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Business Associations And The Food Processing Industry In Australia: How Neoliberalism Has Reinforced Employer Collectivism

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Abstract

In this paper I argue that factors such as conflicting pressures for food regulation reform and continuing industry assistance programs have made conditions even more favourable for collective business interest representation in Australia's food processing sector. The push by firms for less onerous and more business-friendly regulation has run up against environmental and social pressures for more rigorous regulatory controls, as awareness grows of the risks of new technologies. The case of the Australian Food and Grocery Council (AFGC) illustrates the issues. The extent to which this association participates directly in the design and implementation of public policy is indicative of a decline in the autonomy of politicians and the state bureaucracy vis-à-vis the ideology and interests of business.

Commonwealth Government activity vis-à-vis the Australian food processing industry can be conceived of as serving three sets of overlapping objectives. The first objective is to ensure standards consistent with public expectations of health and safety, and the commercial imperatives of consumer confidence. The second is to provide a business-friendly regulatory environment. Micro-economic reform has been a core policy theme for the past fifteen years, including Australian participation in processes of global regulatory harmonisation. The third objective is to provide direct support for business expansion and profitability through industry and innovation policy. This paper argues that the substance of these objectives reflects the need for and growing capacity of business to bring its influence to bear on the policy process through collective representation. Within the food processing industry, business interest associations (BIAs) do not conform to a model of pluralist competition. On the contrary, collective business action in this sector is today more necessary and is organised more effectively than before the recent wave of broader neo-liberal restructuring.
To the extent that academics have paid attention in the past decade to collective action by Australian business, the principal focus has been on the role of employer associations in industrial relations change (Sheldon and Thornthwaite 1999). Bell (1994, 1995) explored other BIA functions such as ‘services to the state’, and Broad (2001) has recently confirmed that Australian business associations have expanded their role in industry self-regulation and public policy implementation. But the precise form and significance of collective business representation in the public policy process remains largely unexplored, partly reflecting the inaccessibility of the minutiae of government-business interaction within relatively autonomous sub-systems. Panitch (1999: 31) however points to the need for studies of the capitalist state to be grounded in ‘a constant stream of empirical research on the specific linkages between state institutions and class actors in terms of ideology, personnel, relations of dependence and influence, etc.’

In Australia, the Coalition Government rejected the Accord, and the free-market model has provided its general guide to policy. Ostensibly, this would encourage a pluralist conception of policy making. Thornthwaite and Sheldon (2000: 84) explored the hypothesis that, with respect to industrial relations, free-market reforms are likely to produce ‘a fragmentation and steady dissolution of employer co-ordination and organisation’, but concluded that there would be continued demands for associations ‘to provide labour market information, advice and representation (Thornthwaite and Sheldon 2000: 102). This is consistent with the observation, associated with writers in the neo-corporatist tradition, that firms engage in collective action to achieve effective exchange with state agencies and organised interests, and to influence public opinion (Schmitter and Streeck 1999). However, neo-corporatism as a regulatory model that assigned a central, legitimating and influential role to organised labour, was a feature of the post-war period often characterised as Fordist. In recent decades, many industries have been transformed by the emergence of internationalised production systems and a ‘flexible and permanently innovative pattern of accumulation’ coupled with the diffusion of new generic technologies (Jessop 1994: 258). In the analysis of shifts in production structure and institutional regulation, food processing provides an interesting case: production processes are being transformed by new technologies (such as biotechnology), large-scale agro-food capital is ever more dominant, trade in food products has been liberalised, and national arrangements are increasingly harmonised within an international regulatory regime (Atkins and Bowler 2001). High-tech and flexible forms of production, oriented towards international markets and supported by the ‘competition state’, are bringing about an ‘expansion of de facto state intervention and regulation in the name of competitiveness and marketization’ (Cerny 1997: 251). This provides an impetus, somewhat different from that of neo-corporatism, and a new lease of life to BIAs domestically and internationally. Business associations are now key participants within policy networks premised on notions of partnership between government and business (largely excluding organised labour), a trend that has been described as the ‘privatisation of politics’ (Hirsch 2000: 331).

