

Keith Thompson

Job Protection in the Manufacturing Sector: Union Strategies for the Tasmanian Food Processing Industry

"Tasmania cannot afford to allow manufacturing industry to disappear from the state." In this edited version of a paper presented to the E.T.U. Employment Development Seminar held in August 1985, Keith Thompson stresses the need for greater trade union activity around the issues of creating jobs in the Tasmanian manufacturing industry.

The importance of the processed food industry to the Tasmanian economy can be seen from a brief analysis of its size and value, and its relationship to Tasmanian manufacturing industry as a whole.

In 1982-83, the food, beverages and tobacco industries employed 5,882 workers, or 24.1 percent of all workers employed in the manufacturing sector.

It is interesting to note that, in 1971-72, food, beverages and tobacco employed 5,986 workers, which represented 19.3 percent of the total of 30,936 workers employed by manufacturing as a whole.

Thus, it can be seen that employment in the food, beverages and tobacco sector fell by 104, or 1.7 percent over this eleven-year period, while employment in manufacturing generally fell by 6,531, or 21 percent.

The number of food processing factories fell from 168 to 119, or 29.2 percent, over the same period while, in manufacturing generally, the number of factories operating fell from 931 to 535, or 42.5 percent.

Turnover in the food, beverages and tobacco sector rose from \$150m. in 1971-72 to \$596m. in 1981-83, a rise of 397 percent. In manufacturing generally, the rise was from \$595m. to \$1963m. or 330 percent.

A significant indicator of the importance of the food processing industry is the value of the purchases it makes from other industries. Such purchases include raw materials — principally agricultural products — and other items such as containers and packaging, fuel and power, freight, maintenance, contract services and so on.

The value of purchases by the industry has risen from \$99m. in 1971-72, which represented 27.6 percent of all purchases made by manufacturing industry, to \$443m. in

1982-83, which represented 35.2 percent of total purchases by manufacturing industry.

This figure, possibly more than any other, indicates that a healthy food processing industry is vital to the Tasmanian economy.

The value of new and secondhand fixed tangible assets purchased by the food sector increased from \$5m. in 1971-72 to \$12m. in 1982-83. In manufacturing generally, fixed capital expenditure rose from \$26m. to \$45m.

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These figures have not been adjusted to reflect inflationary increases, and therefore it can be seen that investment in manufacturing as a whole in Tasmania has fallen dramatically, and that investment in the food processing sector has also fallen dramatically, although to a lesser extent than manufacturing generally. The low level of capital investment is a very disturbing indication that the manufacturing industry is set to continue to decline.

The Changing Structure of the Food Industry

The processed food industry has survived the last ten years of recession better than manufacturing industry generally, for a number of reasons.

Firstly — food production is a fairly stable industry — people will spend money on food during an economic recession while they will cut down on other forms of

spending. In addition, demand for food products has grown steadily with population increases.

Secondly — the food industry has been one of the last manufacturing industries to introduce new labour-replacing technologies. Food processing is a labour-intensive industry, and so its share of employment has not declined to the same extent as other manufacturing industries.

Thirdly — the food industry has traditionally been based on small to medium-sized family companies and co-operatives, which are again relatively high users of labour. The food industry has been one of the last industries to be targeted for takeovers and rationalisation programs by the big Australian and foreign-owned multinational companies.

Finally — food industries have, until very recently, enjoyed a natural protection from import competition. Food products have low value to weight ratios, which means freight costs tend to prohibit distant countries from exporting food products to Australia. In addition, the need for food products to be fresh when sold has also formed a natural barrier against imports for the local industry.

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All these factors are now changing — with the end result that the processed food industry is beginning to experience the same problems which have devastated many of Australia's other manufacturing industries over the last decade or more.

Population growth has slowed, and changed dietary habits have shifted demand away from more traditional processed food products towards the fresh and convenience food markets.

