pty. Ltd. dated 15 June 1983. See also, Letter from G.R. Gilbertson & P.H. Greenham to W. Curran, 29 June 1983, in AMIEU archives.
 53. Transcript of Meat Industry Inquiry, p. 2125 and 2127-2128. See also interviews with Malcolm Slinger, February 1995.
 54. Transcript of Meat Industry Inquiry, pp. 2125, 2127-8; Bruce Overall, 3 March 1995; Malcolm Slinger, 28 February 1995; George Gilbertson, Managing Director of Gilbertsons, 26 March 1996; *Sworn Statement of Peter Greenham to Meat Industry Inquiry*, p. 2.
 55. Interview with Peter Greenham, 11 August 1995. Interview with George Gilbertson, 26 March 1996.

to return to a more clearly defined, and written, workplace bargaining policy.⁵⁶

There does not seem to have been a realisation within management that the two levels of bargaining could be mutually contradictory if not managed in a disciplined way. During the 1970s, at the height of the VMA's influence, Gilbertsons' management often compromised their jointly agreed position within the VMA by directly bargaining on those issues with the union.⁵⁷ Clearly, however, Gilbertsons were not alone in pursuing these contradictory practices.⁵⁸ Gilbertsons' industrial relations policy in the period prior to 1989 was reactive and, after 23 March 1989, highly confrontational⁵⁹ but, how did this change in 1991?

Management industrial relations strategy at Gilbertsons, 1991-1999

The debilitating economic costs of the VMBA dispute at Gilbertsons led its Board of Directors to establish a new management structure. In December 1990, the Board appointed Malcolm Slinger as CEO of Gilbertsons with a two-fold brief. First, Slinger was to restructure the organisation, with a view to saving it from economic collapse. Second, he was to succeed George Gilbertson, the managing director of the company and patriarch of the Gilbertson family, upon Gilbertson's retirement. Slinger came to the company from outside the meat industry.⁶⁰ His experience in other parts of the food processing industry would prove to be telling in the overall conduct of industrial relations at Gilbertsons after 1991.

Slinger's appointment to the Board resulted in rapid change in the industrial relations strategy at Gilbertsons. Peter Greenham, the Chief Executive of Meat Operations for the Gilbertson Group in Victoria, the largest works in the group, was a

56. Interview with Malcolm Slinger, 28 February 1995.

57. Interview with Bruce Overall, 3 March 1995.

58. Interview with Bruce Overall, 3 March 1995 & Interview with Wally Curran, 27 February 1995.

59. Interview with Wally Curran, 27 February 1995.

leading advocate of the confrontational style of industrial relations in the industry. He thought Slinger's concerns over the high strike rate and poor economic position of the organisation were rather naive. He assured Slinger that these were normal for the industry, and that he would get used to it eventually. Greenham's policy was to leave day-to-day industrial relations problems to more junior staff members, what Slinger called the "hands-off" approach. Slinger, on the other hand saw himself as a "hands-on" manager. He considered Greenham's approach to be at odds with the direction that he thought the organisation should take, so he had the Board dismiss Greenham and he took over the day-to-day running of the Victorian operation. Slinger set out to restructure the entire Gilbertsons organisation, to return it to a state of profitability. He claimed that his appointment was not to solve the industrial problems of the company, but that improvements in this area were a necessary by-product of reforms in other areas of the organisation.⁶¹

Slinger aimed to reinvigorate the company by reducing costs and building a high-gains enterprise. In 1991, Slinger shut down the Mutton Chain, with the loss of 300 jobs.⁶² This move was a portent of things to come. When Slinger joined Gilbertsons in December 1990, there were approximately 2,396 employees employed across the Gilbertson organisation. By June 1994, the number of employees had fallen to 1,280, although the number had fallen as far as 1,092 in June 1993.⁶³ In other meatworks in Victoria, the loss of jobs had been equally severe. In 1990, there were approximately 1,250 employed at the Altona North plant and a further 250 at the now defunct Brooklyn plant. Gilbertsons reduced its Victorian workforce to approximately 650

60. Interview with George Gilbertson, 26 March 1996.

61. Interview with Malcolm Slinger, 28 February 1995.

62. Interview with Tony James, 22 September 1995.

63. 1993 Annual Returns of R.J. Gilbertson Pty. Ltd.

workers at the remaining Altona North plant. Once again, Slinger argued that this rationalisation of the workforce, a reduction of almost 60 per cent, was never an expected or even intended outcome of the restructuring process, although he had expected some job losses to occur.⁶⁴ Of particular interest was the way in which Gilbertsons' new management harnessed union co-operation in the rationalisation of its members' jobs.

The traditional position of the AMIEU to job losses had always been one of bitter resistance. The announcement of the Gilbertson-Greenham joint venture in 1983 elicited strong reaction from the union, principally because of the job losses which followed the closure of the Newport plant.⁶⁵ Although the closure of the mutton chain in 1991 did meet with some resistance, the union generally accepted that the industry needed to rationalise to guarantee its survival. Wally Curran clearly reflecting the broadly held belief that the industry suffered from over-capacity, openly admitted that rationalisation was the only real hope for the industry in Australia.⁶⁶ The question was one of strategy and process. This time job rationalisation came to Gilbertsons through an enterprise bargaining process conducted at the highest levels.

Until Slinger's appointment, the bargaining that Gilbertsons' management generally used was the one common across the Victorian meat industry. It combined adversarial and institutional approaches. The parties fought over the bargaining process through workplace level conflict, usually focused on the utilisation and threat of strikes and lockouts, or by industry-level representation in the Commission. As chapter 5

64. Interview with Malcolm Slinger, 28 February 1995 & Interview with Tony James, 22 September 1995.

65. 'Rationalisation of the industry', *AMIEU Newsletter*, 17 June 1983. During the period of June to October 1983, the AMIEU conducted a persistent campaign to derail the joint venture plans, because it was bitterly opposed to job losses. The correspondence concerning Gilbertsons and Greenhams during the period reflects this view.

66. Interview with Wally Curran, 27 February 1995.

pointed out, central to the latter bargaining approach was the bitter antagonism between the union and MATFA. Slinger took a very different approach in 1991. He personally contacted Wally Curran, an unusual step in this industry, with a view to reaching a “Memorandum of Agreement”, as a first step to a durable accommodation between management and the union. The parties signed this “Memorandum of Agreement”, which spelt out their general commitments, on 6 November 1991.⁶⁷ With the acceptance of the enterprise bargaining principle by the Commission in October 1991, the way was clear for Slinger and Curran to negotiate a formal enterprise agreement within the confines of the VMBA and under the umbrella of the Commission. The parties agreed that a part of this negotiation process, which took almost 12 months to complete, would produce organisational restructuring and job rationalisation.⁶⁸

One can only speculate, since the participants carefully avoided directly answering all questions related to the issue of job losses, that the union was prepared to sacrifice a majority of its members (mainly unskilled labourers and non-tally workers) at Gilbertsons in order to obtain a favoured status there. The union gained, for its surviving members at the Altona North plant, significantly higher wages, better job security and direct input into the daily operation of the plant. This reflects Kochan and Osterman’s ‘mutual-gains enterprise’ strategy identified in chapter 1.

The union and its remaining members, and management at Gilbertsons all appeared to be very happy with the new agreement. After the agreement came into effect in October 1992, members of the union ceased all strike action, although a picket by the National Union of Workers (NUW), covering cold storage workers cost one and

67. ‘Memorandum of Agreement’ between Wally Curran and Malcolm Slinger, 6 November 1991, AMIEU Archives.

68. Interview with Wally Curran, 27 February 1995 & Interview with Malcolm Slinger, 28 February 1995.

a half days lost production. This was an extraordinary result compared to the AMIEU's previous strike record of union at Gilbertsons' Victorian operations.⁶⁹ Slinger's negotiations with the union resulted in the complete elimination of strike action on the part of the union, or a strike rate per available production days down from 23 per cent to nought. A similar decline in the general level of strike activity occurred across the industry in Victoria.⁷⁰ While it is an exaggeration to suggest that Slinger was the author of the dramatic turn-around in the industry across Victoria, it is reasonable to suggest that his successful determination to establish an enterprise agreement inspired other employers to do the same. The vast majority of EBAs created at this time were very similar to the Gilbertson EBA.

Thus, this dramatic turnaround in industrial conflict at Gilbertsons was the result of changes in management personnel, policies and practices. The AMIEU structure remained intact throughout this process. Wally Curran was still the Secretary of the AMIEU (Victorian branch), Graham Bird was still his assistant and works organiser at, among others, Gilbertsons, and Tony James was still the AMIEU Works Delegate at Gilbertsons. All three men were in these positions before the VMBA dispute plunged Gilbertsons into a catastrophic period of industrial action, were intimately involved in the negotiation process, and survived the process in place. The nature of the work and the types of workers had also remained unchanged, which was not the case on the employer's side.

Clearly, at Gilbertsons at least, dramatic changes in management personnel, policy and practice led to an unprecedented period of industrial peace. This suggests that the causal relationship between management policies and practices, and high levels

69. Interview with Tony James, 22 September 1995.

70. 1993 Annual Returns of R. J. Gilbertson Pty. Ltd. Despite the up beat nature of the interviews, the

of industrial action may be very strong. All parties, after 1991, believed that poor management policies and practices had led to the crippling level of strikes during 1989 to 1991. Slinger also suggested that the AMIEU, MATFA and the Commission should accept at least part of the responsibility for that situation, too.

Industrial relations practice at Gilbertsons, 1991 to 1999

These events had a lasting effect on industrial relations at Gilbertsons, as the dramatic reduction in strike activity suggested. This section will examine four of the changes at the plant level. First, there is the question of job control; second, the wellbeing of the worker and of the end consumer; third, the bargaining structure; and finally, the relationship between management and employees.

Job control changed significantly at Gilbertsons after 1992. The union lost control of the speed of the chain, and thus the time it took to process a specified tally. Under the old system, management controlled the level of output, while the union (unofficially) controlled the speed the chain. The 1992 EBA set the chain or rail speed which was, in fact, slower than the previous nominal speed, and which the union agreed not to alter.⁷¹ The size of the minimum and maximum tally increased, as Table 7-1 illustrates. The union traded the loss of control of the speed of production, and the increased tally, for increased job security and significantly better wages and working conditions.⁷²

Board recognised that no strikes had occurred “in the Victorian industry since May 1991.”

71. Interview with Tony James, 22 September 1995.

72. Interview with Tony James, 22 September 1995. & Interview with Malcolm Slinger, 28 February 1995.

Table 7-1: Comparison between New & Old Tallies⁷³

Classifications	Old Tallies	New Tallies
Beef Slaughtering	Low - 17 High - 20	Low - 19 High - 25
Smalls Slaughtering (Sheep, Lambs & Calves)	Low - 75 High - 80	Low - 80 High - 120
Beef Boning (Qtrs =Quarters)	Low - 48 Qtrs High - 69 Qtrs	Low - 50 Qtrs High - 75 Qtrs
Smalls Boning	Low - 80 High - 115	Low - 83 High - 125

This trade-off of job control and increased production levels for higher wage rates was a major achievement for Slinger's mutual-gains strategy in the Gilbertsons EBA. Real wages under the VMBA had been in decline since 1984, so that by June 1990, the real value of a slaughterer's wage was just 82.12 percent of its real value in June 1984.⁷⁴ The EBA arrested this trend for Gilbertsons' employees, particularly the piece or tally workers. Not only did wage rates increase in actual terms, but the increased tally sizes dramatically increased real wages as well, or employee earning potential at least.

Table 7-2 shows that all piece-rate workers at Gilbertsons had their base-wage rates (based on the minimum tally) increased in 1991-92 by between \$45 and \$77 per week. The wage rises included an \$8 pay increase on 1 November 1991, another \$8 increase on 1 May 1992, a further \$9 increase on 1 November 1992 and increased minimum tallies (see table 7-1). On 1 October 1994, there was a further 1.5 per cent wage increase for all Gilbertsons' employees.⁷⁵ The pieceworkers' real wage movement came through the increased maximum Tallies. Gilbertsons' management also made a commitment to, whenever possible, work at, or near, maximum tally and offered the

73. These figures come from an unpublished tally schedule in the possession of Tony James, the AMIEU Works Delegate at Gilbertson's

74. *The Victorian Meat Industry: An Overview*, a submission to the Meat Industry Inquiry, source unknown, p. 14.

75. Victorian Meat Processing Agreement, R. J. Gilbertson Pty Ltd, Gilbertson Group Services Pty Ltd and Australasian Meat Industry Employee's Union, p. 8.

employees a guaranteed minimum rate of pay of between \$353.76 and \$464.20 per week should they not offer the minimum tally.⁷⁶ Management verbally enunciated this commitment to the workforce, although not in writing, and the employees clearly understood it. As a result, Gilbertsons' workers were earning, in 1993, almost twice the wage of compatible workers at other plants covered by the VMBA, who were working a minimum tally.⁷⁷ Overall then, the company compensated for the job losses by offering their workers vastly improved earning capacity, and it was a strategy that gained strong support from the AMIEU at the state and workplace levels.