The case of the Australian Food and Grocery Council (AFGC), formed in 1998 as a peak sectoral association, enables us to assess the significance of collective business representation after more than a decade of neo-liberal reform. As I will show, a weak form
of ‘private interest government’ is evident within the food processing sector, with responsibility for some aspects of policy making and implementation devolved to the AFGC and other business groups. This blurring of boundaries between public and private is inconsistent with the notion of a process of ‘ungoverning’ (Bell 1997). State activities and programs within this sector have not been rolled back; rather, a redesign of food regulation and assistance programs has been pursued on the assumption that the interests of business and the public coincide. This is not to propose a crude notion of ‘capture’, but to suggest that a model that emphasises too strongly the dichotomy between government and market is inadequate (Panitch 2000). ‘Public’ institutions within sectors such as food processing can no longer be readily differentiated from ‘private’ interests, and policy processes are increasingly beyond the effective reach of formal mechanisms of democratic accountability (Cerny 2000). The question then is whether regulatory agencies can be taken to represent and embody ‘the public good’, as implied by advocates of extended state intervention (e.g. Marceau 2000). The evidence presented in this paper suggests instead that government policy with respect to the food processing industry can more plausibly be considered the manifestation of an ‘increasingly close structural relationship between state and capital’ (Panitch 1999: 30).

Innovation, Networks, And Associative Action

Australia’s polity is notionally one of separation between the state and organised interests with ‘many thousands of groups which are independent of government’ (Lovell et al 1995: 247). Historically BIAs have been fragmented and lacking in capacity to engage in macro level corporatist intermediation (Matthews 1983, 1994). As in Canada, there is no single peak association ‘that can aggregate systematically the interests of the various sectors of the economy’ (Coleman 1988: 231). Is it then plausible to suggest that Australian BIAs retain significance under contemporary conditions of free-market reform and globalisation? There are at least three streams of research that might explain their continued prominence.

The first of these streams encompasses studies of innovation and technological change that revolve around forms of non-market interaction. Analysts in this field tend to be eclectic and pragmatic in their assessment of state agencies, associations and other constraints on markets. They focus empirically on interchange between firms and other actors within clusters, networks, and alliances; within regional, national and cross-border technological systems; or within systems of innovation. The key actors identified by these analysts include universities, public sector research institutes, other public sector organisations, and BIAs. (See, for example Freeman and Soete (1997), Nelson (1993) and publications listed under the Organisation for Economic Co-operation Development (OECD) program heading Science Technology and Industry, http://www.oecd.org/.)

The second stream of research similarly disputes the proposition that economies perform best when unencumbered by the constraints of governments and associations. This claim is here grounded in the study of policy emerging from within complex systems of interdependence that link state agencies with producer groups and other interests within semi-autonomous networks (Kooiman 1993; Richardson 1993). Within such policy
networks, insider groups offer technical expertise and political knowledge in exchange for influence on, or direct participation in, policy formulation and implementation. According to Maloney et al (1994: 23), consultation with privileged interests groups did not decline but became more important during the Thatcher years in the United Kingdom.

In the third stream of research, the focus is on non-market co-ordination or governance within industry sectors. This stream includes the ‘comparative capitalism’ literature that evolved from the neo-corporatist analyses of the 1970s and 1980s (Hollingsworth and Boyer 1997a; Hollingsworth, Schmitter and Streeck 1994a; Kitschelt et al 1999). Governance is here understood to refer to ‘the totality of institutional arrangements that co-ordinate and regulate transactions inside and across the boundaries of economic sectors’, including markets, corporate hierarchies, communities/clans, state, and associations (Coleman 1997: 129). In this perspective the task of empirical analysis is to specify in each case the precise mix of governance arrangements. Streeck and Schmitter (1985: 8) posed the question of whether western societies had ‘rediscovered and begun to revive [an] additional basis of order, associations and organizational concertation’ and, if so, whether this was a ‘temporary, contingent set of mixed responses to ephemeral crises and events’.

In the 1990s, it was widely accepted that neo-corporatism had indeed been a temporary phenomenon, and that neo-corporatist arrangements were in decline relative to markets. Associational governance and business associations in particular ceased to be a central focus of analytical attention. However, a large volume of research (including this paper) demonstrates that there has been no decline in the state’s need to draw on organised interests for policy deliberation, design, implementation, and legitimacy. This imperative continues to generate space and demand for associational action, though the term neo-corporatism with its connotation of tripartite bargaining does not capture the contemporary interdependence between government and business. Thus, the devolution of state responsibility in favour of ‘voluntary’ collective self-regulation presumes that preferences and policy perspectives can be identified and agreed upon, typically through an industry association. Moreover, Hollingsworth and Boyer (1997b: 23-24) argue that markets and hierarchies work most effectively as co-ordinating mechanisms in ‘mass standardized systems of production’, but that ‘flexible specialisation and diversified quality mass production work best when transacting actors are embedded in an institutional environment in which collective forms of coordination are highly developed’.