Technological change is now occurring in the industry at a much faster rate than it has over the past ten years. Many of the labour-intensive processes of the industry — those of inspection, grading, handling and packaging of food products — are now being performed by advanced electronic technologies.

The increased use of technology has been made possible through a concentration of ownership in the industry. The small to medium-sized family and co-operative enterprises have been fairly rapidly taken over by the large Australian and foreign-owned corporations. In Tasmania, only three apple processors now operate in the Huon Valley, and the vegetable industry is now completely dominated by Edgell Birds-Eye and McCains.

The processed food industry is also becoming increasingly open to import competition. New "long life" technologies allow food products to be stored for longer periods and hence freighted more easily. The massive subsidisation of food products by the European Economic Community has resulted in their equally massive surpluses being dumped at less than cost of production on world markets — depressing Australia's export markets and increasing import competition on our domestic market.



Packing Tasmanian apples.

Industry Development and Trade Unions

The object of trade union intervention in the industry policies of government and the corporate plans of employers is to increase employment opportunities for our members, for the unemployed and for future generations of workers.

There is a larger dimension to the problems of manufacturing. Large Australian and foreign-owned multinational corporations continue to engage in takeover and rationalisation operations, and borrow money offshore to finance these activities; exports of high value-added manufactured goods continue to decline and low value-added resource exports continue to represent an increasing proportion of our exports; imports continue to grow and threaten domestic producers; manufacturers continue to operate offshore in low-wage third world countries and then import their finished products into Australia; Australia's financial system continues to be deregulated to the benefit of foreign capital; increasing unemployment and a declining manufacturing sector produces less taxation revenue for governments — such that governments are forced to borrow offshore just to meet their current commitments.

Meanwhile, Australia's foreign debt continues to grow at a horrendous rate. Our foreign debt has increased from \$3.5 billion in 1970 to \$45 billion in 1984. Current estimates are for a foreign debt of \$54 billion in 1985 growing to \$100 billion in 1990. On current trends,

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Australia as a nation will be paying \$15 billion per year in foreign interest payments in less than five years' time.

If this trend is to be reversed, trade unions will have to change the basic direction of government and employer policy towards Australia's manufacturing industry. Most particularly, we must take a greater interest in the *production* side of the economy in addition to the interest we traditionally and rightfully have taken in the *distribution* side of the economy.

Some trade unions — such as the A.M.W.U. — have been addressing this issue for a longer time than other sections of the movement, and therefore there are ideas and campaign strategies which can be learnt from their experiences. This is a relatively new area of activity for the trade union movement as a whole, and there is a lot more which we will all have to learn if we are going to develop and implement a successful strategy to defend and create more jobs in manufacturing industry.

The trade union movement needs a comprehensive strategy which has international, national, state, regional, industry and employer specific elements.

International Issues

Australia's manufacturing industry cannot be analysed separately from an analysis of the economic and social changes which have taken place in the Third World over the past twenty years or so. It is to the Third World countries, especially those of Asia and the Pacific, that many of Australia's labour intensive manufacturing industries have gone, as a result of the desire of Australian and foreign owned companies to exploit the cheap labour and low tax conditions which exist in those countries.

Australian trade unions need to support the genuine militant trade unions of the oppressed and exploited Third World countries. By assisting trade unions in these countries to raise their living standards, we will achieve a number of things. We will reduce the incentive for our own industries to move offshore, and we will increase the ability of those peoples to buy goods from Australia. This is especially so in relation to the food industry. This is, of course, in addition to the solidarity which we should show in any event to workers and their unions struggling against military dictatorships.

While the policies of the multinational corporations and cartels are to divide up the world for their maximum profit, workers in all countries suffer. Clearly, there is a need for trade unions to co-operate wherever they can to attempt to bring about more rational economic planning to benefit all workers.

In relation to the food industry, I believe that it is important for Australian and New Zealand trade unions to discuss the impact of the Closer Economic Relations (C.E.R.) agreement and other elements of trans-Tasman trade and, if possible, to develop joint campaigns. Consultation should also take place with European trade unions to find out what their attitudes are to the policies of the E.E.C., and to see what agreements may be reached.

