CHAPTER 15

THE 'NEW LUDDITES'

Despite its remarkable achievements, one aspect of Telecom's development that appeared conspicuously less than successful in its formative years some of the was the management's relations with the unions. By 1978, Telecom Australia loomed at the centre of a bitter industrial dispute that shook the nation.

Within the background of the APO there had been serious confrontation over the Redfern Mail Exchange, but also positive collaboration. The major staff associations had made important inputs to the Royal Commission of Inquiry in 1972-3. The Commission's Report had publicly praised the Department's general record of industrial harmony, and, as preparations for the two new Commission went ahead, a special APO Task Force 12 was formed under Spratt to ensure close and continuing association between the twenty-three staff associations, the Department, and the Minister. Three union task forces also emerged: the cosily titled TUG and PUG - the Telecommunications Union Group of 17 associations, and the Postal Union Group, plus JUG, the combined Joint Union Group which would work in consultation with APO managers on problems common to both Commissions.

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These groups dissolved on Vesting Day. In their place that day, the Telecommunications Consultative Council was established under the Telecommunications Act and its by-laws. Made up of seven senior representatives of Telecom and ten representatives of the staff organisations, its functions were plainly defined. It would look at conditions of employment, welfare, health and safety, staff amenities, training and personnel policies, and keep association members informed of Telecom's operations and progress. But it would not deal with pay and classifications and, significantly, the question of technological change and its consequences for staff was not included in its ambit.

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This omission was a deliberate union choice. In the drafting of plans for the Consultative Council, APO had suggested that two further committees be established, one on 'notice of technological change', the other on dispute settlement. But in April 1975, a spokeman for JUG, Alan *mothers* Kemp, notified that both precedures did not come into the category of 'consultative processes' but should be handled in separate discussion between Telecom and each union, on an individual basis and case by case. The decision bore one union's stamp. The 26,000 strong Postal

Telecommunications Technicians Association, in the words of its Federal did not Secretary, Wish to be hamstrung in its negotiations with management by the medley of small 'house' unions. A combined union consultative process on technological change and industrial disputes, would in the powerful PTTA's view, weaken its own capacity to bargain and 'weave its way through the pack'. The decision, emasculating to the Consultative Council, was to have fateful consequences both for Telecom and PTTA's successor, the Australian Telecommunications Employees Association, ATEA.

From its inception, Telecom's commitment to a steeply rising growth rate and improved customer services through a policy of manpower containment and organisational change unsettled **to** the technical unions. Telecom Australia, as one Staff Bulletin put it, 'makes no apology for

either seeking to contain growth by improving productivity, or for seeking to provide its customers with new and better facilities'. Such imperative emphasis on high productivity and customer service was not singular to Australia. In the burgeoning environment of the mid seventies, it was typical of 'telcos' around the world. But how could it be achieved? The answer was computerised automation.

Since the famous Community Telephone Plan of the late fifties and the decision to adopt Ericsson's crossbar switching system, electromagnetic exchanges had been upgraded across Australia. The grandfatherly 'step-by-step' still worked its way (it had peaked at 1.8 million ends (?) in 1964); but crossbar local and trunk switching systems (the ARF and ARK) with their evolving improvements, formed the sturdy backbone of the great telephone switching network of the nation. Yet, with an increasing load of data and voice transmission in the telecommunications service, Australia, like other industrialised countries, needed to consider new computerised switching systems then penetrating telecommunications services in Europe, North America and Japan.

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First the transistor and later the microprocessor had revolutioned telephone switching abroad. The Stored Program Control system - SPC as they were called - with their electronic components minaturised down to finger-tip size silicon chips, and with modular packaging, offered striking advantages over the bulky and space-consuming crossbar equipment, MANNAM which brogimplor; they took the pressure off costly building space ( they were cheaper a more reliable to operate. It also powerful diagnostic facilities for provided computerised charging and billing systems, Ainstant location and × correction of network faults, and improved network use. For phone buffs

they also paraded a range of customer facilities. They could, for example, provide an absent subscriber service, install 'hot lines', offer automatic wake-up or 'do not disturb' facilities, trace malicious calls ('bad news for heavy breathers' noted the <u>National Times</u>.), and furnish abbreviated dialling for frequently used numbers.