To what extent are these streams of research pertinent to the Australian setting generally and the food processing industry in particular? Bell (1994: 155-56) noted incipient ‘mild forms of policy partnership between associations and the state’, and that ‘it is the specialised, sectoral associations representing particular industries or industry segments that are best able to articulate a coherent relationship between their industry constituency and government’. This was seen as a response to the unravelling of the policy framework of protectionism and arbitration that had historically framed associational activity. The case of the Australian food processing industry illustrates the continued and enhanced existence of such policy partnerships.
The Australian Food Processing Industry

Firms in the food and beverage industry apply diverse production techniques to transform raw materials into packaged consumer goods. Activities include the processing of meat, fruit and vegetables, seafood, milk and cream, and the manufacturing of soft drinks, wine, beer and spirits. The industry is located at the interface between agriculture and retailing: some firms (such as those in the dairy industry) are closely linked to agriculture; others (such as soft drink manufacturers) have long had a more distinct manufacturing character. Historically this has been a 'low-tech' sector, but firms today must increasingly employ science-based technologies to sustain product, process or packaging innovation. Innovation responds to and influences consumer trends such as expectations of 'homemade-like-flavour qualities', environmentally friendly packaging, health and nutritional benefits, and above all convenience. Key areas of technological development include material science, biotechnology, information processing and 'functional foods' designed to reduce the risk of particular diseases (Schmidl 2000; Wagner 1999).

The implication of increased research and development (R&D) intensity and the use of less 'natural' products is that food regulation is becoming more critical and complex due to concerns for public safety and consumer confidence. In addition, firms come to depend to an increasing extent on externally generated technologies and other external resources, a trend conceived more broadly by Castells (2000) as the emergence of the 'network enterprise'. Participants in the innovation process include a range of public or semi-public agencies such as the Commonwealth Scientific Industrial Research Organisation (CSIRO), rural research corporations, Co-operative Research Centres, the universities, and various Commonwealth and State R&D programs. Australia, of course, has a strong tradition of public sector R&D to assist agricultural and rural industries, and also the food processing industry, and such support continues with a stronger focus than ever on economic outcomes and firm competitiveness. Direct Commonwealth and State R&D support in 1998 for the food processing industry was estimated to be in the order of A$30 million (Eyles 1998: 640).

The food processing industry in Australia employs around 163,000 people, corresponding to approximately 20 percent of total manufacturing employment. The industry is concentrated in the eastern States and all the major companies have operations in Victoria. Most of Australia's approximately 4,000 establishments are small, averaging around 40 employees, but large, foreign-owned firms such as Coca-Cola Amatil, Phillip Morris, Lion Nathan, Cadbury Schweppes, Unilever and Nestlé dominate in terms of production value. There is 'a strong trend towards world-wide integration in the industry and fewer, larger food companies, predominantly based outside Australia' (Eyles 1998: 640). Total sectoral turnover is in the order of A$50 billion, two-thirds of which is made up of highly processed, packaged consumer products (Snapshot of Agribusiness in Australia, 2000).

Consistent with Australia's history of manufacturing, the food processing industry until recently was domestically oriented with relatively poor export performance (Keniry
Firms were, by and large, comfortable with *de facto* protectionist arrangements flowing from state-based regulation in conjunction with the broader post-war policy framework of 'protection-all-round'. Between the mid-1970s and the late 1980s food exports were stagnant in volume terms and declined as a proportion of both total exports and GDP (Industries Assistance Commission 1989: 139-40). In the 1990s, the potential for expanded exports of processed food was given much policy attention, but results were modest. International trade statistics record that Australian processed food exports grew by only 1.8 per cent between 1994 and 1998 (compared to 21 per cent in the USA, 9.9 per cent in Germany and 9.2 per cent in France) and Australia’s global market share declined from 3 to 2.8 percent. By comparison, unprocessed food exports increased by almost 40 per cent in the same period (Instate 2000: 16-17). Only around one quarter of establishments were engaged in exports and ‘the larger firms (and particularly the foreign-owned firms) [were] less committed to exporting at the higher end of the value chain than the industry as a whole’ (Instate 2000: 2).

Micro-economic reform and competition policy initiatives have contributed to the trend towards more intensively processed products and a modest expansion of exports, and a consequent weakening of linkages with agriculture relative to the influence of large international firms and major retailing chains. As detailed in the next section, regulatory arrangements have been adapted to foster upgrading, diversification, and a commitment to quality for the purpose of increased exports.

**Food Regulation**

This section identifies two principal, and in some respects conflicting, trends that have influenced recent changes to Australia’s system of food regulation. The first trend derives from the presumption that competitiveness and efficiency objectives are best served by making regulation less restrictive, cumbersome and costly to business. On the other hand, a second trend related to technological, marketing and industry development imperatives, the impact of internationalisation, and ‘public outrage’ issues have made the food regulation regime more complex and contested, and in some respects more rigorous and costly (for example product labelling requirements) (Meins 2000). Indeed, there are no theoretical grounds for predicting, with respect to national regulatory capacity, that the interplay of such trends will necessarily generate a deregulatory ‘race to the bottom’ (Scharpf 1999).