National Strategy: The Accord and Industry Councils

The national strategy of the trade union movement with respect to industry policy is expressed in A.C.T.U. Congress policies and the A.C.T.U. A.I.P. Prices and Incomes Accord. The key elements of these policies are:

- The paramount economic objective being the attainment of full employment.
- The need for industry development policy to be integrated with macro-economic policy.
- The need for co-ordinated planning and consultation



mechanisms.

- A commitment to a diversified manufacturing sector (both regionally and industrially) as a means of achieving basic economic objectives and as a means of minimising the adverse effects of fluctuations in value and volumes of Australia's mineral, energy and rural production.
- The need for interventionist policies to bring about employment growth.
- Recognition that there is no economic sense in the reduction of protection levels in the midst of high levels of unemployment.

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- The need for the regulation of, and increasing availability of, finance necessary for investment purposes.

The Food Preservers Union believes that it is obvious that the federal government has delivered on very few if any of these commitments given in the Accord. The deregulation of the finance sector through the admission of the foreign banks and the floating of the dollar, the continued dominance of Treasury over the government on economic issues, the refusal of the government to support union requests for assistance to industry and the continued dominance of the hard line "free traders" in the Industries Assistance Commission over protection issues are all clear examples of the ways in which the federal government has failed to fulfil the commitments it made to the trade union movement in the Accord.

It is therefore necessary for the trade unions to put pressure on the government to ensure that it does deliver on these promises. Clearly, it is only the trade union

movement which has the commitment and the political will to demand that these policies be put in place.

The Australian Manufacturing Council and the Processed Food Industry Council

The main focus for trade union activity in industry policy development at a national level is the Australian Manufacturing Council (A.M.C.) and the industry councils.

The Processed Food Industry Council (P.F.I.C.) is one of the eleven industry councils established within the framework of the A.M.C.

The P.F.I.C. has been appointed for a period of two years, and is charged with the responsibility of recommending policies designed to encourage the growth and development of the Australian processed food industry. It is comprised of four trade union, one grower, five employer and two public service representatives, with a co-opted independent consultant. The council is serviced by an executive officer and assistant executive officer.

Like the other industry councils, the P.F.I.C. was required to prepare a "stocktake" report on the current status and future prospects of the industry, and to form recommendations to encourage growth in the industry.

The council's "stocktake" report was forwarded to the Minister for Industry and Commerce, Senator Button, in November 1984, and made the following observations about the main characteristics of the processed food industry:

- The food industry is the largest single manufacturing sector, composed of individual sectors, often unrelated and with disparate problems and prospects.
- The industry is dominated by large corporate conglomerates with a significant multinational presence, whose interests generally extend over a wide range of food industry sectors and often encompass other industries outside of food processing.
- The industry, while primarily oriented towards supplying domestic markets, has a high incidence of exports of primary processed products but a low incidence of exports of further processed food products.
- Domestic demand is dependent on population levels and industry growth in excess of population growth will have to come through exports. Import substitution is a lesser but important prospect.
- The industry is generally profitable and competitive internationally with important competition pressures generally confined to few sectors but with the prospect in the near future of a rapid expansion of import competition.
- Assistance levels are low on average and, furthermore, there is a cost to the processed food industry of assistance provided to agricultural production.
- Significant changes are occurring in the pattern of retail and wholesale marketing. These are due to:
 - (a) increased concentration of ownership (both manufacturing and retailing) with a few large groups dominating the local market
 - (b) bulk containerised transport
 - (c) increased consumer acceptance of "plain label", generic products. Not only does this encourage imports of basic products produced down to a price, it also compels local

food processors themselves towards fewer and more heavily advertised brands. The consequences are therefore higher imports and greater concentration of domestic producers.

These developments are likely to bring pressure to bear on domestic producers as import opportunities become more commercially attractive.

The "stocktake", which has the status of a preliminary report to the minister, contained a number of recommendations to encourage growth in the industry.