Table 7-2: Comparison between Rates of Pay⁷⁸

Classifications & Tallies	1991 Pay Rates	1992 Pay Rates	1994 Pay Rates
Beef Slaughtering: Minimum Tally	\$447.28	\$524.90	\$532.77
Maximum Tally	\$555.46	\$741.27	\$752.39
Smalls Slaughtering: Minimum Tally	\$529.00	\$589.25	\$598.09
Maximum Tally	\$564.26	\$871.37	\$884.44
Beef Boning: Minimum Tally	\$527.52	\$574.50	\$583.12
Maximum Tally	\$758.31	\$849.45	\$862.00
Smalls Boning: Minimum Tally	\$529.64	\$574.50	\$583.12
Maximum Tally	\$760.43	\$851.45	\$864.22

The changes to job control had several important side effects for the company. Gilbertsons' Workers Compensation Insurance premiums in Victoria fell from \$14 million in 1992 to \$7.5 million in 1994. This amounted to a significant reduction in overall costs and pointed to a considerable reduction in reported workplace injuries and illness. Management also claimed that the focus on skill through the slower processing speed produced a significant quality improvement in outputs. Clearly, the job was safer,

76. VMBA, p. 30.

77. Interview with Wally Curran, 27 February 1995, Interview with Tony James, 22 September 1995. & Interview with Malcolm Slinger, 28 February 1995.

78. VMBA, pp. 23-25. N.B. 'Smalls' refers to small stock, such as sheep and lambs, and in some cases pigs.

because the workers performed the tasks more slowly and efficiently.⁷⁹

Management's greater emphasis on the role of enterprise bargaining for the parties also produced a number of key changes. Under the old regime, section managers and their immediate supervisors handled day-to-day industrial relations and informal bargaining. This had led to inconsistencies in wages and conditions between sections through the proliferation of "sweetheart deals", special deals between section managers and the workers directly under them in response to the workers' demands in a given moment or to meet given production targets. Under the new regime, all "sweetheart deals" were eliminated and Slinger centralised bargaining at the plant level between the works delegate for the relevant unit and the Shop Committee representing employees, and the works manager. An important outcome of this new regime was the reduction in the number of unions covering the site. At the Kyle Road plant, for example, the parties envisaged that just two unions would be on site, the AMIEU covering all workers who handled meat products and livestock, and a single union organising all the maintenance personnel. Indeed, Malcolm Slinger's plan to move the cold storage workers across to the AMIEU directly led to the picket by the NUW, mentioned earlier. Slinger believed the rationalisation of union coverage would improve the consultative and bargaining processes.⁸⁰

This consultative and bargaining process was rather unique in an industry that had traditionally relied on confrontation, rather than co-operation. The AMIEU held a unique place in the day-to-day operation of the plant at Altona North. In his capacity as AMIEU works delegate, Tony James, derived his entire income from the company,

79. Interview with Tony James, 22 September 1995 & Interview with Malcolm Slinger, 28 February 1995.

80. Interview with Tony James, 22 September 1995 & Interview with Malcolm Slinger, 28 February 1995.

based on the tally of the slaughtering section, yet he did not perform any production-related work. His was a purely liaison role between workers and management, the union and management, and the union and the membership at the plant. During the NUW picket, most section managers visited his office to discuss the progress of the dispute and inform him of changes to the tally for that day, and of the complete shutdown of the plant planned for the next day. He also translated the grievances of the members of the AMIEU to management and directly participated in the resolution procedure.⁸¹

Each section elected a delegate to deal with small sectional disputes, but on a more general level, James, his assistant and the 12 section delegates, formed the Shop committee, which had direct responsibility for negotiating the enterprise agreement and for settling disputes of a substantial nature. This ratio of 14 union officials for 650 workers gave the union considerable power at the plant level. The level of co-operation and respect given to the union by management had fostered a level of trust among the workforce, which was virtually unheard of across the industry.⁸²

This co-operation between the union and plant management persisted up until 1998, when negotiation of the third round agreement began. A new form of management industrial relations strategy, a 'no-conflict' model, emerged during these negotiations, because of the SBA Foods take-over in 1996. Both management and the union acknowledged that industrial relations had become unworkable, in the Australian meat industry context, after the SBA Foods take-over, as senior management of the company in Japan insisted on a climate of no conflict. As a result, the Australian-based managers felt unable to resist the increasingly outrageous demands of local union delegates and members during the 1998 negotiations. The AMIEU's Victorian branch

81. Interview with Tony James, 22 September 1995.

82. Interview with Tony James, 22 September 1995.

leadership rather derisively suggested that its own members made excess demands, which local management failed to resist fulfilling further local member demands. In the end, the cost of the local wage-effort bargain rose beyond sustainable levels and the company became unprofitable. In 1994, for example, slaughterers earned \$532.77 to \$752.39 per week, but by 1998, this had risen to \$646.35 to \$888.17 per week, despite there having been low levels of inflation.⁸³ Senior state-level union officials blamed management, but did not exempt the militant members at the Kyle Road plant from criticism.⁸⁴

As a result, during late 1998 and early 1999, management began reducing the size of its workforce at Kyle Road⁸⁵ and on 10 June 1999, SBA Foods closed the plant and terminated the employment of some 650 employees.⁸⁶ Management's explanation was that the competitive advantage of AMH and the other Queensland processors resulted in their having lower production costs and, therefore being able to offer higher prices for stock. Even taking in to account transport costs to Queensland, it was more profitable therefore for Victorian cattle producers to sell their cattle to AMH. This generated a significant stock shortage in Victoria.⁸⁷ The excessive wage-effort bargain in the 1998 EBA exacerbated this stock shortage encouraging the company shut the Kyle Road plant.⁸⁸

83. Victorian Meat Processing Agreement 1998, SBA Foods Pty Ltd and Australasia Meat Industry Employees' Union, p. 14. See also Table 8-2.

84. Interview with Graham Bird, 2 October 2001

85. Letter from SBA Foods to Graham Bird, 25 June 1999, AMIEU archives.

86. Letter of Termination of Employment, from SBA Foods to Employees, 25 June 1999, AMIEU archives.

87. Interview with Malcolm Slinger, 2 October 2001. See also 'Two more beef exporters close down indefinitely', *Daily Commercial News*, 17 March 1999, p. 10 and 'Feedback', September 2000.

88. Interview with Graham Bird, 2 October 2001 & Interview with Malcolm Slinger, 2 October 2001

Conclusion

The size and history of Gilbertsons gave it a unique place in the meat processing industry in Victoria. From humble beginnings in 1901, the company grew to be the largest meat processor and exporter in that state. At Gilbertsons, the relationship between management and its employees long followed a historically similar pattern to that of the rest of the industry until 1991, when the company's senior management pursued a policy of sustainable collaboration with the unions. This experiment, led by Managing Director, Malcolm Slinger, resulted in the first of three EBAs under first the 1988, then the 1993 IRR Act and, finally the 1996 WR Act. To a degree, company owners and management staked its survival on this strategy, particularly once Simikin Bussan began its gradual takeover of the company from 1989.

More recently the determined pursuit of peace with the AMIEU, at almost any price (the 'no-conflict' strategy), led the company into a state of near collapse. The author's visit to the organization in 2001 revealed that the Japanese owners' industrial relations strategy had led to the closure of its key processing facility, the Kyle Road plant in Altona North. The publicly-stated reasons for the closure were a lack of stock and the consequent elevation of stock prices. However, there is also reason to believe that the Japanese parent company's unwillingness to resist the excessive demands of a militant element of rank-and-file employees caused a financial crisis for the firm and that this led directly to the closure of the plant. High wage costs and high stock prices combined to become a recipe for failure.

The success of AMH in driving up stock prices, while driving down its own wage costs, left companies like SBA Foods with few options. The constraints of the 'no-conflict' strategy left the company with virtually no viable options. Its view that the historically conflictual relations in the industry were outmoded directly had led to its

earlier strategy of ‘bargained-peace’. This was different, however, to the ‘no-conflict’ strategy that left the organization vulnerable to exploitation by militant sections of the workforce. Lewin’s contention that where such environmental constraints leave either party with only one realistic option, then the notion of ‘strategic choice’ does not apply,⁸⁹ seems valid in this context. The SBA case was a clear indicator that AMH was now the trendsetter and that all other processors, particularly those in the export sector had to try to follow and pay the price. It also reveals that among the range of strategic choices available to a large processor was that of a leader-collaborator strategy resembling the Kochan and Osterman ‘mutual-gains’ approach. Even so, in a set of hostile circumstances, even this was not sufficient to save the company in the absence of genuine collaboration from its unionised workforce.

89. David Lewin, 1987, ‘Industrial relations as a strategic variable’, in Morris Kleiner and Steven Allen, *Human resources and the performance of the firm*, Madison, Wisconsin, Industrial Relations Research Association.

Chapter 8: Case Study

The South Burnett Meat Works Co-operative Association Limited

Introduction

In the previous chapter we saw how Gilbertsons, the largest Victorian meat processor in the late 1980s and early 1990s, responded to AMH's victory at Portland and to MATFA's subsequent industrial relations strategies in that state. Senior management at Gilbertsons initially took a highly confrontational and, ultimately, highly costly and unsuccessful approach to the union's attempts to maintain a high-wage regime. After this confrontational strategy failed, Gilbertsons, under the leadership of Malcolm Slinger, adopted a high-trust, mutual-gains strategy through the new enterprise bargaining system. The important aspect of that case study was that Gilbertsons was a representative example of how medium, and large, Victorian export processors responded to AMH's successful Portland campaign in the late 1980s, and its Queensland campaigns in the mid-1990s. The case study in this chapter, on the other hand, provides representative insight into the alternative experiences and strategies of small and medium-sized Queensland meat processors facing the challenge of AMH's campaign in that state.

This chapter is a detailed case study of employer behaviour and industrial relations at the South Burnett Meat Works Co-operative Association Limited, Murgon, Queensland (the Association). The Association was a good exemplar of the many small to medium-sized meat processors, particularly in Queensland, but also across the industry nationally. The Association operated a single plant in a rural or semi-rural area, like many of its competitors. It also had a common tradition of constant plant-level

enterprise bargaining – formal and especially informal – that came to mesh with the formalism of enterprise bargaining under the Commission’s October 1991 decision. In this case, management tried to mesh new human resource management practices with a new high-trust strategy that did not, however, seek to share gains with its blue-collar workforce.

The Association owned and operated the Meatworks, but the management of the Association was not necessarily the same as the management of the Meatworks. This chapter begins by examining the basic business structure and performance of the Association prior to 1993. This includes such factors as, a brief description of agricultural co-operatives, an overview of the Association’s structure and history and an analysis of the markets, profit patterns and average annual outputs of the Meatworks. Second, it looks at employer behaviour and industrial relations at the Meatworks, including separate sub-sections on industrial relations prior to, and after, 1994. The final section examines the closure of the Meatworks and the collapse of the Association during the late 1990s. The critical question here is: how did the actions of AHM in Queensland affect the operation of the Association and, in particular, its industrial relations strategies for the Meatworks during the 1990s? In answering this question, this chapter extends our understanding of the significance of AMH as a market leader and the influence of the Commission’s decentralisation of bargaining under the Accord.

The main fieldwork for this chapter took place during the protracted enterprise bargaining process at the Meatworks during 1995. In carrying out this fieldwork, the author’s experience was that management at the Meatworks were less suspicious than their counterparts in Victoria. They allowed greater access to plant employees and existing business records. Unlike at Gilbertsons, management freely allowed the researcher to interview employees during meal breaks and a less narrow, ‘official’ slant

to employee opinion emerged. Although all of the written material in the union archives was available, documentary evidence covering events after 1991 was limited. It appeared that the Queensland branch union archivist was less diligent in maintaining up-to-date records than was the case in Victoria. In the end, this case study, by necessity, relied heavily on fieldwork interviews.

The case study

The South Burnett Meat Works and its environment

The Meatworks was located on the outskirts of the town of Murgon, Queensland. Europeans first settled Murgon around one century ago, at about the same time as the establishment of the Cherbourg Aboriginal Reserve (now an indigenous community), just 4.8 kms away. At the end of the twentieth-century, Murgon was an isolated, small urban outpost undergoing economic renewal. It is located approximately 260 km north-west of Brisbane and a little over 100 km inland from the coast. Murgon's population at the 2001 national census was 2143. A further 2429 people lived in the Murgon shire, including 1128 living in the Cherbourg indigenous community.¹ However it is measured, Murgon was only the seventy-first largest urban centre in Queensland at the turn of the century.²

European settlers originally opened up the area for sheep (wool) production, but quickly converted the focus of their activities to beef and dairy cattle production. While the Meatworks did not commence production until 1962, Murgon was producing beef

1. ABS, 2001, 'Murgon (S) (LGA 35500)', and 'Cherbourg (IARE 14035)', a part of the 2001 Census Community Profile Series, www.abs.gov.au, assessed 23 April 2007.