The notion of a free market, with governments imposing minimal constraints on businesses operating at arms length, does not well reflect the density of networks in the Australian food industry sector linking firms, associations, state agencies, public policy programs and research organisations. As stated by the AFGC:

[1]Interdependency in the agrifood supply chain is not confined to vertical integration. It extends to public policies which influence the business environment, technological innovation and consumer confidence in the integrity of our products. (Hooke 2000: 342)
Domestic government controls of food production and sales for the purpose of public health and safety have a long history (sketched by Braithwaite and Drahos 2000: 399-400). The growth of trade in food products has been accompanied by the evolution of global regulation centred on the Codex Alimentarius Commission (the Codex) established in the early 1960s as a subsidiary agency of the Food and Agriculture Organization (FAO) and the World Health Organization (WHO). The aims of the Codex are to protect the health of consumers, to ensure fair trade practices and to advance the global harmonisation of various food standards, codes and guidelines. Most food products traded internationally are now covered by Codex standards, complemented by a Codex Code of Ethics for International Trade. The food processing industry, notably firms based in the United States of America (USA) and Switzerland, is an influential participant in the Codex system, ‘one of the more-industry dominated international organizations’ (Braithwaite and Drahos 2000: 401).

In Australia food regulation goes back at least to the 1838 New South Wales Adulteration of Bread Act, and today encompasses a complex web of around 150 Commonwealth and State and Territory Acts. For all intents and purposes, a national food regulation system had been achieved by the late 1990s, and the focus now is increasingly on international harmonisation under the aegis of the Codex (Nelson 1992; Reuter 1997). Constitutionally, however, the States and Territories retain responsibility for food regulation, and also organise monitoring and enforcement directly or through local governments. That food regulation is based on co-operative federalism, and is not yet a fully uniform national system, is apparent from the meagre resources of the Australia New Zealand Food Authority (ANZFA) which employs only around 80 staff (Australia New Zealand Food Authority 1999: 115).

The ANZFA was established in 1991 through an agreement between the Commonwealth and the States and Territories. In 1996 the agency acquired its current name following a Treaty with New Zealand to establish a joint food regulation approach. Objectives include protecting public health and safety, providing consumers with information relating to food, promoting consistency between domestic and international food standards, and developing food industry trade and commerce. The ANZFA develops and reviews standards pertaining to food product composition, production, packaging, storing and handling, labelling, promotion and advertising. The board of the ANZFA makes recommendations to Ministers from participating jurisdictions who make final decisions meeting as the Australia New Zealand Food Standards Council (ANZFSC). Food standards, once approved by the ANZFSC, are published in the Food Standards Code and are then adopted automatically into State and Territory (and New Zealand) legislation. The ANZFA also manages Australia’s participation in the Codex regime and takes account of Codex principles in its administration of domestic standards. Legislation was introduced in early 2001, and passed with Labor amendments by the Senate in June 2001, to establish a new statutory authority, Food Standards Australia New Zealand, based upon the existing ANZFA. This restructuring of the food regulatory system was undertaken in response to the Food Regulation Review (Blair) Committee report of August
1998 (see below) for which the predecessor of the AFGC was a ‘principal architect’ (Australian Food and Grocery Council 2000b: 15).

Grabosky and Braithwaite described Australian food regulation in the mid-1980s as fragmented, enforcement oriented and ‘largely in the command and control tradition of regulation, as opposed to the co-operative, partnership with industry, tradition’. Food had ‘the highest frequency of inspectorial scrutiny of any area of business regulation in Australia’ (Grabosky and Braithwaite 1986: 100, 107). This characterisation possibly exaggerates historical tensions between industry and regulators but, in any case, the past decade has brought about a marked shift towards the partnership model. Business groups have lobbied with considerable success for flexible, less prescriptive, and more transparent regulatory arrangements, and ‘greater use of co-regulatory solutions based on codes of conduct’ such as the Code of Conduct for the Provision of Information on Food Products, which has been operational since 1995 (Australian Food Council 1998b: 2).