Council believes that it is the industry's choice whether it will compete vigorously on world markets or not. It is government's choice whether it will remove barriers, provide incentives and support the vision of industry towards a successful drive in this direction.

"Despite the government's establishment of the A.M.C. and Industry Councils, however, the overwhelming attitude of the federal government and the bureaucracy is one of support for 'free trade', anti-protectionist economic ideas."

Therefore Council recommends, as a matter of national urgency, the introduction of appropriate mechanisms in order to bring about uniform legislation and regulation and to ensure that products imported into this country meet the standards insisted on for local producers. Council feels that uniformity of food law in Australia and its implementation would best be achieved by the establishment of a Federal Food Authority.

The council also recommended that the government take steps to avoid penalising the industry, particularly where, inadvertently, local products may be disadvantaged against imports by allowing full rebates on taxes and imposts on the costs of goods exported and, if necessary, replacing them with taxes at retail level which will encompass imported items as well.

The government should also ensure that, where appropriate, Australian processed foods become a greater share of Australian foreign aid.

Unions and the Industry Councils

There are major problems for unions attempting to make objective gains for their members from the Industry Council process.

First is the lack of resources provided to the unionists on the councils to enable them to come to terms with the issues on the agenda, and to then make the information they gain relevant to the membership.

This issue is being addressed by the Business-Union Consultation Unit of the Department of Trade and also by the A.C.T.U. A week-long seminar for processed food industry unionists was held at the Clyde Cameron College in Wodonga at the beginning of August 1985. The seminar produced a list of issues for food industry unions to campaign around, and a strategy for their achievement.

The key issues identified included:

- The urgent need for the implementation of uniform national food legislation, together with inspection of food

imports at point of entry.

- Improvements to the system for anti-dumping and countervailing duty actions against subsidised imports.
- The need for a campaign against the spread of "generic" and "housebrand" products, which depress the industry and increase the potential for import penetration.
- The demand for country of origin to be clearly displayed on all food products.
- The need for a study to be made of unfair practices engaged in by retailers to the detriment of manufacturers, and for a campaign against these practices.

"There are major problems for unions attempting to make objective gains for their members from the Industry Council process."

- Action to be taken against the use of export franchise arrangements by multinational companies which limit the ability of their Australian subsidiaries to export.
- The need to liaise with the metal unions to increase the purchase of Australian food processing technology rather than imported technology.

A formal structure, making the industry council unionists responsible for a number of sectors of the food industry, was agreed upon. The A.C.T.U. and the Business-Union Consultation Unit have been called upon to provide greater resources to the industry council representatives and the unions they represent. The industry council representatives will meet regularly to plan and monitor the progress being made, and will report back to a reconvened Processed Food Seminar.

Most importantly, the industry council representatives, with the support of the A.C.T.U. and the B.U.C.U., have been called upon to prepare easily understood information about the industry council and its recommendations for unions in the food sector, and to prepare a questionnaire to seek the views of other food industry unions to the draft recommendations of the industry council and the issues identified by the industry seminar.

This type of strategy offers some potential for rank and file unionists to have some say in the operations of the tripartite industry councils.

Federal Government Policies

Despite the government's establishment of the A.M.C. and industry councils, however, the overwhelming attitude of the federal government and the bureaucracy is one of support for "free trade", anti-protectionist, economic ideas. It could quite reasonably be said that the current federal government is the most "free trade" that has ever existed in Australia.

There is a need then for unions to campaign against the ideas of the so-called "economic rationalists" who believe that if anything can be bought cheaper from overseas, then we shouldn't have an industry producing those goods in Australia.

The A.C.T.U. has set up a small committee of manufacturing industry unionists to recommend ways of establishing a national advertising campaign in support of Australian manufacturing industry, with the aim of

SAVE THE CANNERY



INTRODUCTION

The Riverland Fruit Products factory at Berri, Australia...

It is a...

Web site...

The...

The...