2. Queensland State Library, 'Statistical Bulletin 1999-2000', <http://publib.slq.qld.gov.au/statsbul/popn.htm#murgon>, assessed 20 April 2007.

cattle for domestic and export consumption prior to that.³ Despite its relative isolation and modest population, the Meatworks was a significant meat-industry employer in Queensland during the 1990s.

During the author's extended research visit in April 1995, there were 628 employees at the plant, with 560 of these employed in processing-related jobs, another 40 in maintenance and a further 28 in administration. Of these 628 employees, just four were indigenous Australians from Cherbourg.⁴ Some of the processing personnel were also part-time cattle farmers, members of the Association, and members of the union. In effect, they were shareholders of the Association and suppliers for the Meatworks, as well as unionised employees who very occasionally went on strike.⁵ Despite the relative isolation and strong union organisation among the process workers,⁶ the plant remained relatively strike free. Compared to Portland, the Meatworks, representing reasonably similar settings, did not fit the model proposed by Kerr and Siegel, and Ross and Hartman. It would seem that their tighter links to the broader rural community might have diluted any tendency towards strike-proneness.

The main distinguishing feature of the Meatworks was its corporate or ownership structure. Unlike other meatworks in Queensland (excluding bacon factories) South Burnett was an agricultural co-operative, one of only two co-operatively owned meatworks in Australia. The next sections will briefly examine the general nature of agricultural co-operatives in Queensland and then examine the business structure and performance of the Association.

3. Murgon Shire Council, 'A brief history of Murgon Shire', <http://www.murgon.qld.gov.au/history.php>, accessed 20 April 2007.

4. Interviews with Darryl Steinhardt, HR Manager of Meatworks, 10 to 18 April 1995.

5. Anonymous Employee Interviews, 11 to 20 April 1995 and Interviews with Richard Wigg, AMIEU Plant Secretary at South Burnett, 12 and 13 April 1995

6. Richard Wigg, 12 and 13 April 1995.

Agricultural Co-operatives

An agricultural co-operative is an association of primary producers who band together to achieve a common set of commercial objectives that they can more successfully achieve in co-operation than individually. These primary producers, usually from the same sector – for example sugar, cattle or dairy – form co-operatives to improve the economic performance of their industry and their own farms, in particular by cutting out the “middleman” purchasers of their individual output and operating joint marketing through their co-operative. Members are co-owners of their co-operative as well as its suppliers. An agricultural co-operative is, thus, an extension of the farm, because when members deliver their produce to the co-operative they are effectively dealing with themselves. Inherent in this concept is the principle of mutuality: the co-operative should serve the needs of the members; and no member should gain at the expense of other members.⁷ Consequently, the member-shareholders are the principal users of the co-operatives, unlike investors in ordinary companies who invest merely for profit.

Agricultural co-operatives have long represented a significant part of the Queensland economy. In 1990, there were 66 officially registered agricultural co-operatives. In that year, the almost 13,000 co-operative members controlled assets (including capital) of almost \$874 million and generated a turnover of more than a billion dollars.⁸ In the same year, the primary sector in Queensland controlled assets of more than \$26 billion and generated a turnover of almost five billion dollars.⁹ Thus, with their assets representing less than four percent of the whole primary sector in

7. Queensland Department of Primary Industries, 1990, ‘Primary Producers’ Co-operatives’, *Agribusiness*, pp. 6-7.

8. D. Sands, 1991, *Overview of Queensland Agricultural Co-operatives*, (unpublished manuscript, found in South Burnett Meatworks records) p. 15.

9. *Queensland Year Book*, 1993, p. 162.

Queensland, these organisations turned over more than 20 percent of the sector's total sales.

The principal benefit of an agricultural co-operative to a member is the increased influence over and financial outcomes from individual farm production once it leaves the "farm gate", as members "share in any profits arising from the processing and distribution of their produce."¹⁰ Agricultural co-operatives tend to have lower operating costs because of advantageous taxation rules, and a lower emphasis on overall operating profits through cutting input costs because shareholders can benefit financially from the co-operative apart from via dividends. A further benefit is economies of scale in processing above the capacity of individual members and often more cost-effective production than other processors.¹¹ Members receive equitable distribution of any surplus operating profits and services through their co-operative at cost, often tied to use, rather than the size of their investment.¹²

The Association, its senior management and economic performance

The Association registered itself formally in August 1956 but the Meatworks did not commence slaughtering stock until 28 August 1962. In the intervening six-years, the Board set about raising capital, and planning, constructing, and registering for export its meatworks in Murgon.¹³

The Meatworks enjoyed steady growth in production, employment and profitability during its first two decades of operation, before experiencing very poor years in 1982-83 when, first, it suffered an unsuccessful lawsuit.¹⁴ In late 1982 and

10. Sands, *Overview of Queensland Agricultural Co-operatives*, p. 14.

11. Primary Industries, 'Primary Producers' Co-operatives', pp. 16-17.

12. Primary Industries, 'Primary Producers' Co-operatives', pp. 9-10.

13. South Burnett Meatworks Co-operative Association Limited, 1976, *Annual Report to Shareholders*, p. 2.

14. South Burnett Co-operative, 1982, *Annual Report*, p. 2.

1983, a three-month strike and lockout severely restricted output and thus profitability.¹⁵

Within Meatworks' senior management, a central figure during the period in which its only two major strikes occurred was E.J. Brennan who had replaced John Keech as General Manager of the Meatworks in May 1973. Brennan oversaw a period of rapid growth in the Meatworks' financial competitive position. It was Brennan, however, who, in 1981-82 involved the Association in the disastrously expensive legal battle and the protracted 1982-83 industrial action. A strike broke out over tensions between management and the workforce over a number of issues: the size of the Tallies; staffing levels; the correct classification of workers on the chain; the public listing of Tallies at the end of each shift; and the correct payment for these Tallies.¹⁶ The strike soon turned into a lockout after Brennan dismissed the entire workforce. The dispute lasted for three months, during which time the Association undertook "extensive upgrading and extensions" to the Meatworks. The implications of this action were not lost on the workers, who described it as, "a very convenient strike indeed!"¹⁷ The union Works Secretary consequently expressed a degree of optimism about improvements in industrial relations at the plant after David Woolrych replaced Brennan as General Manager in May 1983.¹⁸

The Board's appointment of Woolrych was a significant turning point for the Association in both industrial relations and financial terms. Woolrych came to the Association with a strong business and farming background. Indeed, he was still a cattle producer in the South Burnett region and a shareholder in the Association when the Meatworks closed in 1999. The Board described him, in 1990, as the person who

15. South Burnett Co-operative, 1983, *Annual Report*, p. 2.

16. *The Meatworker*, 12 (4), 1983, p. 12. See also 12 (3), p. 8 and 12 (6), p. 8. See also Interview with David Woolrych, Managing Director of the Association, 13 April 1995.

17. *The Meatworker*, 12 (1), 1983, p. 12.

“transformed the company from a service operator to a fully integrated marketing organisation.”¹⁹

Under Woolrych, the Association underwent a major re-orientation of its marketing strategy. When he became the General Manager in 1983, the USA was the main market for the Meatworks, with only a small quantity of high-grade product sold on the Japanese market. His background, as a pioneer in the production of high-grade, grain-fed bullocks, specifically grown for the Japanese chilled beef market, enabled him to re-orient the marketing strategies of the Association to focus more on this sector of the market. While the Meatworks maintained a high level of production for the US frozen beef market, the Japanese and Korean markets now took far more of its throughput. This strategy gave the association a hedge against droughts, as feedlots were far less susceptible to droughts than grazing properties.²⁰ As a result, between 1984 and 1993, production increased over five-fold and turnover almost six and a half-fold.²¹ These were remarkable figures, given the stagnation across the industry during the same period, due to the 1980 beef export collapse and the subsequent struggle with over-capacity. On 22 February 1995, the Board rewarded Woolrych’s astute management by promoting him to the new position of Managing Director of the Association.²²

Table 8-1 illustrates the growth in the performance of the Association, in five-year intervals, between 1963 and 1993. Another way to understand this success is through comparison with the rest of the industry. Thus, in 1990 and 1991, the

18. *The Meatworker*, 12 (3), 1983, p. 8.

19. Anon, circa 1990, ‘South Burnett, Queensland, Australia’, Unpublished overview of the Association, found in the Meatworks archives and business records.

20. South Burnett Co-operative, 1994, *Annual Report*, p. 6.

21. South Burnett Co-operative, 1993, *Annual Report*, p. 8.

22. ‘Register of Association (Form 9) (Regulation 18) Primary Producers’ Co-operative Associations Act, 1923’, available from Registrar of Co-operatives, Queensland Department of Primary Industries.

Association did not appear in the Australian Meat and Livestock Corporation (AMLC) ‘Top 20’ processors list, but by 1992, when the list expanded to become the ‘Top 25’, it stood at number 17, with 1.5 per cent of the national kill.²³ By 1993, the Association had risen to equal 11th.²⁴ In 1994, the Association continued its steady rise, moving up to tenth place.²⁵ This made the Association a middle ranking meat processor and exporter. The Association’s rankings fluctuated markedly during the latter half of the 1990s, slipping to 23 in 1996, but recovering to twelfth place in 1998.²⁶ This was the last time the Association would appear in the AMLC rankings, and in 1999, it shut the Meatworks before eventually folding in 2006.²⁷ As the AMLC’s own official journal, *Feedback*, reported, the Association shut the Meatworks in 1999 due to a lack of available livestock.²⁸

Table 8-1: Selected financial indicators of the Association, 1963-1993.²⁹

Year	Head Killed	Turnover	Profit/Loss	Employment
1963	30,208	\$122,758	\$19,162 (Loss)	52
1968	87,551	\$580,801	\$35,411	121
1973	69,746	\$1,096,858	\$61,520	151
1978	148,942	\$6,254,960	\$1,169,088	190
1983	90,886	\$12,593,602	\$30,788	157
1988	141,139	\$53,642,457	\$177,897	293
1993	333,739	\$132,101,750	\$1,564,549	547

As subsequent sections of the chapter will make clear, the cause of the demise of the Meatworks, and then the Association, lay in their ability to source sufficient livestock. This had long been a severe challenge that the Association had found ways to

23. *Feedback*, 6 (4) 1993, pp. 34-5.

24. *Feedback*, 7 (4) 1994, p. 27.

25. *Feedback*, 8 (4) 1995, pp. 28-9.

26. *Feedback*, March/April 1999, pp. ii and ix.

27. Commonwealth of Australia, *Business Gazette*, 13 December 2005, Private Notices: 2612.

[http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/ASIC_B49_05.pdf/\\$file/ASIC_B49_05.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/ASIC_B49_05.pdf/$file/ASIC_B49_05.pdf). Accessed 25 January 2007.

meet. For example, agricultural co-operatives must derive a minimum 90 per cent of their inputs from their members to secure a number of special tax incentives. While this condition may appear restrictive, particularly in relation to the seasonal nature of the cattle industry, the Association had earlier found a creative and permissible way around it. The Board had created Hub Wholesale Meat Pty. Ltd., a wholly owned subsidiary company of and a shareholder in the Association. Through Hub, the Association was able to source cattle from the general market, and on-sell them to the Meatworks, as any other shareholder could do. The Association was not unique in this regard, as many other agricultural co-operatives, particularly the larger ones, also met the 90 per cent rule in this way.³⁰ The particularly severe and apparently insurmountable problems the Association faced in the late 1990s were not due to seasonality but rather to the impact of the growing dominance of AMH. Before discussing this further, it is necessary to explain industrial relations at the Meatworks and the role of employer strategy in shaping it.

Industrial Relations at the Meatworks

The Association generally regarded industrial relations at the Meatworks as rather peaceful. Since 1973, the date of the earliest available records,³¹ there had been just two strikes of significant severity – in 1975 and 1983 – to warrant noting in its *Annual Reports*. In both years, the financial indicators of the plant declined significantly, but then fully recovered within two years.³² In 1985, Woolrych moved to place industrial relations on a more consistent footing by appointing Laurie Weldon to

28. *Feedback*, September, 2000, pp. i-ii.

29. South Burnett Co-operative, *Annual Report*, 1973, p. 8, 1983, p. 8 and 1993, p. 8.

30. Interview with Mr P. Taylor, Registrar of Co-operatives, Queensland Department of Primary Industries, 21 July 1993.

31. The publicly available record prior to this time were lost in the 1973 flood.

32. South Burnett Co-operative, *Annual Report*, 1975 to 1995, *passim*.

the newly-created position of Plant Superintendent, a position that included operational and strategic responsibility for industrial relations.³³

As Plant Superintendent from 1985 to 1994, Weldon therefore exercised considerable control over industrial relations during the Accord period of managed decentralism. His industrial relations responsibilities also came to include award implementation, enterprise-based negotiations, training, health and safety, hiring and daily production levels,³⁴ all areas where creative managers elsewhere had innovated through the Accord process. These responsibilities also gave him enormous control over the working lives and, ultimately, the livelihood of the employees at the Meatworks.³⁵ Consistent assessments of the Weldon industrial relations regime emerged through the research interview process. Interestingly, in such a conflictual industry, the management team and employees shared this assessment. In general, they suggested that Weldon's industrial relations policies were autocratic, monolithic, centralised, non-consultative and secretive.³⁶

Despite the Accord's emphasis on co-operation and productivity bargaining, under Weldon, industrial relations instead became very one-sided, abrasive and non-consultative. In fact, Weldon appears to have been an unsophisticated unitarist who objected, in principle, to unions and legal regulation that interfered with his prerogative. One worker described working under Weldon as "like being in a prison or army camp". Another stated, "You did things his way or you were out the gate."³⁷ The management team who replaced Weldon in 1994 variously described his leadership style as

33. David Woolrych, 13 April 1995. See also Interview with Laurie Weldon, former Plant Superintendent of the Meatworks, 4 May 1995.