A first step towards adopting some part of this dynamic new generation of switching equipment had in fact already been taken by the APO in 1969. In that year APO planners chose the 'Metaconta lOC system' developed by Bell Manufacturing Company, Belgium and, four years later, accepted the subsidiary Company, STC Australia's successful tender. lOC was brought into service in Sydney in 1974 as a large <u>trunk</u> witch alternative to crossbar, and installations followed in major trunk exchanges in Melbourne and Adelaide.

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At the same time, during 1973, investigations had also been set in train to explore the viability of introducing computerised switching systems for <u>local</u> exchanges, an area of potentially large development in Australia. The one absolute requirement for their adoption, as for the adoption of the SPC trunk system, was compatability with the existing network. The old must integrate with the new. It must also promise a long lifetime. Following exploration by a team of management and engineering planners of the competing systems overseas, APO called for tenders for computerised local switching, to evaluate its applicability for Australia in December 1974.

Telecom Australia would inherit the decision-making for this stride forward into a new technological age. By mid 1976, the choice of local switching systems was narrowed down to two - to the lOC family system and L.M. Ericsson's 'AXE'. Further assessment and a visit to Sweden and Finland to inspect the systems in operation led by Managing Director Superintending Curtis, Cullen, Telecom's Director of Finance, and the Supervising Switching Planning Engineer of Telephone Transmission, Ken Powers resulted in Telecom's recommendation for the Ericsson AXE. The Commonwealth Government announced its acceptance of a System in September 1977. XIt was, commented Curtis, 'the biggest technical decision in the country's telecommunications history, and the most fundamental'. AXE - its name would gather dive connotations for the workers as time went on - was in the M.D.'s words 'the most suitable system for economic application in Australian urban networks'.

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In addition, before and behind this important decision, another link in the euphonious alphabet of switching systems was under way. Plans had been announced by APO in October 1974 for the proposed modernisation of parts of the crossbar switching system by the addition of Ericsson's computerised 'ARE 11' equipment designed to upgrade to the exchange capacity and provide an aligning bridge with the envisaged included exchange. A model ARE 11 was installed at Telecom Headquarters in 1975 and field trial staff were advised that experimental ARE 11/equipment would be introduced in exchanges at Elsternwick, Victoria and at Salisbury, South Australia, in 1975-6.

Hence from 1975-7, as a result of both APO planning and decisions made by Telecom, Australia was launched into a wholly new phase of automated telecommunications technology. The technical decisions came traditionally from the engineers with supportive economic evaluations. The thoroughness of these examinations was not in doubt. But neither computerised 10C, the ARE 11, or the far ranging plans for the local thange system AXE, were ever discussed with TUG, JUG, or with non engineering and lower management staff: Ken Turbet, Telecom's union Commissioner, was involved in the special Committee's decision-making for AXE. But in all cases, the determinations were virtually fait accompli by the time they reached the ranks of the technical staff.

field Х Deep concern about ARE 11 would surface as the experimental trials ARE-11 exchange equipment was the first SPC system to raise began. Of all the systems, ARB 11 hold the most significant implications for Telecom's technical workers. Essentially the computerised equipment augured massive changes in work style and organisation for many exchange technicians. Since their long haul to status and higher responsibility, the technicians had become the true inheritors of considerable telecommunications change. The progressive automation that, from the midfifties, had dislocated and diminished first the telegraphists and later the telephonists, swelled the technicians ranks. Since crossbar introduction, the technicians themselves had faced considerable and, for some, traumatic change. While crossbar, like 'step-by-step', was an X electro mechanical *Bro mechanical common* bimetional exchange, it used stored program control logic which some older

technicians found difficult to grasp.