Poster for campaign to save jobs at the Berri Fruit Products factory.

convincing the public of the need for a strong manufacturing industry in Australia. This type of campaign is desperately needed. Unions must work to change the political climate so that specific campaigns for assistance to individual industries have a greater chance of succeeding. Manufacturing employers are being approached to support the campaign, and hopefully we will see some progress in this area over the next few months.

State Strategies

State governments have an important part to play in the development of industry, through the provision of incentives, infrastructure, research and development assistance and other forms of assistance.

In Tasmania, of course, we have the problem of the Gray government. This government is, however, very sensitive to the pressure that can be exerted over the jobs issue, and it is the task of the trade unions and other progressive forces to exert that pressure when we believe that action by the state government could assist us to protect the jobs of our members.

An important issue for this state is, of course, the Tasmanian Freight Equalisation Scheme (T.F.E.S.). With the freight cost disadvantages experienced by Tasmanian manufacturing industry, the loss of this scheme or a reduction in its benefits would severely disadvantage our members. It should be an aim of the Tasmanian trade union movement to ensure that the trade union movement nationally supports the retention of the scheme and that this support is translated into action by the federal

government. Food products, which are expensive to freight, would be particularly hurt by a reduction in the benefits of the T.F.E.S.

Regional Strategies

For industries centred on particular provincial regions, regional alliances offer the potential to increase political support available to manufacturing industry. In the food industry, there is a clear common interest between farmers who want their products processed, trade unions, local small business interests and local government. These points of common interest need to be developed and used in campaigns over industry development issues.

The South Australian branch of the Food Preservers Union, for example, developed such an alliance not only to save their Riverland fruit cannery from closure by exerting pressure on the state government for redevelopment funds, but also to lobby successfully for the establishment of a properly funded Area Redevelopment Authority — known as the Riverland Development Council.

The Riverland Development Council has a full-time staff of four, including a director and two economic research and project officers. It is able to make grants and loans to organisations and companies wishing to develop business and other plans for the benefit of the region and its economic growth.

The council is run by a board comprising fruitgrower, trade union, small business, co-operative processor and community representatives. The state government has provided it with a budget of \$300,000 for the coming financial year, provided adequate establishment funds, and is also allowing it access to general government rural development funds.

I believe that this sort of initiative, which is similar to the Local Enterprise Boards set up in recent years by Labour-controlled councils in Britain, should be supported by the Tasmanian trade union movement.

Enterprise Strategies

Industry policies are only of use to the trade unions if they have an impact on individual employers and enterprises. Trade unions need to analyse what the employers in their industry are doing, what their plans are, and to consider the likely impact of the company plans on future employment.

Issues which require attention include company plans for research and development, marketing, export development, use of imported materials or machinery and new technology.

Unions should campaign over jobs in the same way they campaign over any other issue. The development of logs of claims for more jobs is an area which needs more consideration by unions.

Governments have resources to offer to companies wishing to expand, either into new products or into new markets, especially export markets. Most employers would not be aware of half of these schemes. Employers generally are not directed towards planning for increased employment, and therefore it is up to the unions to make employers become directed in this way. Clearly, if the unions do not move in this direction, no one else will.

Conclusions

If we, as a trade union movement, believe that we have to look more seriously at ways to increase employment, then we will need to make both short and long-term plans to enable us to do so, and to set priorities so that they are implemented.

Some of the issues we need to consider include:

- Research and analysis of our industries — and the resources we will need to carry out this research.
- The training of union members so that they can understand the issues involved and take a leading part in the campaigns around them. Most importantly, our members should understand the close relationship between the winding down of manufacturing industry and the attacks being made on their living standards and trade unions and democratic rights.
- The issue of industry development must be on the agendas of our union and state and federal peak councils.
- We must ensure that our concern over these issues is understood by the Labor Party and the general public.

Keith Thompson is the Tasmanian Branch Secretary of the Food Preservers Union of Australia.

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WAR/MASCULINITY

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