In response to recommendations presented by a Small Business Deregulation Task Force, Prime Minister Howard in March 1997 announced a comprehensive review of food regulation. Dr Bill Blair, a former CEO of a dairy company and former President of the Confederation of Australian Industry, conducted the review, which also met the requirements of the 1995 National Competition Policy agreement. The central review objective from the perspective of both business and government was to ‘reduce the regulatory burden on industry’ (McCaughey 1997). The Australian Food Council (precursor to the AFGC) claimed to have ‘instigated’ the Blair Review (Australian Food Council 1998a: 5, 20). The Blair report promoted a ‘partnership model’ of co-operation between government, industry and consumers as a means of achieving a system of ‘minimum effective regulation’. Whilst complete industry self-regulation may never be achieved because there will always be an expectation by consumers and industry of a minimum legislative framework, […] there is considerable scope for a move in that direction through a co-regulatory approach. (Australia New Zealand Food Authority 1998: 3)

The recommendations of the Blair report provided the basis for the Australia New Zealand Food Authority Amendment Bill 1999, and the restructure in 2001 of the ANZFA. The provisions of the 1999 Bill were referred to a Senate Committee which conducted public hearings and received 25 submissions from groups and individuals (Senate Community Affairs Legislation Committee 1999a). The full range of interest group concerns pertaining to the role of the ANZFA and the weighting of various regulatory objectives (health and safety, trade and commercial considerations, consumer information, and so forth) can be identified in these submissions and in the reports of the Committee. The Committee (Coalition) majority report emphasised the need for national and international harmonisation of a transparent business-friendly regulatory regime consistent with the protection of public health. In support of the proposed legislation, this report echoed the ANZFA submission, stating that the purpose of Bill was to
facilitate the cost effective development of food standards to keep pace with the high rate of technological and policy change, including industry and consumer demand for greater uniformity of regulation. (Community Affairs Legislation Committee 1999a: 4)

In dissenting minority reports Labor and Democrat senators argued that the proposed legislation would undermine the effectiveness and independence of the public regulator, and that too much trust was put in industry codes of practice. The Democrats claimed that the Bill reflected the Blair Review’s ‘primary consideration [for] economic efficiencies rather than public health and safety consideration’ (Community Affairs Legislation Committee 1999a: 9). Similarly, several public interest groups criticised the Bill for being business-friendly to the point of risking industry ‘capture’ of the ANZFA. For example, the Public Health Association argued for ‘strong, enforceable and enforced regulation which has the weight of law’ rather than ‘industry codes of practice and guidelines’ (Community Affairs Legislation Committee 1999a: 9). In 2001, the ANZFA Amendment Bill was the subject of another inquiry by the same Senate Committee, with conflict again revolving around how to balance health and safety concerns with the ostensible imperative to make regulation more industry friendly. The Labor party in a minority report noted that in the period between the release of the Blair report and the introduction of the ANZFA Amendment Bill the Department of Health and Aged Care consulted with the AFGC, whereas the Australian Consumers Association and the Public Health Association were briefed, rather than consulted, just prior to the introduction of the legislation in January 2001 (Senate Community Affairs Legislation Committee 2001: 10-11). In 2000, the AFGC stated that

Australasia is one critical step short of a simplified and streamlined food regulatory system governing standards, including labelling, food safety and novel foods including those made using gene technology. (Australian Food and Grocery Council 2000b: 13)

Presumably the recent legislation bring this process to fruition, providing the ‘one critical step’ previously missing.

The account up to this point suggests that industry demands for simplification and cost cutting have been powerful factors in recent regulatory reform. However, food businesses operate within an environment where, more than ever, health and safety regulations are a salient focus of media attention and interest group activity. The confidence of consumers and a reputation for product quality and safety are major commercial imperatives. A range of consumer and other stakeholder groups monitor the ANZFA closely, and expect to be consulted, and the agency accepts that its activities must be transparent with respect to business and other groups. The Australian Consumers Association rates food issues as the top of its list of interests and concerns. The ‘food network’ co-ordinated by the Consumers Federation of Australia (CFA) expanded to around 100 member groups from 23 in one year to June 1999. ‘New groups and individuals are joining up all the time wanting to find out what is going on with food regulation in Australia’ (Community Affairs Legislation Committee 1999b).
Factors driving a focus on quality and safety include the application of new technologies, changing consumption patterns (more prepared meals), increased trade in processed food products, and greater international mobility increasing the risks of food poisoning. It is believed that ‘every day 11,500 Australians still get sick with food poisoning’ and that ‘consumers [are] more vulnerable than ever before to food borne illness’ (Tambling 1999). Issues that generate public concern and recurrent outbursts of ‘public outrage’ include irradiation, product labelling requirements, control of additives, food hygiene, and the question of food health claims. In particular, genetically modified (GM) foods have generated enormous controversy in Australia and internationally. Indeed, the GM foods issue is captured quintessentially by the notion of the ‘risk society’ where economic, political, social and cultural hazards are intertwined in a way that exposes not only citizens but also business to enormous uncertainty (Beck 1992). The business implications of misjudging public concerns are demonstrated by the collapse of confidence of British consumers in GM foods: the ‘battle for the hearts and minds of British consumers ... has been lost, at least for now’ (Michels 1999: 504). Many such hazards confronting business are likely to be most effectively responded to not by firms acting alone but through collective action. Thus lobbying and ‘consumer education’ pertaining to GM foods have been a major focus of activity for the AFGC and its predecessors.

