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### **Head Office, Branch Office and Factory: Sydney, Melbourne and Yarraville. The Management of CSR's Melbourne Refinery, 1887-1917**

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"The large establishment, owned by the Colonial Sugar Refining Company, on the bank of the river at Yarraville, has for years been a conspicuous object in the panorama of Melbourne from the west, and it has filled an important place in the colonial sugar refining industry"...

*The Age* told its readers on 5 July 1890.

"During the past three years, however, the business of the Company has increased to such an extent that it has overrun the power of supply, and it has been found necessary to make large additions to the machinery and storage capacity"...

With some trepidation, W E Knox, General Manager (1880-1920), had approved Melbourne manager Richardson's unveiling to the press the Company's near-complete extensions. The £25,000 investment doubled steam power, and included the installation of a coal tramway and revolutionary new mechanical stokers, as well as the upgrade of the array of vacuum pans, centrifugals, kilns, retorts and mills which relieved of its manifold impurities the raw sugar from the fields and mills of Queensland and the islands and turned out pure white crystals in granular and tablet form for the dinner tables of colonists in Victoria, South Australia and Tasmania.

Richardson was nervous about inviting reporters from newspapers other than *The Argus* - he 'will adopt the line of report we desire' - but concluded that it would be unwise to exclude the *The Age* and the *The Daily Telegraph*. He had nothing to worry about in this instance.

*The Age* had said in the past about CSR's conduct in Queensland and Fiji, particularly on the black indentured labour issue, in 1890 the paper gave a long, detailed and encouraging review of the refinery expansion, even if not as fulsome as *The Telegraph's* article "An Enterprising Company".

The company's anxiety for a positive press response is to be read in the context of anticipated competition from a third Melbourne refinery then under construction by the Australasian Sugar Refining Company, and the somewhat rocky nature of CSR's recent experience of refining in Victoria. The turbulent 1880's, and an uncertain future, contrasted with the euphoric foundation years of the 1860s and 1870s.

Formed in Sydney by Edward Knox (senior) in 1855, the Colonial Sugar Refining Company had been distinguished by his drive to control refining, firstly in New South Wales, and then in the other Australasian colonies. Knox visited Melbourne in 1857, enlisted the support of local merchants for an associated company, and chose a site for a refinery. Half the Victorian Sugar Company's capital was subscribed in Melbourne, and half by the CSR Company. When the Victorian Sugar Company's Sandridge (Port Melbourne) refinery was gutted by fire in 1875, Knox took the opportunity to buy out his Melbourne competitors, Joshua Bros., who had just completed a spanking new refinery at Yarraville with the latest Scottish construction and engineering expertise. Reputedly £250,000 changed hands in this transaction.

CSR moved to control raw sugar supplies, firstly in milling and later in growing. In the early 1880's the Victorian Sugar company partnered CSR's expansion into milling in Queensland and Fiji, but the heavy investment left the Company vulnerable to the world sugar market collapse in 1884. The opening that year of the Auckland refinery of the associated New Zealand Company closed a lucrative market for Victorian Sugar Company sugar, and the Yarraville refinery closed for many months in 1886-7 before a measure of protection from cheap European imports and a reciprocity agreement with Queensland provided a basis for profitable operations.

In mid-1887 CSR became a limited liability company, formally amalgamated with the Victorian company, and embarked on a program of management and production rationalisation, including labour economies, in preparation for an expansion of productive capacities to meet and discourage other established or would-be Victorian competitors.

The many-sided correspondence in the Noel Butlin Archives Centre CSR collection - Head Office to Melbourne, and Melbourne Office Manager to Yarraville Refinery Manager - together with the reports of production, technical, and labour management experts, provide a remarkable insight into the somewhat fraught attempts of E W Knox to assimilate the workings of the Melbourne office and refinery, shaped over thirty years, to the models and practices of Sydney.

His attempt to define policy from the centre, without reference to the diverse political traditions, business cultures and labour management styles of the other colonies (including Adelaide from 1891, and Brisbane from 1893), to impose in fact a Sydney office and Pyrmont refinery style on CSR's outlying Australasian colonial establishments, raises fascinating questions about the company style and the creation of the management policies, heavily conditioned as they appear to have been, by Edward Knox and his son E W Knox, and by the company's experiences in Northern Queensland and the Pacific.

Following the 1887 amalgamation, E W Knox instituted a rigorous analysis of the economics of the Yarraville refinery, from the unloading of the coal and raw sugar through to the packing and despatch of refined sugar. The standard of comparison was always CSR's Sydney refinery at Pymont. The Yarraville Factory Manager was replaced, and wage and staff reductions followed in most departments in the period 1888-91.