34. Laurie Weldon, 4 May 1995.

35. Anonymous Supervisor Interviews, 11 to 20 April 1995, Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

36. Darryl Steinhardt, 10 to 18 April 1995 and Employee Interviews, 11 to 20 April 1995.

37. Anonymous Employees, 11 to 20 April 1995.

inflexible, retributive, non-consultative, the “big stick” method. What became clear during these interviews was that Weldon was, at best, merely ambivalent about the need for award adherence. When it suited the company to insist on adherence to the award he would, but when it did not suit the company to do so, he would treat the award with disdain.³⁸

One maintenance worker suggested that Weldon was even more anti-union than most processing employees believed. The AMIEU was too strong at the plant for Weldon to cower its membership among the process workers. However, the much smaller number of maintenance workers were much more vulnerable.³⁹ Weldon had told him, during his job interview that, as a maintenance worker, union membership would disqualify him from employment at the Meatworks. It would also end his employment if he joined one later. As a result, the maintenance crew remained un-unionised to the end, atypical for much of the industry during the 1980s and 1990s.⁴⁰ Weldon’s autocratic and anti-union approach to industrial relations prospered despite the Accord era’s norms due to the plant’s rural location and Murgon’s lack of local employment alternatives. While Weldon was the main driving force behind this approach, local AMIEU officials argued that Weldon’s policies reflected the Association’s management’s own organisational policies.⁴¹ No written documents were available to support this conclusion, but on the other hand, most industrial disputes at the Meatworks from the 1985 to the early 1990s appear to have resulted from Weldon’s breaching of award provisions, his anti-unionism and the lack of consultation that this generated between the parties at the

38. Darryl Steinhardt, 10 to 18 April 1995, Anonymous Supervisors, 11 to 20 April 1995 and Richard Wigg, 12 and 13 April 1995.

39. The interview process did not formally include maintenance staff, however, several were engaged in informal discussions during meal breaks.

40. Anonymous Employees, 11 to 20 April 1995.

41. Richard Wigg, 12 and 13 April 1995.

plant.⁴²

Darryl Steinhardt, a former senior AMIEU official at the Meatworks, took over Weldon's oversight of industrial relations and personnel matters, on the latter's retirement in 1994. He introduced an industrial relations approach that appeared to be radically different to Weldon's approach. In particular, Steinhardt's approach increasingly brought together management's industrial relations and Human Resource Management (HRM) objectives, policies and practices. One way of seeing this is as the application of the Meatworks' Human Resources (HR) policy to the conduct of industrial relations at the plant. In brief, the HR policy stated a three-fold objective: first, to introduce a process of "effective employee consultation, involvement and interaction"; second, to "introduce an enterprise agreement"; and third, "to maintain a high level of workforce competence with a workplace culture of continuous improvement".⁴³ Some of the effects appeared obvious. Unlike the consequences regarding Weldon's reign, the process and outcomes generated under Steinhardt brought out conflicting opinions among managerial and blue-collar interviewees. Interviewees from management suggested that the new industrial relations administration had in fact become far more consultative and co-operative.⁴⁴ On the other hand, while processing and maintenance workers did not deny that there had been more consultation and co-operation, they were, overall, rather sceptical about the genuineness, and extent of real openness, in the new policies.⁴⁵ They pointed to changes made to training, communications and workplace culture at the plant as indicative of the differences between management's claims and their own experiences. These were all, of

42. Darryl Steinhardt, 10 to 18 April 1995 and Anonymous Supervisor Interviews, 11 to 20 April 1995.

43. South Burnett Meat Works Co-operative Association, n.d., 'South Burnett Meat Works' Human Resources Policy'.

44. Anonymous Supervisors, 11 to 20 April 1995 and Anonymous Employees, 11 to 20 April 1995.

course, central to the three elements of the Meatwork's HRM policy. Discussion of these aspects follows, with the subsequent section explaining the question of enterprise bargaining.⁴⁶

From June 1990, when Steinhardt had resigned from the union to become the Meatworks' Training Officer,⁴⁷ management had spent considerable time and money on setting up, and running, a variety of training programs for its employees. The number and scope of these courses increased markedly after Steinhardt became the Human Resources Manager in 1994. These programs covered such areas as basic induction, a literacy course, communications and skills training, among others.⁴⁸

Communication between management and the workforce assumed a high priority after 1994, when management established consultative committees, comprising small groups of workers from the same department. These committees met on a regular basis, usually once or twice per week, with one or more members of the management team, ranging from supervisors up to David Woolrych.⁴⁹ These committees discussed such topics as training, departmental disputes, management issues, enterprise bargaining ideas, health and safety, and hygiene. Management interviewees claimed that these committees facilitated an open exchange of ideas between management and workers, had greatly increased the level of trust between management and the workers, and stimulated organisational cultural change.⁵⁰

According to management interviewees, a direct result of the changes in training and communications was a slow, but noticeable change in the workplace culture at the

45. Anonymous Supervisors, 11 to 20 April 1995 and Anonymous Employees, 11 to 20 April 1995.

46. Anonymous Supervisors, 11 to 20 April 1995 and Anonymous Employees, 11 to 20 April 1995.

47. Letter from Darryl Steinhardt to AMIEU, 25 May 1990.

48. Darryl Steinhardt, 10 to 18 April 1995 and David Woolrych, 13 April 1995.

49. Darryl Steinhardt, 10 to 18 April 1995 and David Woolrych, 13 April 1995.

50. Darryl Steinhardt, 10 to 18 April 1995 and Anonymous Supervisors, 11 to 20 April 1995.

Meatworks.⁵¹ First, they pointed to growing support for the training programs among union delegates and older workers, traditionally the most suspicious groups toward management initiatives at the plant. In addition, they noted that there was steady growth in the number of workers participating in the consultative committees.⁵² Though they had no quantitative evidence to support their views, management interviewees were convinced that these committees were growing in popularity among the workers, in terms of participation and involvement. They also pointed to the general improvement in worker attitudes to changes in certain production techniques as an indication of the improvement in the workplace culture at the plant. Despite these positive observations, these interviewees admitted there was still room for improvement.⁵³

As suggested above, on these three areas the views of managers and blue-collar employees interviewed differed greatly. In the area of training, there was some variation among the opinions of various members of the workforce on the usefulness and effectiveness of the training programs introduced by Steinhardt.⁵⁴ While all new employees since 1992 had been required to attend an induction course, almost all of the long-term employees had refused to attend.⁵⁵ Many of the older and long-term employees found little to attract their interest in the other courses, such as literacy, communications and skills-based courses. A major barrier to attending these courses was the question of pay. The courses ran outside working hours, for the day shift at any rate, so that employees had to give up their own time to attend them. As they considered the training to be work-related, the older workers believed they should have been paid

51. Darryl Steinhardt, 10 to 18 April 1995 and Anonymous Supervisors, 11 to 20 April 1995.

52. Darryl Steinhardt, 10 to 18 April 1995 and Anonymous Supervisors, 11 to 20 April 1995.

53. Darryl Steinhardt, 10 to 18 April 1995 and Interview with David McGrath, Assistant HR Manager, 11 April 1995.

54. Anonymous Employees, 11 to 20 April 1995.

55. Darryl Steinhardt, 10 to 18 April 1995. See also Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

to attend. Alternatively, they wanted the courses conducted during ordinary work hours when they would have received paid time off to attend.⁵⁶ Management had rejected both suggestions and this led many workers to avoid training altogether. Some workers viewed the skills courses as not very effective because, they argued, on-the-job training was the only effective type of training in the industry.⁵⁷ Others argued that changes in training were happening too fast for the older workers and that general worker acceptance of, and trust in, the training programs at the plant would have taken considerably longer than management expected.⁵⁸

Some workers regarded the consultative committees with far more suspicion than even the training programs. One union delegate expressed a rather ambivalent view concerning the consultation process between management and the workers through these committees. He suggested that the company was telling the workers a lot more under Steinhardt than under Weldon, but that they were “not telling us anything of real significance.”⁵⁹ In this delegate’s opinion, “Darryl [Steinhardt] is a lot better than Laurie [Weldon], but still part of management. He is more approachable [than Weldon], but you don’t always get satisfaction out of exchanges with him.”⁶⁰ Some of the other workers disputed the view that Steinhardt was more approachable than Weldon, but they also expressed the view that very little had changed in the company’s treatment of, and attitude toward, the workers.⁶¹ Another union delegate expressed a far more critical view of the consultative process. In this delegate’s view, the consultative arrangements were “actually designed to manipulate the workers into establishing and maintaining

56. Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

57. Richard Wigg, 12 and 13 April 1995.

58. Anonymous Employees, 11 to 20 April 1995.

59. Anonymous Employees, 11 to 20 April 1995

60. Anonymous Employees, 11 to 20 April 1995

61. Anonymous Employees, 11 to 20 April 1995

worker co-operation.”⁶² He suggested that management were very co-operative at the time as there was an oversupply of cattle, the result of the AMH dispute in 1994-95, but when the situation returned to normal, this approach would quickly change.⁶³ Another worker expressed a much more positive evaluation. However, he was the leader of one of the consultative committees, was being groomed for a supervisor’s job, and possibly had more invested in the process.⁶⁴ Despite the variation in attitudes concerning the motivation and effectiveness of the consultative process established at the Meatworks during 1994 and 1995, there remained a general attitude expressed of suspicion.

The overall respective assessments by management and the workforce of the effectiveness of changes in management style were quite different. While those managers directly responsible for the changes could not comment, some line managers were glowing in their praise of the new management style under Steinhardt. One line manager suggested that the old “us and them” mentality which had existed between workers and management under Weldon had been replaced by a new “just us” mentality under Steinhardt.⁶⁵ Most other line managers felt that the overall results were very positive, though several thought that Steinhardt was “still slightly autocratic, but with far more consultative arrangements to offset this personality tendency.”⁶⁶

On the other hand, the manual workforce was suspicious of Steinhardt’s motives.⁶⁷ In trying to mesh a more consultative style of industrial relations with HR initiatives, Steinhardt brought to the Meatworks a particular variant of the “new industrial relations”. This new industrial relations formed a common thread in the

62. Anonymous Employees, 11 to 20 April 1995

63. Anonymous Employees, 11 to 20 April 1995

64. Anonymous Employees, 11 to 20 April 1995

65. Anonymous Supervisors, 11 to 20 April 1995. N.B. the meaning of the phrase ‘just us’ was never explained by the interviewee, but it seems likely he was suggesting a less divisive approach had broken out at the plant.

66. Anonymous Supervisors, 11 to 20 April 1995.

industry, as the small-medium meat processors attempted to avoid a strike. Employer approaches under the old industrial relations in the industry had been autocratic, seeking to avoid or manage industrial relations conflict via active anti-unionism and the application of strong technical and direct controls. The new industrial relations, which emerged in the early 1990s, was consultative and sought high-trust from the workforce. Meat-industry managers who implemented this strategy hoped to avoid industrial relations conflict via the introduction of strategic human resource management practices, that is high-trust organisational initiatives, but also delaying tactics regarding enterprise bargaining. However, despite his more approachable style, Steinhardt never won widespread personal support among the workers for his new policies but was successful strategically in heading off conflict that might have become overt and organised in response to management's initiatives regarding enterprise bargaining.

The shift to enterprise bargaining and Meatworks employer strategy

While Gilbertsons and other Victorian employers were already completing their second formal enterprise bargaining process subsequent to the 1991 principle, enterprise bargaining at Murgon, as elsewhere among smaller Queensland processors, remained stalled. Managements of these meatworks faced a series of compounding cost pressures. They were enmeshed in the general overcapacity crisis facing the industry and the particular challenges regarding input and labour costs that AMH posed. At Murgon Meatworks, management faced considerable pressure to compete in the labour market during the 1980s and early 1990s and this drove processing wages up.