Finally, the boundary is often blurred between publicly and privately sponsored health and safety regulation schemes. As one publication notes:

On top of legally binding inspection and export authorisation programs administered by the AQIS [Australian Quarantine Inspection Service], Australian Customs and other Commonwealth agencies, a raft of product accreditation and endorsement bodies – State and Territory Governments, industry peak groups, local growers’ cooperatives, even private business organisations – are busily issuing certificates attesting to the superior qualities of Australian products. (Export Documentation 2000)

In summary, reform to extend free-market exchange through low-cost, ‘minimal’ regulation runs up against conflicting pressures for more extensive and demanding health and safety controls, and commercially driven imperatives for quality certification schemes and consumer confidence. In the often conflictual and occasionally frenzied policy process concerning food regulation, collective representation continues to be an indispensable means of ensuring a favourable business environment.

**Industry Policy**

Consistent with neo-liberal ideology micro-economic reform in the food processing sector in the 1990s has emphasised programs that see governments playing a facilitating and supportive role, rather than a purely regulatory one. This was expressly the case under the Commonwealth Labor Government until 1996, but targeted industry policy programs did not cease with the election of the Coalition. Commonwealth assistance, ranging from R&D support to trade facilitation programs, typically requires business interlocutors able to represent firms authoritatively.
A 1991 ‘watershed report’ by an industry-government working group proposed a co-ordinated food industry development strategy along the lines of programs in the aerospace, information, pharmaceutical and other sectors (Keniry 1995: 251). A tripartite framework was recommended with public sector agencies acting as catalysts to develop networks and clusters that would allow Australian exports to take advantage of a ‘window of opportunity in Asia’ (Department of the Prime Minister and Cabinet 1991). An ongoing theme in this and other government pronouncements in the past decade has been that Australia is positioned favourably to expand food exports due to ‘underlying trends [in Asia] of population growth, increasing urbanisation, westernising diets, lowering trade barriers, and [...] continued reliance on food imports’ (Food Export Feature 1999: 495).

The Commonwealth Government proceeded in 1992 to launch a four year strategy. Its centrepiece was a tripartite Agri-Food Council (AFC) chaired jointly by the Ministers for Industry, Science and Tourism and Primary Industries and Energy. Executives of major companies became members of the Council and other groups represented included the National Farmers’ Federation and the ACTU (Bureau of Industry Economics 1996: 39). There was, however, a conspicuous absence within the AFC of a peak sectoral industry group – because no association was then in existence that could speak authoritatively on behalf of the whole industry – though several specialised business associations were represented on AFC working groups. The AFC sponsored a range of initiatives (focusing on areas such as workplace reform and training, grower-processor linkages, and regulatory reform) under the umbrella heading of an Agri-Food Strategy. Several of these initiatives were designed at little or no budgetary expense to achieve better co-ordination and to remove impediments to growth, but there was also an element of direct industry assistance (Bureau of Industry Economics 1996).

A 1996 evaluation provided a mixed assessment of the Agri-Food Strategy, recording only ‘modest outcomes’: the strategy had ‘not had any significant measurable impacts on industry performance’ (Bureau of Industry Economics 1996: xiv). Notwithstanding this lukewarm endorsement, government support continued unabated after the election of the Coalition Government in the form of the quaintly named Supermarket to Asia Council established in September 1996 to replace the AFC as provider of ‘strategic direction and leadership’ (Moore 1996). The Supermarket to Asia Council comprised representatives from government, research organisations, the ACTU, and several industry associations. The Government committed A$14.5 million to the Council over three years from 1996-97 for the purpose of promoting exports and an export culture within the industry. The Council brings individuals together from various parts of the industry and government by forming working groups to deal with technical matters. Related Commonwealth initiatives include the Food and Fibre Supply Chain Program, the Quality Food Australia Program, FoodConnect Australia (a joint initiative with Telstra), and the Delicatessen Program, superseded in 2000 by the New Industries Development Program (Supermarket to Asia Council 2001). Commonwealth support includes highly specific initiatives such as funding for an Australian restaurant in South Korea ‘to create market pull for Australian food products’ (Food Export Feature 1999). Co-ordinating responsibility for programs supporting
the food processing industry has recently been transferred to the Department of Agriculture, Fisheries and Forestry. In 2001, Commonwealth support for the food industry, including the Supermarket to Asia initiatives, was to be consolidated as a Food Industry Action Agenda, and a National Food Industry Strategy was developed under the auspices of a committee dominated by ‘industry leaders’ (Agriculture, Fisheries and Forestry Australia 2001).