I had not the least idea when we took over Yarraville that the mismanagement of this place had brought it into such a condition of disrepair;

Knox wrote to Melbourne Manager J F Richardson in 1889

But the position must now be faced, and the sooner we make the changes here described, the sooner will our working be brought to the level of other refineries.

Knox was mortified by his perception that the customers dictated terms to CSR in Victoria, rather than the other way around, and he set about bringing the large wholesaling middlemen to heel, plugging the company into a cheaper network of travellers. But he was forced to concede that Yarraville's problems owed more to inherent defects in the plant than to the office or refinery managers' or engineer's mismanagement or carelessness.

Technical inadequacies were exposed by Yarraville's less than successful attempts to prepare refined sugar for a changed market. A strong southern preference had emerged for hard, grainy sugars. A booming market in the late 1880s, the necessity to respond to this new consumer demand, and the desire to discourage competition led to the expansionary programme which was unveiled in the press in 1890.

"Shall I tell the *Argus* reporter", Richardson asked Knox (in something of an underestimate of Yarraville's new potential) "that the extensions will raise the capacity of the house to 650 tons of refined per week?"

Failing to discourage the new competitor, CSR bought the Australasian Sugar Refining Company refinery in 1894 and promptly closed it. Within a year or two Yarraville was supplying two-thirds of the Victorian and Riverina market. The depression of the 1890s brought a new round of troubles for the Melbourne and Yarraville Managers. Richardson and Refinery Manager George Argo Turner had not only to endure Mr Knox's homilies on the profligacy which had brought the colony of Victoria so low, but they had to deal with his obsession for the elimination of wage "anomalies" between Yarraville and Pymont.

J Knox was not a capitalist intent on taking advantage of the buyer's market for labour - he averred his opposition to general wage reductions - but he could not see that Yarraville did not and could not operate exactly as did Pymont. Yarraville depended, because of its isolation, on a localised labour force rather than a metropolitan one, and the mix of direct and contract, and wage and piecework labour was quite different from that at Pymont.

The implementation of directives from Sydney for economies and retrenchments lit a slow-burning fuse for the company. The fuse took twenty years to burn, but the explosive strike of 1917 came as an almost complete surprise for Knox.

It shouldn't have. Richardson and his successor, and various refinery managers and engineers had counselled their General Manager about manufacturing conditions and labour relations in Victoria. Knox remained scandalised by the Victorian penchant for holidays, rigidly restricting the paid holidays to two firm days (Picnic Day and Good Friday) and minimising the number of unpaid holidays, unless it suited management to close the house for maintenance. Christmas Day work was not unknown, and closures on Melbourne Cup Day and Eight Hours Day were refused.

Knox interpreted demands for unpaid holidays as the selfish actions of young bachelor workers unmindful of the pressures on married men with family responsibilities. Similarly, he was distressed by contractors to the Yarraville refinery paying adult wages to employees in their early twenties, a practice which he considered productive of vice, extravagance and (in later years) of resentment at the failure of wages to increment with service.

In Melbourne, management strove to deal with the realities of the labour market and of relations at the refinery. When Knox did not accept Turner's advice, there is evidence that Turner ignored him. But such behaviour could not go undetected for long.

When Knox finally turned to the 1900 half-yearly wages and hours returns for Yarraville, he discovered that Turner had extended the eight-hour (48 hour week) principle from tradesmen to certain sugar operatives. Melbourne's success in resisting demands for reversion demonstrated the power of initiating de facto change which even Sydney dared not overturn.

The growth of employee disaffection in the late 1890s, the creation of the Victorian Sugar Refinery Employees' Union in 1900, and the union's protracted campaign for a state wages board 1900-19, outraged Sydney. What had happened to the company's good, faithful and grateful servants?

Despite restrained employment and wages policies from 1893, which CSR thought (rightly), compared well with the notorious sweating practices of other employers and despite generous provident fund and sickness and accident benefits, a dissident element grew up at Yarraville. In the years up to the Great War, neither the provision of factory amenities (including ablution blocks, lunch rooms and a library), nor a home loans scheme, could arrest the slide in company-labour relations.

At the heart of the matter lay not merely the management "style" imposed from Sydney, but the differential effects of provident and benefit schemes on various sectors of the workforce, according to eligibility by age and permanence or impermanence of employment. The determination of the company to resist (by means of threatened expulsion from the funds and even termination of employment)

the workers' compensation movement, and individuals' claims at law for accident compensation, appears also to have been a powerful influence on the deterioration of employer-employee relations.

Recent accessions of CSR records at the Noel Butlin Archives Centre, together with the acquisition of sugar union records by the University of Melbourne Archives, make possible more definitive exploration of these issues.

**A guide to CSR Limited records relating to employees** has been prepared by the Archives and is available through our web site or can be forwarded in the mail upon request.