Thus, when the Commission adopted its enterprise bargaining principle in October 1991, this provided Meatworks management, such as that at Murgon, with

greater opportunities to separate the formal re-negotiation of wages and conditions from those where the union was more powerful. The Meatworks management responded by devising a specific strategy through which they hoped to build trust with the workforce, but at the same time, avoid making an agreement with the union. They successfully thwarted union pressure for enterprise bargaining until 1996. When it finally faced up to enterprise bargaining in 1996, management sought to avoid provoking another costly strike but it also sought to stall on making an agreement until AMH settled its bitter industrial struggle with the union. In 1995, during a visit to the plant, management openly discussed their strategy: to allow AMH and the union to bloody each other in an attempt to reach an agreement. Management at Murgon would then seek to strike a deal similar to AMH's.

While all the workers from the floor who were interviewed were united in their support for the concept of, and need for, action on enterprise bargaining, management was more divided over the meaning and usefulness of enterprise bargaining.⁶⁸ The following section will explore the critical divisions on this issue.

The Meatworks' human resources management team and a number of the line managers openly admitted during the interviews that enterprise bargaining, while probably a good concept, was neither workable at the plant nor in the industry as a whole. The principal reason they gave was a failure by the industry in general, including at the South Burnett plant, to make significant progress on the Structural Efficiency Principle and Award Restructuring.⁶⁹ Darryl Steinhardt consistently argued that, before enterprise bargaining could take place, both the industry and the Meatworks needed to

68. Darryl Steinhardt, 10 to 18 April 1995, Anonymous Supervisors, 11 to 20 April 1995, Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

69. Darryl Steinhardt, 10 to 18 April 1995, David McGrath, 11 April 1995 and Anonymous Supervisors, 11 to 20 April 1995.

build a level of trust and mutual respect between workers and management. Once management established trust and respect, then they could first consider the Structural Efficiency Principle and Award Restructuring. Only then could enterprise bargaining be considered.⁷⁰ In the meantime, however, the union delegates at the plant were actively working on enterprise bargaining proposals, with the expressed encouragement of management, and had several meetings with Steinhardt and his assistant, David McGrath, to discuss an enterprise agreement.

While several of the line managers interviewed repeated Steinhardt's view, not all managers interviewed agreed.⁷¹ One suggested that, "The company was making too much money to be really interested in an enterprise agreement" and that the various parties were "just talking at each other", without any real intent on the part of the company.⁷² The inference was clear; there was no real intent on the part of management at the Meatworks to negotiate an enterprise agreement, despite their claims to the contrary.

While management stalled on formally engaging in enterprise bargaining, it pressed ahead in changing the wage/effort bargain in its favour by bringing under managerial prerogative matters that pertained to the enterprise bargaining agenda. In doing this, it contradicted its official commitment to mutual trust. Nor was there any element of gain-sharing involved. Two specific issues particularly created resentment among employees. The issues were: the struggle over the "span of hours"; and the alteration to tally calculations.

Management caused considerable disquiet at the Meatworks in 1995 when it introduced the "span of hours" in the Boning Room. Until 1995, the size of the carcass

70. Darryl Steinhardt, 10 to 18 April 1995.

71. Anonymous Supervisors, 11 to 20 April 1995.

generally determined the speed of the chain, whereas the tally and the speed of the workers on the chain determined the working hours in the Boning Room. Normally, workers in the main Boning Room would process maximum tally in around six and a half to seven hours. Under the new system, the Boning Room supervisor calculated the speed of the chain, according to the size of the beast and the tally, with a maximum tally restricted to seven point six hours, the “span of hours”. This effectively slowed the chain by around six per cent.⁷³ Under the old system, the carcass remained within a station for, on average (depending on its size) around 33 seconds. Under the new system, a carcass remained within a station for, on average, around 35 seconds.⁷⁴

This was clearly an important area where the employer had decided to shift regulation of work and employment, from collective bargaining to managerial prerogative. The company argued that slowing the chain would allow workers to process a carcass more efficiently, resulting in a higher “cut yield” from each carcass.⁷⁵ The Quality Assurance Officer suggested there had been a one to one-and-a-half per cent improvement in cut yields after the introduction of the span of hours, however, the yield statistics varied too much to conclusively prove, or disprove, this assertion.⁷⁶ Management also suggested that, because the workers were working more slowly, they were less likely to sustain injuries, but, again, the statistics were inconclusive due to changes to the plant’s health and safety policies in 1994.⁷⁷ In effect through, despite these claims, the more apparently consultative employer approach under Steinhardt proved autocratic and unilateral.

72. Anonymous Supervisors, 11 to 20 April 1995.

73. Anonymous Supervisors, 11 to 20 April 1995.

74. South Burnett Meat Works Tally sheets, 1993 to 1995.

75. Darryl Steinhardt, 10 to 18 April 1995. The ‘cut yield’ represented the amount of marketable meat recovered from each carcass.

76. Interview with plant Quality Assurance Officer, 13 April 1995.

77. Darryl Steinhardt, 10 to 18 April 1995 and Quality Assurance Officer, 13 April 1995

The workers affected were generally dissatisfied with the new system, especially on the night shift, because they had lost what little control they had had over the speed of their work and yet management required them to be on site for longer without any increase in pay.⁷⁸ As well, one supervisor suggested that, far from reducing injury rates, there had been an increase in sprains and strains among the boners and slicers on the night shift, because the pace of work did not allow the workers to warm up and remain warm throughout the shift.⁷⁹

Another change that management introduced into the Boning Room was the chilled, pre-boned weighing of the carcase. Once again, management's explanation went to cost effectiveness and quality. Once again, the processing workers were affected, suffering deterioration to their side of the wage-effort bargain. Historically, workers would weigh the butchered carcase before it left the Kill Floor for the chillers.⁸⁰ In the early 1990s, the company introduced hot-neck boning to the Kill Floor, because boning out the neck before chilling produced a clear yield improvement. Workers agreed to a new arrangement, where they weighed the carcase before the hot-neck boning process. The company would then set the tally in the Boning Room, based on the weight of the carcase before hot-neck boning and chilling, a process that the union argued reduced the weight of a carcase by more than four per cent.⁸¹ The significance of this was that the technique effectively moved carcasses that were close to the bottom of a given weight range into the next weight range down, thus increasing by about two per cent the actual amount of work required to complete a tally each day.⁸²

According to management, therefore, the introduction of both the new "span of

78. Anonymous Employee, 11 to 20 April 1995.

79. Anonymous Supervisors, 11 to 20 April 1995 and Quality Assurance Officer, 13 April 1995.

80. Anonymous Supervisors, 11 to 20 April 1995.

hours” and the new weighing system improved cut yields from the Boning Room and an observable reduction in significant defects because of the slowing of the chain.⁸³ Significantly, management had been able to make these changes while, at the same time, stalling its engagement with formal enterprise bargaining. The traditional lack of militancy of the AMIEU at the Meatworks therefore allowed management to introduce unilateral changes, undermining the eventual impact of any enterprise bargaining agreement.

The leadership of the Queensland branch of the AMIEU had actively encouraged the enterprise bargaining process at most of the meatworks in the state since at least October 1994, although in reality much earlier.⁸⁴ Despite this, virtually all the meat industry employers in the state resisted the union’s overtures on enterprise bargaining. The primary reason for their resistance was not open hostility to the concept, but a concern over the outcome of the enterprise bargaining struggle at AMH at that time. AMH, as the largest employer in the Queensland meat industry, would set the standard for all other employers in the industry.⁸⁵

The other employers wished to await the outcome rather than agree to terms that would disadvantage them further relative to AMH. Despite management’s open reluctance at South Burnett to engage with enterprise bargaining, there was considerable action on, and support for, enterprise bargaining among the workforce at

81. Richard Wigg, 12 and 13 April 1995 and Interview with Rod Meiklejohn, AMIEU (Queensland branch) Industrial Officer, 5 August 1995.

82. Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

83. Anonymous Supervisors, 11 to 20 April 1995, Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

84. Ross Richardson (Secretary of AMIEU Queensland Branch) to David Woolrych (General Manager, South Burnett Meat works), 14 October 1994.

85. Rod Meiklejohn, 5 August 1995. Meiklejohn claims he received this information from sympathetic employer representatives who had attended meetings of the MATFA sub-group, the Queensland Meatworks Association, however, there was no written documentation to verify it.

the plant.⁸⁶ The Queensland branch of the union had produced a number of concrete proposals during the enterprise bargaining debate and, in 1994, applied for the establishment of a bargaining period at the Meatworks. In fact, the union engaged in productivity bargaining, reflecting the recent past under the Accord. The union sought two main claims. First, it wanted an “overall minimum wage increase of 14 per cent over the life of any agreement, to be negotiated together with appropriate productivity and efficiency improvements”.⁸⁷ The second claim was for an initial up-front increase of four percent in recognition of recent efficiencies and plant practices.⁸⁸ Plant-level union officials then followed up this claim with proposed productivity-based wage increases.⁸⁹

Enterprise negotiations between the union and the Meatworks management proceeded in a rather halting manner. There was bargaining on the nature and method of payments, with an eventual agreement in January 1995, concerning the new Mechanically-Assisted Boning Room.⁹⁰ The company was happy to follow this negotiation process through, because of the special nature of operations in that room, and because it viewed the room as a greenfield site. However, translating these negotiations to the rest of the plant proved to be more difficult.⁹¹

In October 1994, the union lodged an application with the Commission to formalise enterprise bargaining at the Meatworks.⁹² On 20 October, the company rejected both the claim for an immediate four per cent wage increase and the

86. Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

87. Letter from Richardson to Woolrych, 14 October 1994.

88. Letter from Richardson to Woolrych, 14 October 1994.

89. Richard Wigg, 12 and 13 April 1995 and Anonymous Employees, 11 to 20 April 1995.

90. Darryl Steinhardt, 10 to 18 April 1995, Richard Wigg, 12 and 13 April 1995 and Rod Meiklejohn, 5 August 1995.

91. Letter from Brian Crawford (Assistant Branch Secretary of AMIEU) to Darryl Steinhardt, 15 March 1995: see also Letter from Richard Trunks (AMIEU President at South Burnett Plant) to Laurie Weldon (Plant Superintendent), 9 November 1992; Letter from Trunks to Steinhardt, 24 June 1994; plus other correspondence during 1993 and 1994.

92. Richard Wigg, 12 and 13 April 1995 and Rod Meiklejohn, 5 August 1995.

involvement of the federal and state union executives in the negotiation process. General Manager Woolrych claimed that while management was committed to enterprise bargaining, “we see their [the union’s] role substantially as a participant, however the onus rests with our own employees to raise issues and debate through the process of negotiating an outcome.”⁹³ He was “prepared to meet with members of the union’s federal and state executive, but only to assist in the process, because our employees must be encouraged to negotiate on their own behalf.”⁹⁴ The union countered with a proposal from the plant committee for a six per cent initial pay increase, followed by productivity increases in the future.

The company rejected this, too.⁹⁵ There were already benchmarks in place to measure productivity and efficiency improvements. Management argued that the union’s initial proposal would have increased costs and disregarded the principal objective.⁹⁶ The union countered this rejection with a Notification of Protected Action in March 1995. Brian Crawford, Assistant Branch Secretary of the AMIEU, claimed, “this action [was] being taken in response to the lack of progress in the enterprise bargaining negotiations which would see a wage increase for all AMIEU members on plant.”⁹⁷ Within a month of this action the company agreed to an initial flat eight dollars per week wage increase, however it stalled all attempts to negotiate a productivity-based enterprise agreement.⁹⁸ Once again, the prime reasons for the stalling of enterprise bargaining negotiations were events external to the organisation.

Management at the Meatworks were concerned about the AMH and MATFA applications for a new minimum rates award similar to that suggested in the Meat

93. Letter from Woolrych to Richardson, 20 October 1994.

94. Letter from Woolrych to Richardson, 20 October 1994.

95. Letter from Woolrych to Richardson, 15 November 1994.

96. Letter from Woolrych to Richardson, 15 November 1994.

Industry Inquiry. It became apparent that neither management at the Meatworks nor at any other meatworks in the state were going to enter into an enterprise agreement while those applications were before the Commission. On 25 May 1995, the union sent a faxed letter to the human resources managers of all non-AMH meatworks in the state. In this communication, Brian Crawford sought to gauge the general attitude of the various companies to the AMH and MATFA application. Crawford specifically sought a “written guarantee that even if such an award was to be made, your company would continue to abide by current award wages and conditions unless replaced by an enterprise agreement.”⁹⁹ He stated that the union would assume each company supported the application if they did not reply to the contrary by 29 May 1995.¹⁰⁰ None of the companies replied in writing, although some, including South Burnett, verbally stated that they were bound by the QMIAA. This was no guarantee that they would continue to support the QMIAA if either AMH or MATFA, or both, were successful.¹⁰¹ Clearly, the companies were afraid that if AMH achieved a major victory over the union then any company locked into an agreement would be disadvantaged.