A number of observations with respect to industry and innovation policy can be made on the basis of the above review. First, it is noteworthy that many targeted assistance programs continue, notwithstanding the neo-liberal rhetoric of the Coalition. (This has recently been remarked upon by Jones (2000) in the context of the Howard government’s industry policy generally.) Second, BIAs – and the AFGC in particular – have become increasingly significant as interlocutors of governments in the design and delivery of industry and innovation policy programs. In 1991 business input was sought mainly from individual firms, with a marginal role for business associations. Until the formation of the Australia Food Council in 1995 (evolving into the AFGC in 1998), there was no peak industry body able to interact effectively with government agencies and other organised interests. In 2001, however, the membership of the Supermarket to Asia Council, along with several company directors, included representatives from the AFGC and the National Farmers’ Federation. (The presence on the Council of the National Secretary of Shop Distributive and Allied Employees Association might suggest that remnants of neocorporatism can survive at the sectoral level.) Third, the boundaries between public and private interests and organisational structures are now remarkably fluid. It has become a taken-for-granted supposition that state and business can and should work closely together for the purpose of maximising industry growth and exports. The industry is involved closely in the design and implementation of programs and activities undertaken as part of the recent National Food Industry Strategy and by the Supermarket to Asia Council, and the role of the Council itself is to ensure

that a business perspective is provided for in the Government’s industry policy framework for integrating the Australian food industry into the global market place. (Supermarket to Asia 2001)

The implementation of some Commonwealth programs has been corporatised. For example, the management of the $9m Food and Fibre Chains Program has been outsourced to a subsidiary company of Supermarket to Asia, Agri Chain Solutions Ltd, for its three year duration.

Reinforced Collective Action: The Australian Food And Grocery Council

Historically, ‘private interest government’ arrangements have characterised the food processing industry in many countries, particularly in sub-sectors such as the dairy industry (Grant 1987). The principal recent trend in Australia, however, has been the
breaking up, or weakening, of arrangements deemed to be anti-competitive, a process pursued since 1995 as ‘legislative reviews’ under the National Competition Policy and ‘ticked-off’ by the National Competition Council. Statutory protection measures and marketing boards have been reformed and the dairy industry, for example, has been fully deregulated. Paradoxically, however, increased competition has not lessened collective business representation; indeed, BIAs in this sector are more important today than a decade ago. Reasons for this have already been identified: a complex and contested regulatory environment, public controversies that have impelled business to engage in collective action to influence consumers, and the continuation of industry policy programs requiring mechanisms of state-business exchange and co-operation.

The food processing sector is populated by around thirty mostly highly specialised national or state-based business associations, including the Australian Ice Cream Association, the Australasian Soft Drink Association, the Australian Associated Brewers, the Australian Fruit Juice Association, the Australian Sea Food Industry Council, Confectionary Manufacturers of Australasia, the Distilled Spirits Industry Council, and the Food Technology Association of NSW. Several of these groups have a long history, and they tend not to be members of national peak associations such as the Australian Chamber of Commerce and Industry.

A major step in overcoming fragmentation was the establishment in 1995 of the Australian Food Council (AFC) by the chief executive officers of 16 firms. This was

the industry’s determined attempt to present a cohesive, coordinated and single voice which will represent, foster and assist the food processing and beverages industry to grow and profit. (One Voice for the Food Industry 1996)

In late 1998, the AFC merged with the Grocery Manufacturers of Australia (GMA) to form a more encompassing peak organisation, the Australian Food and Grocery Council (AFGC). The AFGC in 2000 had a membership of 170 companies, subsidiaries and associates ‘representing in the order of 85% of the gross dollar value of the sector’ (Australian Food and Grocery Council 2000a). The membership is made up of predominantly large corporations – a small proportion of the total number of food producers – but the AFGC provides some services for the whole industry, a single industry voice on major policy matters, and a mechanism of structured interchange with government agencies. The ‘core business’ of the association is defined as ‘public policy and service delivery to a collective of often fiercely competing companies, but with mutual objectives in a pre-competitive environment’ (Australian Food Council 1998a: 17). The aim is ‘to ensure that the food industry has a cohesive and credible voice to initiate and influence public policy’ (Australian Food Council 1998a: 4). In essence, the association provides a range of public goods for the industry as a whole, complemented by selective benefits for members such as crisis management assistance (for example in case of food contamination) and briefings on topical issues. The AFGC also organises ‘sector-specific forums’ to manage diverse interests within the membership: ice cream, oilseed products, processed meat, spice manufacturers, cold chain stakeholders, and so forth. Advice on industrial relations is
available to member companies but industrial relations issues are of marginal concern compared to the key areas of regulatory policy and public issue management.

The AFGC cannot be categorised unambiguously as ‘pluralist’: it not only seeks to influence public opinion and to lobby regulatory agencies from the outside, but, as noted, participates directly in the design and implementation of public policy, and is, to some extent, a provider of ‘private interest government’. Whilst not positioned to exercise substantial autonomy vis-a-vis its big-business membership, the association does ensure a coherent business voice on matters of regulation and does deliver a degree of compliance with understandings reached with regulatory agencies. The AFGC is the sponsor of several self-regulatory codes of conduct on behalf of the wider food industry, including the Code of Conduct for the Provision of Information on Food Products and, as noted, is an active participant in the Supermarket to Asia Council and its various working groups. This trend of direct participation has been further accentuated since the Australian Food Council claimed in 1998 to be ‘key architects in policy determination and strategy development, both internationally and domestically’ (Australian Food Council 1998c: 356). Thus, the association has organised extensive industry presence on project teams and working groups engaged in the revision of the Australia New Zealand Food Standards Code, a process completed at the end of 2000.

Participation by the AFGC in the public policy process and elements of ‘private interest government’ within this sector does not, of course, suggest that business groups necessarily control outcomes. Contestation is fierce (as illustrated by the recent opposition by the AFGC to proposed consumer information on food labels, and the controversies surrounding GM foods) but the argument here is that such conflicts on matters of great commercial significance make effective collective business action essential.

Conclusion

Coleman states succinctly the conclusion to be drawn from this analysis: the persistence under conditions of neo-liberalism of associational governance at the sectoral level is explained by ‘the ongoing, technical, and complex character of public policy’ that ‘demands close working relationships between the state and affected interests’ (Coleman 1997: 132). Changes in the food processing industry sketched in this paper cannot be described adequately in terms of ‘less government’ or increasingly ‘free’ markets. It is necessary instead to emphasise growing complexity and interdependence between a wider range of public and private actors, and enhanced scope and demand for collective business representation within policy networks that cannot be readily subjected to democratic accountability. Food businesses in Australia more than at any time in the past invest in collective action in order to minimise fragmentation and conflicts of interest, and to manage relations with governments and stakeholder groups, in particular consumer organisations. Indeed, business at the end of the 1990s was more effectively organised than before the onset of micro-economic reform.

It has been shown that the neo-liberal push for less onerous regulation has run up against countervailing pressures for increasingly stringent and complex regulatory
controls. These risks are associated with new technologies and commercial imperatives for consumer confidence as well as marketing certification schemes. The ensuing negotiations have led to a blurring of the distinction between public policy and private activities. With trade issues being of major concern to the Australian food industry and with food regulation in effect harmonised domestically (consistent with global Codex standards) businesses must be able to engage at the national level with government agencies to ensure favourable policy developments. It is understandable, then, that the food processing industry was able to establish in 1998, for the very first time, effective peak sectoral representation through the formation of the AFGC. This association is engaged concurrently in conventional lobbying and in attempts to shape consumer perceptions, and directly in the design and administration of public policy. Business-government relations within this sector are now approaching the model of ‘private interest government’, as BIAs under the avowedly pro-business Coalition government have been integrated into the policy making process and assigned de facto co-responsibility for policy making and implementation. As a participant in the public policy process the AFGC combines services to the state – technical advice and input ensuring workable regulation – with the provision of public and selective goods to its membership.

The earlier neo-corporatist literature described and theorised bargaining between autonomous actors with distinct and conflicting interests, and particular attention was paid to labour and the trade union movement. By contrast, in Australian food processing (and other industry sectors) the role of trade unions has been weakened. The picture presented in this paper suggests not so much arms-length bargaining as a fusion of business and state interests framed by the business-friendly ideology of competitiveness. Indeed, the story here is one of declining autonomy of politicians and bureaucrats vis-à-vis the ideology and interests of business. Finally, at the macro level, Schmitter and Grote (1997: 12) observe that corporatism ‘has risen again’ in the 1990s in the form of bipartite, tripartite or social pacts, and they conjecture that ‘corporatism has had a historical tendency to disappear and to reappear’ every 20-25 years. Be that as it may, at the sectoral level, at least, the theoretical and empirical case for the endurance of effective business interest associations appears strong.

Endnotes

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