AMH’s successful industrial relations campaign in 1994-96 effectively drove down the cost to employers of the wage-effort bargain across the industry, particularly in Queensland. After the union reached agreements with AMH at the five AMH plants, it approached other Queensland processors with a set of conditions similar to those at AMH, but with higher pay rates and better conditions for its members.¹⁰² By the end of that year, but before the 1996 WR Act took effect, all significant processors had signed a variant of a pattern agreement loosely based on the AMH agreement. None of these

97. Letter from Crawford to Steinhardt, 15 March 1995.

98. Richard Wigg, 12 and 13 April 1995.

99. Letter from Crawford to Steinhardt, 25 May 1995.

100. Letter from Crawford to Steinhardt, 25 May 1995.

agreements achieved the significant wage reductions and the virtual elimination of the tally system that AMH had. Management at the Meatworks considered wage rates at AMH to be far lower than those in the QMIAA and those on offer by the union in late in 1995, but decided to accept the agreement anyway.¹⁰³

The closure of the Meatworks and the collapse of the Association

Due to AMH's lower internal wage costs, it could buy stock from Association members at far higher prices than they would receive from the value of the sale price of their stock to the Meatworks and the dividends from the profits of the Association. In the end, the Association failed because AMH priced it out of the market.

During 1998 and 1999, management began reducing the size of the workforce at the Meatworks and, in June 1999, the Association closed the plant and terminated the employment of some 550 employees.¹⁰⁴ Receivers then liquidated the business.¹⁰⁵ Management stated that the competitive advantage of AMH allowed that company to lower production costs. AMH could, therefore, afford to pay higher prices for stock or to lower meat prices to the customers. AMH's use of these competitive advantages were the primary reason for the closure¹⁰⁶ although, the official reason given for the closure was "a lack of suitable stock".¹⁰⁷ An industry participant told a Senate Committee, "at the creditors' meeting for the South Burnett Meatworks it was mentioned that every time South Burnett went up a few cents to try to purchase cattle – they were under their

101. Brian Crawford, 5 August 1995.

102. Rod Meikeljohn, 5 August 1995.

103. Rod Meikeljohn, 5 August 1995.

104. Letter of Termination of Employment, from South Burnett Meat Works Co-operative Association to Employees, 18 June 1999, AMIEU archives. See also *Morning Bulletin*, (Rockhampton) 4 February 2000, p. 3.

105. *Feedback*, September 2000, p. ii.

106. Commonwealth of Australia, Proof Committee Hansard, Joint Select Committee on the Retailing Sector, 8 July 1999, p. 941

107. *Feedback*, September 2000, p. ii.

killing rate because they could not get hold of the supply of cattle – AMH used to go above them.”¹⁰⁸ Thus, AMH’s economic power had driven a wedge between the Association and its members, as members sold their stock to AMH rather than their own Association. The Association left the meat industry in 1999 and sold the plant in May 2000.¹⁰⁹ On 19 January 2006, creditors and members of the Association met for the last time to discuss liquidation of its assets and property.¹¹⁰

Conclusion

The Meatworks generally operated in a less conflictual industrial environment than that of its larger urban competitors, and Meatworks management implemented a ‘follower’ strategy, where it operated under the relevant award (avoiding, under Weldon, its obligations wherever possible). This was particularly evident during the early and mid-1990s when, with Steinhardt in charge of HR, management waited for AMH to settle its dispute with the union. As part of this overall strategy, management moved its workplace-level industrial relations approach from being a low-trust, autocratic follower (the “old” industrial relations) to becoming an active, rather creative, high-trust (but no mutual-gains) follower employer.

The Meatworks was, in fact, a representative case of employer pattern bargaining as virtually every meat processor in Queensland followed this strategy of avoidance during the period, despite continual efforts by the union’s local rank-and-file to negotiate for productivity trade-offs. During the fieldwork for this case, union delegates expressed considerable frustration over the slow progress of bargaining,

108. Commonwealth of Australia, Proof Committee Hansard, Joint Select Committee on the Retailing Sector, 8 July 1999, p. 941

109. *Feedback*, September 2000, p. viii.

110. Commonwealth of Australia, 2007, ‘Business Gazette’, Private Notices: 2612. Accessed 25 January 2007.

despite the widely held realisation that no processor would make an agreement before AMH had finalised its agreement. Inevitably, management at the Meatworks, like the majority of processors, stalled finalising enterprise bargaining agreements until mid-1996, after AMH and the union had settled their dispute.

Thus, AMH's strategy of economic and structural consolidation, its subsequent application of industrial power over its internal wage costs, and the exercise of oligopsonistic market strategies over available stock left many of its competitors with few commercial or industrial relations options. This was part of a wider trend of industry rationalisation that flowed from the collateral economic and industrial relations implications of the foundation and successful growth of AMH. As AMH exploited its competitive advantage in the labour market by dominating the inputs and product markets, many of these smaller processors left the industry. The financial collapse of the South Burnett meatworks then is even more telling given that the Association had more capacity to endure low profits over time than their small-medium commercial competitors. It also reveals further strategic choices available to and adopted by small-medium processors and, in particular, variations of a follower-avoidance strategy. In this context, Lewin's contention that where such environmental constraints leave either party with only one realistic option, then the notion of 'strategic choice' does not apply,¹¹¹ seems valid.

111. David Lewin, 1987, 'Industrial relations as a strategic variable', in Morris Kleiner and Steven Allen, *Human resources and the performance of the firm*, Madison, Wisconsin, Industrial Relations Research Association.

Chapter 9

Summary and Conclusion

Thesis Summary

This thesis has been concerned with the role of employers in shaping the Australian meat-processing industry's industrial relations. It has been an historical analysis of what strategic choices employers made regarding the question of industrial conflict, and why they made those choices, particularly regarding the avoidance, management and regulation of conflict with the union.

The years before 1970

The processing of fresh meat did not assume an industrial form in Australia until the development of efficient and effective freezing technology in the 1860s. Until then, fresh meat processing was largely localised and craft-based, to meet the immediate consumption needs of the local consumer market. The development of freezing technology opened the global market to the development of scale in the industry but this part of the industry did not become economically viable until after World War II. By the turn of the last century, there were a number of major processing centres in Queensland, Victoria and New South Wales. Despite this expansion, a number of major factors limited production. The four most significant factors were a shortage of available stock, the seasonal nature of livestock production and thus meat processing, the significant isolation of the main processing centres and shortages of sufficient skilled labour.

These factors did not deter several foreign companies from investing heavily in the industry. For example, by the outbreak of World War I in 1914, the British-owned

Borthwicks had significant investments in processing capacity in the beef industry in Queensland and the sheep meat industry in Victoria. Borthwicks maintained this investment until the 1980s and played a minor part in this thesis story. Several leading US processors, particularly those associated with the Chicago Meat Packing Houses, also invested in the Queensland beef processing industry. Swifts owned plants in Townsville and Rockhampton. Later they would open an export plant in Victoria. This foreign ownership had a substantial impact on managerial industrial relations practices during a period of significant radicalism among employees and State intervention in labour market regulation. Some of these early managerial industrial relations patterns faded from view but, more importantly, others continued to have ongoing significance.

From the late nineteenth to the mid-twentieth century, the political economy of the industry gave considerable industrial relations advantage to the capitalist. Only the most highly skilled workers had some immediate labour market power. The isolated and seasonal nature of the industry meant that the seasonally constrained employment options required employees to expend considerable time and effort just to take up these short-term jobs. Once committed to a given employment situation, there was little option but to accept whatever conditions were offered.

There were also time pressures on employers. At the beginning of the season (often just three or four months long in Queensland), there was pressure on the meatworks management to ensure the processing of the animals as soon as possible after they arrived in the holding pens. Beef processing, during the late nineteenth and early twentieth centuries, was a team-based, sub-contracting system (similar to coal mining at that time) focused on six highly skilled butchers supported by approximately 18 to 20 semi-skilled and unskilled workers. This gave management a clear option for structuring its wage bargaining to deal with time and labour cost constraints.

Management would settle an agreed rate per 100 head of cattle with the butchers, who would in turn, compensate the semi-skilled and unskilled workers in their team. However, bargaining power shifted significantly during the slaughtering season.

Once production was in high season and the cattle were amassing around the meatworks, the butchers could demand higher wages. Management had to concede, unless it was prepared to forego substantial income through the cattle losing condition. Thus, just as the seasonal and isolated nature of the industry gave management significant power at the beginning of the season, their inability to engage new skilled butchers once the season had begun meant the butchers could force management to cede to their demands during the middle to latter part of the season.

During this period, three critical institutional and legislative trends emerged. The first was the advent of stable and permanent trade unions. The second was the much slower and less cohesive development of employer associations and the third was the introduction of statutory frameworks for regulating the relationships between the industrial relations parties. Intense local union activism during the late nineteenth century ultimately led to the formation, in 1904, of a single, industry-specific union, the AMIEU, that organised virtually all workers in the meat industry employed in the processing and handling of meat. Other workers came under other unions. The structure and governance of the AMIEU came to reflect the regional nature of the industry before World War II, and pre-1900 forms of industrial relations in the industry. In Queensland, management successfully repelled the unionisation of beef processing for a number of years through a strategy that combined direct negotiation and aggressive inter-company association. More generally, plant managements would attempt to organise themselves to share processing capacity should a plant be hit by a butchers' pay dispute or another union strike. Elsewhere, meat-industry unionisation was, once it was established in the

first decade of this century, very rapid and widespread.

The second key trend then, was the formation of a group of loose local associations of employers. These ultimately merged into MATFA but only after many decades of regional and limited organisation. The earliest employer associations in the meat industry lacked any real decision-making power, although during periods of intense conflict with the AMIEU, such as during the 1918-19 Townsville meat strike, these employer associations displayed remarkable unity and powers of internal discipline. In general, though, the trend was toward self-interest on the part of the members of the associations, to the exclusion of giving any industrial advantage to their competitors.

Thus, employers, faced with the changing demands of a few highly skilled butchers, would form an employer organisation and then disband it once the threat was over, or the local season had finished. This pattern, of employers forming temporary associations in response to an immediate challenge, continued well into the 1930s, long after the AMIEU had successfully organised most workers in the industry. By the 1920s, meat employers were beginning to recognize the inherent weakness in their loose and temporary coalitions. It was in 1928 that they formed the first permanent employer association, the Master Butchers, Meat and Allied Trades Federation of Australia (MBMATFA). It began, not in Victoria, where the AMIEU had originated and was strongest, particularly in the processing and export sector, but in New South Wales and Queensland in response to the successes of the shop butchers. Within a decade, the MBMATFA had effectively exerted its influence on the processing sector in Victoria and, by the end of World War II, it had organised virtually all employers across the industry. In the process, it became the Meat and Allied Trades Federation of Australia (MATFA). This is not to suggest, however, that MATFA had the same level of

organizational control of employer industrial actions, policies and strategies as the AMIEU had over its members. However, MATFA did develop a set of national and regional strategies that most employers agreed on and often even supported.

In founding MATFA in NSW in 1928, its early membership had aimed to gain a federal award to extricate their firms from the NSW industrial relations system, which they saw as far too favourable to employees. MATFA's objective of gaining federal award coverage of the whole industry was to impose a level of bureaucratic control over conflict at both the industry and workplace level. While this campaign took far longer than they had envisaged at the time, it did provide a significant focus for cooperation that spread from the NSW Master Butchers to the processing sector across all states and territories. By 1933, for example, MATFA was intimately involved with the push to introduce the 'chain' system of slaughtering in the sheep meat industry in Victoria. MATFA was also instrumental in establishing a series of federal awards covering the export-processing sector in Victoria and Queensland during the 1930s and 1940s. While initially only of limited application, these awards grew in importance and coverage during the 1950s and 1960s, to the point where, by the early 1970s, every major meat processor, particularly in the export sector, was covered by a federal award.

The third key trend in the industry, in industrial relations terms, was the legislative creation of institutional frameworks, arbitral tribunals and wages boards, through which the various state and federal governments could intervene to curb the real and perceived excesses of power of both the employers and the unions. The institutions had varying degrees of power to deal with such issues as 'sweating', strikes and lockouts, and the setting and adjusting of wage rates and working conditions. They also had the power to recognise, through registration provisions, and ostracise, through deregistration, trade unions and employer associations. The effects of these industrial

institutions on the meat industry at the state level were immediate, though sometimes contentious. The federal-level implications took considerably longer to emerge clearly, due to the regional nature of the industry and of its main industrial relations parties, the AMIEU and employer associations. Thus, both employers and unions (or groups of employees) in this industry preferred direct, local bargaining to involvement in the statutory arbitration (or wages boards) systems that developed from the end of the nineteenth century.

These trends had a lasting effect on the conduct of industrial relations in the meat processing industry. The AMIEU, once established in the meatworks, became highly militant, although a more conservative faction also emerged to perpetuate its regional structure and marginally dilute its militancy. The statutory institutional frameworks themselves have encouraged, goaded and curbed the militant extremes of the AMIEU and meat-industry employer associations.

The industry's business cycle to the 1950s revolved around a few periodic short-run phases of high profitability, punctuated by long periods of marginal profitability. This cycle simply added to the conflictual nature of its industrial relations. The regional nature of the industry worked against a national set of wage rates and conditions. Thus, during the short run phases of high profitability, movements in wages and conditions generally occurred spontaneously, mainly at workplace and regional levels. During the long phases of marginal or break-even profits, conflict intensified over the maintenance of, and improvements to, those wages and conditions won during more profitably times.

Thus, employer strategies for managing conflict in the meat processing industry reflected the pattern of development of the industry itself. A first question relates to bargaining level and frequency. Encouraging a preference for frequent, local enterprise bargaining were the seasonal and isolated nature of the industry, and the union's own

reliance upon localised strategies. Localized bargaining depended upon and fostered local and regional patterns of employer action and organization. It was only at times when these local strategies had failed that state intervention became critical to employer action. This reliance on local control of the labour market would dominate industrial relations in the industry for over 100 years.

The AMIEU was most successful in advancing the claims of its members through sustained action at the plant level. This was mainly due to decentralisation of the union's government and the focus of its organisational power at the local and regional levels. Sustained industrial action at regional and state levels was more prone to bring the union failure than local plant-level action. Employers, on the other hand, were more successful in resisting union demands and advancing their own interests through sustained collective action at regional and state levels. Thus, meat employers, on occasion, acted in a sustained collective manner, when to do otherwise could have resulted in threatened financial ruination for the industry. The Townsville Meat Strike in 1918-19 and the Queensland Meat Strike in 1946 were two famous examples.

Among the strategies of employers in this fight to regulate conflict within the industry was a reliance on *ad hoc* state intervention. In Queensland, immediately after World War I, meatworkers in Townsville shut the industry down. Then an alarmed Queensland Labor Government forced meat industry unionists into regulation under the state tribunal. Similarly, when employers moved to claw-back the AMIEU's significant gains during World War II, the union resorted to its most favoured weapon, the strike. Employers, once again, fell back on their reliance on the state. In Queensland, where conflict was most severe, the government forced the workers to capitulate and accept dramatically reduced wages and working conditions. MATFA saw this reliance on the state as a key step in its fight to gain widespread coverage over the whole industry

under a set of federal awards. Apart from such limited cases, however, until the 1970s, many employers preferred less formal bargaining and the safety of an isolated and seasonal pattern of working arrangements to the more formal arrangements of permanent association and formal bargaining under state regulation.

There were clear industrial relations reasons for this. In the immediate aftermath of World War I, meat industry employers had called on the state to control and regulate their relationship with the AMIEU. In particular, they had sought to control the propensity of the AMIEU to rely on open conflict as a means to secure improvements to the working conditions of its members. This conflict was most evident in Queensland, where industrial isolation and seasonality were more acute. State intervention thereafter forced the AMIEU and its members to adopt a limited form of centralized regulation in Queensland. In Victoria, where wages boards had operated for decades, the AMIEU was effectively able to avoid a more centralised regulatory regime. Overall, during the decades prior to World War II, meat-industry employers could not and did not depend on state industrial relations frameworks to manage militant unionism in their plants.

As well, despite their apparent decisive victory in 1946, MATFA and its members saw the terms of the settlement of the dispute as a failure, because they did not successfully crush the AMIEU. The terms of the state-sponsored settlement, which led to the elimination of most over-award payments agreed to during World War II, did not last. As early as 1948, less than 18 months after losing all its World War II gains, the Queensland branch of the AMIEU was able to boast that it had won back almost all of its over-award conditions through workplace action. This clearly illustrated the weaknesses to employers of relying on arbitral systems to vanquish their union nemesis or control the AMIEU's ability to win through local-level militancy.

The propensity among employers to avoid permanent association for so long

also enabled workers and their union to maintain their preferred level of decentralisation of regulation. The ultimate success of MATFA, in gaining widespread coverage of the processing sector under the federal award system, appeared to increase greatly employer power over their labour processes and their workforces. Nevertheless, their use of this power was not without negative, unintended consequences. Exporters were able, with the significant encouragement and support of MATFA, to de-skill substantially their labour processes. They gained technical control over the sheep meat industry through the 'chain' system in the 1930s and, in the 1970s, over the beef industry initially through using the Can-Pak system. However, they were unable to prevent the AMIEU from eventually manipulating these systems in favour of employees. MATFA also pushed, during the 1950s, for the introduction of the tally system of organising and remunerating production. This was another form of bureaucratic control and its introduction succeeded despite considerable resistance from the AMIEU. Indeed, MATFA successfully convinced the federal tribunal to insert a standardised tally into all federal awards from the 1960s. Nevertheless, the AMIEU, once again, found a way to manipulate an employer-contrived control system to the advantage of its members, so that, by the mid 1970s, MATFA and its members were arguing before the Commission for the abandonment of the tally.

Despite these apparent failures, by the early 1960s, MATFA and its members had successfully gained access to the federal award system that provided much higher levels of centralised control. Through this involvement, they had successfully de-skilled both the sheep meat and beef sectors through technical control systems, and had introduced significant bureaucratic control over production through the standardized tally system. MATFA was at the forefront of all these initiatives. In the context of a highly militant brand of unionism, an isolated industry structure and small scale and

seasonal production capacities, such radical and pervasive changes to the regulation and control systems in the processing sector would have been impossible for employers to achieve without a permanent association able to represent and negotiate for them through the federal tribunal. The critical motivation in all of these initiatives was to gain for employers control over the regulation of industrial conflict.

By 1970, this regulation was virtually a universal part of the meat industry in general, and the export-processing sector in particular. Once this was complete, the frontier of control shifted according to the parties' relative abilities to manipulate the various control systems. During the 1970s, the political economy of the industry was to change radically and with it the nature of the struggle between employers and workers for control of the labour process.

Thus, during the period from the 1920s to the 1970s, meat industry employers recognised the inherent weaknesses of their loose coalitions and formed a permanent association. In the context of a highly militant brand of unionism, an isolated industry structure and small scale and seasonal production capacity, employers' collective search to secure greater technical and bureaucratic control over the labour process, and regulation of conflict had given them a greater sense of collective identification. The fact that the AMIEU successfully manipulated the controls did not negate the benefits to employers from their formation of MATFA.

The years 1970-2001

The economic importance of the meat industry had gradually developed in Australia from one of marginal significance in the nineteenth century to one of major importance as one of the largest export industries by 1970. During that year, the industry's industrial relations moved towards greater sophistication and complexity. An added complication was the political environment, both within the industry and outside

it.

From 1970, the Australian meat processing industry entered a period of remarkable growth in production and exports. At the same time, employers more fully established a new mechanism for regulating the wage-effort bargain within the main federal award structure in the form of the tally system of incentive payments. From this point on, the struggle between employers and their association, on the one hand, and workers and their union, on the other, centred around adjustments to the existing conditions of employment, including certain leave entitlements, conflict over new technology and industry restructuring as a result of export market demands and the chronic over-capacity problem.

The industry went through a period of rapid growth in the second half of the 1970s, before crashing to pre-boom levels. In 1975, due largely to favourable climatic conditions, high US and Japanese quotas and rising meat prices, the beef export sector underwent a period of rapid expansion. Under encouragement from the Queensland and federal governments, exporters greatly increased daily 'kill capacity'.

In 1980, due to a dramatic reduction in national stock numbers, beef exports collapsed, creating a serious economic crisis in the industry. Union attempts to prevent job losses through industrial action merely deepened the crisis. Although crisis had been commonplace in the industry, what made it different at this time was the solution that key employers found to overcome it. While industry and government proposed numerous solutions to this problem of over-capacity, none were successful. The crisis was the product of poor business decision-making and poor public policy. The 'traditional' method of dealing with such crises, as after both World Wars, had been to change the labour market regulatory regime. The problem this time was that the entire export sector was operating under a technical control system which regulated the speed

and skill of the production process, and under a bureaucratic control system which regulated both the substantive and procedural rules of work. After half a decade of crisis, the only way forward, for employers at least, was rationalization of production capacity. This would mean both job losses and plant closures.

In April 1986, the four largest processors in Queensland formed AMH, a joint venture holding company, to address the crisis paralyzing the industry. While their primary aim was to address their over-capacity problem, particularly in Queensland, the real result of this joint venture was the creation of an organization with enormous market and industrial relations power. So powerful was AMH to become that it was soon capable of exerting unprecedented pressure on both the demand and supply sides of production as well as on industrial relations in the industry. Unlike the other major employers in the industry, AMH had multiple large plants across several states, providing management with considerable economic resources and economies of scale that opened new opportunities in labour, input, and product markets.

In January 1988, in an attempt to further rationalise the industry, AMH purchased the entire processing business of Borthwicks. By 1988, AMH controlled around 30 per cent of Queensland and almost ten per cent of Australian meat processing capacity. This powerful market position enabled AMH to initially crush a pre-existing strike at the Rockhampton plant and decimate the union presence there. AMH then moved to rationalize processing capacity in its other plants.

The Borthwicks acquisition set in train two separate, yet related processes. First, the Cattleman's Union initiated a complaint with the Trade Practices Commission that resulted in the full take over of AMH by Elders IXL and, eventually, after five years, the full sale of the business to the US food-processing conglomerate, ConAgra. Second, AMH management installed its own management team within Borthwicks while the

Trade Practices Commission case proceeded. This resulted in a bitter and protracted industrial dispute at the Borthwicks' Portland plant in 1988 and 1989. These two processes would have far-reaching and dramatic consequences for the meat processing industry in Australia in general, and Victoria in particular.

By the end of October 1988, the AMH-managed Borthwicks had clearly indicated its intention to cut wages at the Portland meatworks by changing award coverage and terminating all over-award arrangements. To back its unilateral decision, it terminated the employment of all its meatworkers. Despite some early productivity gains, there was little to indicate that Borthwicks and AMH were actually prepared to negotiate with the union or change their position on these matters irrespective of any response by the union leadership in Melbourne or its membership in Portland. Despite clear indications of intransigence from Borthwicks and AMH, the AMIEU responded by attempting to negotiate with management while conducting a propaganda campaign in the media, and then, when this failed, by erecting a picket line in November 1988 to prevent work beginning under the much lower-paid award.

The Portland Dispute was a display of unprecedented industrial power by a single company in the industry. AMH simply moved surplus processing capacity through its other plants and thus could sustain a protracted struggle with little disruption to its suppliers and customers. The ultimate outcome of this dispute went beyond Portland as it radically changed industrial relations in the meat processing industry. Despite its insignificance as a site of meat processing, Portland was a watershed dispute in the industry, because it pointed to a completely new set of options for employers to manage industrial relations conflict in the industry.

Elsewhere in Victoria, the meat processing industry had been unable to deal with the wide gulf between the positions of MATFA and the AMIEU. The VMBA

dispute reflected this quite clearly given the inability of either side to overwhelm the other. Whereas the union's localised defeat in the Portland dispute had resulted in the federal Commission creating a new award that favoured AMH, the subsequent VMBA dispute (1989-91) escalated to such a degree and remained so protracted that no amount of third party intervention appeared capable of bring the warring parties together. The inability of MATFA to manage this conflict successfully, a conflict it had provoked, encouraged some individual meat industry employers to seek other strategic avenues.

MATFA's structural and policy changes during the mid-1980s, and its loss of control over employer approaches to industrial relations in Victoria during the early 1990s were indicative of the impact of a number of important factors. First, there were the political shifts within Australia, most notably the changing nature of the Accords during this period. Second, there was the emergence of AMH within the context of persistent industry overcapacity. MATFA, in centralising its industrial relations program, adopted a reactive approach to both the AMIEU and the political environment through its initiation of the VMBA Dispute. The VMBA Dispute appears to run counter to previously identified trends in that meat employers in Victoria undertook sustained, coordinated industrial action at the state level for over two and a half years, yet failed to defeat the union. The principal factors deciding the outcome of this dispute were the presence of a federal Labor government highly sympathetic to the union and, at the same time, a major shift in union strategy away from state level action to local level action. Contrary to MATFA's expectations, rather than calling all its members out at one time, the AMIEU leadership coordinated a sustained series of rolling stoppages in the export sector, calling different plants out on different days diffusing the conflict focus. This enabled the union to utilise its strength at the local level, while still countering coordinated employer action at the state level.

Faced with its disastrous lack of success through direct action, MATFA sought concessions through the Meat Industry Inquiry that the Commission established in direct response to the VMBA Dispute. Yet, here again, its submissions dramatically highlighted the absolute gulf between MATFA and the AMIEU on even the most basic of propositions, including the nature of awards, pay rates and classifications. While both parties may have expected the Commission to arbitrate the outcome the whole picture seemed to fly in the face of arguments from both parties, that co-operation and enterprise bargaining were the best ways to solve the industry's problems, particularly its chronically high levels of industrial disputation.

The actual breakdown of the MATFA campaign came, not through any failure in the Commission, but as in most sustained multi-employer campaigns, through a failure of the employer association to maintain internal cohesion. Important individual members re-evaluated their strategy from late 1990 and other members followed suit. In particular, it was Gilbertsons' CEO, Malcolm Slinger, who led the shift from confrontation to enterprise bargaining and industrial accommodation abandoning the MATFA campaign in 1991. The first five firms to do so were able to take advantage of the Commission's new Enterprise Bargaining Principle to strike deals with the union that rolled all over-award agreements into agreements based on the VMBA under. By mid-1992, all Victorian processors had negotiated an accommodation with the union, delivering a fatal blow to the industrial relations function of MATFA in Victoria and fundamentally re-orienting the ways that industry employers chose to manage strategically industrial relations conflict. Thereafter, the union, encouraged by the ACTU, moved its struggle for enterprise agreements to the other states, particularly Queensland, where AMH awaited.

Thus, the VMBA Dispute highlighted inherent challenges facing wide-scale,

multi-employer industrial action by smaller employers, compared to industrial action by a single employer with the economic and production capacities of AMH. In the particular circumstances, AMH had all the advantages of multi-employer coordination with none of its weaknesses. The collapse of the VMBA Dispute also clearly signalled the moment when Australian meat processors finally abandoned centralised employer action. At this point, MATFA lost its leadership role in the industry, on industrial relations matters at least. While the emergence of a much more decentralised bargaining system in Australia opened the way for settlement of the VMBA Dispute, the adoption of formal enterprise bargaining by employers again highlighted the difference between AMH and the rest of the industry. Decentralized bargaining gave AMH further scope to pursue a more aggressive industrial relations strategy, particularly in Queensland. From this moment on, AMH continued to increase in power and importance, while the other major processors began to lose significance.

Due to their pessimistic assessment of the value to employers of the Victorian enterprise bargaining agreements of 1991 and 1992, employers in the other states, particularly Queensland, were reluctant to follow the same path. Instead, they looked to AMH for an indication of likely trends, if not leadership. They did not have to wait long.

Between 1994 and 1996, AMH was able to sustain a series of protracted disputes, this time across its four Queensland plants, using similar tactics to those its management had utilised at Portland. Unlike its competitors, who were in direct competition with each other, despite their occasional combinations, AMH management was able, once again, to shift its processing requirements from whichever plant was in dispute to its other plants, with little overall disruption to processing capacity. This was particularly the case after ConAgra purchased AMH in 1991. ConAgra's global reach,

economic size and product market diversity enabled it to effectively sustain short-term losses in some areas, if considered necessary, while still satisfying its shareholders' desire for profits. AMH management thus had the operational leeway to make strategically its industrial relations power resources to those it had gained over inputs of cattle.

Once again, the industrial relations priority for AMH management, under Hughes, was to gain a new low wage award as part of a larger plan to reduce greatly labour cost. Although the union, once again stood in the way, AMH management resorted to destabilising its workforces by reducing tallies to the minimum, so as to 'starve their employees into submission'. The union began coordinating a series of rolling stoppages, much as the Victoria branch had done five years earlier in the VMBA dispute. However, in May 1995, the Rockhampton workers, in a major departure from this strategy, struck, falling into the trap Hughes had laid. AMH locked out the entire Rockhampton workforce, encouraged local strikebreakers and brought in a labour hire company to break up the picket and intimidate striking workers. By November, some six months later, AMH began operating the plant under a new low wage arrangement with a substantially new workforce, and without an active union presence in the plant. Although AMH did not introduce this new employment arrangement – which had no tallies, longer hours and lower wages – at its other plants, the overall reduction in wage costs provided AMH management with a considerable competitive advantage. Eventually, after a very bitter campaign, the union surrendered and negotiated similar agreements across the Queensland industry, though not with the same low wage costs.

Thus, AMH's success in reducing wage costs and introducing labour flexibilities into its Queensland plants contributed to a business model so successful that Victorian cattle producers chose to ship their stock to AMH plants in Queensland for processing.

However, industrial relations victory over its workforces was not a sufficient element for AMH's growing dominance. Rather, AMH management combined industrial relations effectively with its corporate strategy of reducing the number of its own plants, increasing the production capacity of the four remaining plants, and then paying higher cattle prices to capture a substantially larger share of the market. AMH's growth in export processing capacity therefore also demonstrated the success of its oligopsonistic strategy on the supply side of the industry. One result was that several of AMH's direct competitors either closed their plants or initiated bitter industrial campaigns to drive down their own wage costs. Moreover, the dominance of AMH over the fortunes of the whole beef export sector continued unabated, as its management continued to exploit its advantages in the labour market, the input side of the industry and its production capacity, to drive its competitors from the industry, or at least into a less favourable position. Central to this success was the adoption of its radically confrontational industrial relations strategies. In a word, for AMH, the choice to initiate and sustain open industrial conflict with its workforces and the AMIEU paid dividends.

What then of AMH's competitors and their choices of approaches to industrial relations conflict? Gilbertsons' size and history gave it a unique place in the meat processing industry in Victoria at the time, it was the largest meat processor and exporter in that state. Historically, Gilbertsons' management had adopted the typical approach to industrial relations and managing conflict of the rest of the industry and with similar results in terms of plant-level industrial relations. In 1991, the company pursued a policy of high trust collaboration with employees through their union. This experiment, radically changed its orientation to industrial relations conflict, resulting in the first of three EBAs that emerged under both the 1993 IRR Act and the 1996 WR Act. To a degree, the company staked its survival on this strategy of negotiation,

participation and collaboration. However, once Simikin Bussan had begun its gradual takeover of the company from 1989 this strategic choice came under pressure from a completely different direction. If the strategic approach had shifted from mixtures of avoidance, accommodation and competition to collaboration under Slinger, the Simikin Bussan takeover shifted the strategic orientation towards solely accommodation.

Evidence that is more recent suggests that the determined pursuit of peace with the AMIEU, at almost any price, (the 'no-conflict' strategy) led the company into a state of near collapse. A visit by the author to the organisation in 2001 revealed that this Japanese inspired industrial relations strategy of 'no-conflict' had led to the closure of its key processing facility, the Kyle Road plant in Altona North. The publicly-stated reasons for the closure were a lack of stock and the consequent elevation of stock prices. However, it seemed that the Japanese parent company's unwillingness to resist the excessive demands of a militant element of rank-and-file employees also contributed to the firm's financial crisis that led directly to the closure of the plant. High labour costs plus high stock prices proved a recipe for failure.

The company was not alone in this fiscal crunch as several other large processors reported similar problems. These companies had pursued a variety of strategies to overcome this conjuncture, but open industrial confrontation and plant closures were common. The other case study firm, the cooperatively-owned Meatworks at Murgon suffered a similar fate despite distinct differences in location, size, history and industrial relations traditions.

Traditionally, management at Murgon had used confrontation to cower a workforce with few other local employment opportunities. This involved non-compliance with award conditions whenever management felt confident that it could get away with such non-compliance. This competitive and confrontational approach

operated mostly on an individual level. At times, management had also strategically espoused open collective industrial conflict to gain unrelated operational advantages. With a change of senior managerial personnel in 1994 came a choice to shift decisively the firm's strategic approach to industrial relations and industrial relations conflict. As at Gilbertsons, it pursued a high trust atmosphere but unlike Gilbertsons, it used these measures to cover for a strategic unwillingness to engage in agreement-making with the union. It also disguised aggressive unilateral attempts to re-structure the wage-effort bargain. For management at Murgon, the aim was to follow whatever terms AMH could gain through bitter dispute with the union.

Virtually every meat processor in Queensland followed this strategy during the period, despite continual efforts by the local rank-and-file of the union to engage genuinely local members in bargaining. Inevitably, the majority of processors, like that at Murgon, stalled until mid-1996, after AMH and the union had settled their dispute. By the end of that year, but before the 1996 WR Act took affect, all significant processors had signed a variant of a pattern agreement loosely based on the AMH agreement. None of these agreements achieved the significant wage reductions and the virtual elimination of the tally system that AMH had. This failure would have significant consequences in the next half decade.

The success of AMH in driving up stock prices, while driving down its own wage costs, left companies like SBA Foods and the Meatworks at Murgon with few options. The constraints of its 'no-conflict' strategy left SBA Foods with virtually no viable options. Management's view that the historically collaborative, high trust conflictual relations in the industry were outmoded had directly led to its earlier strategy of 'bargained-peace'. The strategic choice to shift to the 'no-conflict' strategy of accommodation, however, left the organization vulnerable to exploitation by militant

sections of the workforce. As more and more Victorian growers transported their cattle to Queensland, to take advantage of higher stock prices, SBA Foods languished and paid a heavy price. The Murgon Meatworks and the other Queensland processors that employed the stalling (avoidance) strategy towards enterprise bargaining ultimately had virtually no viable options but to accept the union pattern agreement. A centralised confrontation through MATFA was no longer possible and individual firms were too small to seek to crush the union alone. After ‘bargaining’ for some three years without reaching agreement, the pressure to settle was too great for many.

Thesis conclusion

This thesis has attempted to answer three important questions. The first was more general. It asked: “what has been the role of employers in shaping industrial relations in the Australian meat processing industry?” In this context, it also asked two linked questions – “what strategic choices have these employers made regarding the question of industrial conflict; and why did they make those choices?”

This thesis has argued that, in relation to the first question, employers have shaped meat industry industrial relations in a number of ways. Historically, when facing plant-level union militancy, employers have acted in combination to drive the industrial relations framework away from plant-level bargaining, where the primary work group and the union have been strongest, towards state regulation of employees’ wages and conditions. Employers have formed associations and collaborated with state institutional organisations to secure collective outcomes – awards and wages board agreements that they hoped would blunt the union’s drives for greater control and benefits for blue-collar employees. They have also developed technical controls, the ‘chain’ and, later, Can-Pak and introduced bureaucratic controls such as the tally or supported institutional

variants such as awards, collective agreements and other rule-making strategies over the labour process. In these ways, they have sought to shape meat-industry industrial relations to their advantage. Later, when faced with the decline of the centralised bargaining system, employers made bold, strategic decisions to use workplace agreement making to shape their individual company's industrial relations processes. In this sense, this thesis confirms the argument of Turner, Clark and Roberts regarding the importance of managerial policies and the involvement of a dominant employer association for stimulation of union activism in certain directions.

This thesis has also argued that, in relation to the second and third linked questions, Australian meat-industry employers have made a range of choices about their industrial relations strategies. While much of the classic industrial relations theory has focused on unions, theories that are more recent have shifted the focus to employers. We have seen that for over 120 years, meat industry employers have made strategic choices about how they should avoid, manage and regulate industrial relations conflict. While, initially, they targeted these choices at avoiding or managing conflict through informal bargaining structures, by the early twentieth century these employers began to choose to band together in informal and formal associations to manage a militant brand of unionism among their workforces. These employer strategies then shifted as employers overwhelmingly chose to supplant their temporary, informal or local associations with more formal central associations and greater interaction with relevant industrial relations rule-making bodies of the state. From the early twentieth century, employers chose strategies involving state regulation through federal and state tribunals and wages boards that produced awards and agreements. These strategies appeared to give employers greater certainty at the industry level over wage outcomes and the management of conflict with the union.

MATFA, as the dominant employer association in this industry, had sought to develop and implement a range of strategies on behalf of its members. First, MATFA consistently sought to act defensively through state regulation in award making, thus taking wages out of competition between its members. Second, MATFA had sought to act in an offensive manner through union attacking strategies in both the Commission and in the field. Third, MATFA had a strategic role as the main industrial relations actor on behalf of employers, until 1992 at least.

While meat industry employers aimed to secure certainty at the industry level, to a degree removing wages from competition and attempting to block union whipsawing strategies, workplace bargaining forced individual employers to compromise this strategy of combination. Employee and union activism at the workplace often drove individual employers away from associational solutions. This tendency to engage in conflict and bargaining at both levels has occasionally produced dramatic conflict with the union, as in Townsville in 1918-19, Queensland in 1946 and Victoria in 1989-92. What set the resolution of the last dispute apart from the other conflict events was the political climate of emerging decentralism at the federal legislative, tribunal and policy levels.

The three rounds of overt conflict reveal three different employer strategies for managing conflict in the new, decentralised, industrial relations system that emerged in 1991. Each case study employer faced a range of choices but each faced these choices from an entirely different product market position. AMH has increasingly dominated the industry's industrial relations dynamics as well as product market dynamics. Gilbertsons exemplified the larger groups of employers that had previously played a leading role in the industry's industrial relations strategies through MATFA. This firm exemplified the challenges of facing the AMH challenge in the context of mutual

militancy with the union. The South Burnett (Co-operative) Meatworks was a good exemplar of the small-to-medium employers in isolated rural areas with much less militant workforces. AMH chose a leader-competition strategy, reminiscent of traditions of the “old” industrial relations. South Burnett Meatworks chose a follower-avoidance strategy, a response to the leader-competition strategy of AMH, by an employer without the influence or capacity to develop a leadership role in the product market or in this new decentralised framework. Gilbertsons/SBA Foods chose a leader-collaboration strategy that resembled many aspects of the Kochan and Osterman ‘mutual-gains’ approach. These latter two approaches were exemplars of a range of meat-industry employer approaches to the decentralised industrial relations system of the 1990s and the rise of AMH. Both strategies followed by many medium and larger meat-industry employers at the time, proved ineffective in the face of AMH’s success in driving down the cost of the wage-effort bargain and the price for cattle bought at its four Queensland meatworks.

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