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The computerised technology of the seventies marked a quantum leap. As one high-placed observer noted, 'technicians who imagined that a small bus was wheeling round the corner found themselves facing a high-speeding train instead.'. ARE-lls Stored Program Control provided for highly centralised direction. Data covering subscriber, exchange, and a network-dependent information, was stored in one location. Supervision and correction of the network was carried out by remote control, while the old common control manual fault-rectification of the crossbar / system was accomplished by a 'card changing technique'. Control management hitherto distributed across many exchanges, was lodged in National and Regional Support Centres and in a small number (29 were proposed across the country) of 'exchange maintenance centres' (EMCs). The SPC exchange indeed required, as management mildly acknowledged, 'a change in maintenance philosophy and technical staff engaged in metropolitan exchange maintenance practice'. To the 3000 or so Telecom/technicians, however, the message was L Union cast in starker terms. The ARE 11 systems meant lower manhour maintenance, the loss for many of satisfying fault-finding and correction tasks, and a decline in responsibility for important detection and maintenance work. It meant, in short, deskilling and, except for a small elite corps of trained specialist at the maintenance centre, supervisory staff / loss of job satisfaction, lower classifications, and

reduced career paths.

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> Hence, while crossbar modernisation by ARE 11 was scheduled for completion in 1982, staff discontent rose sharply through 1977. 'They call us a bunch of Luddites', said ATEA Federal President, Colin Cooper, in a

National Times interview, recalling the displaced textile workers who had smashed labour threatening machinery as the first Industrial Revolution took off; but unionists considered that there were many questions on the social effects of computerisation that should be examined before a large scale program went ahead.

The Australian dilemma was not unique. Repercussions of the computer switching revolution were reverberating overseas. 'Electronic telephone exchanges' the General Secretary of the Postal, Telegraph and Telephone International Federation warned in 1977, 'will in a relatively short time, reduce levels of work, skills and qualifications of the staff in a manner for which there is no precedent in our sector'. Workers should insist, he advised, that the introduction of the new technology be determined 'not merely by commercial and technical considerations but equally by social needs and the necessity to protect the livelihood of workers.'

Within Telecom, dissatisfaction turned on the lack of 'adequate consultation' between management and staff. The General Manager of Industrial Relations, Richard Stradwick, son of a former PMG Director-General, had joined Telecom from the Public Service Board on Vesting Day. An effective, aggressive-style negotiator, it was Stradwick who issued the swelling flood of information bulletins on the planned operation of ARE and who carried on discussions with the union as specific matters arose. Six years later from a directorship in industry, Stradwick considered that there was a failure in Telecom to plan on the human side. 'Planning for change did not (he said) find its way through the organisation as it should'.

In perpetuating the old polarised mode of consultation both sides were at fault. Without the existence of a top management consultative committee on technological change, a proposal the unions had flatly rejected in 1975, the technical staff found themselves on the receiving end of management explanations and messages on the new technology, some decidedly inane. 'The decision on modernisation' said one such, 'is a bit like moving up to a better and safer car. If you want to, you can fit safety glass, disc brakes, automatic transmission and radial tyres to your old model car; but frankly its cheaper to buy a new car fitted with these particularly when maintenance costs are taken into account'. But union leaders also suffered from an inadequate appreciation of the signel nature of change. Computerised technology certainly presaged alteration of their members' roles. But they also saw it as a threat to the size and authority of their own associations through potential shrinkage of memberships and subscriptions. For the involved technicians, there were reasonable grounds for fear, and management talk of 'natural wastage' and the early assurances that staff 'could expect to be deployed to areas of higher priority but there would be no retrenchments', did not relieve the stark fact that, after years of training and rising status, technical career prospects appeared in jeopardy.

The lack of a broad-based consultative process led inexorably to confrontation and, following management's definition of job roles in the ARE exchange maintenance centres in May 1977, to a Hearing before the

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Conciliation and Arbitration Commission in June that year. Commissioner Isaacs judgment that ATEA should submit its written proposals for the maintenance of the trial exchanges to Telecom management, while management considered the proposals in the light of the merits of the union case, formed the prelude for an unfolding industrial conflict that would disrupt the nation.

In the gathering clash of employer/employee attitudes, two contrasting positions were clear. Telecom's approach to the new computerised technology was moulded from the outset by an engineering orientation tied to economics' factors, that, hitherto unchallenged, had × shaped Australias telecommunications development for the past one hundred and thirty years. The decision made, management want to some lengths to convince the technical staff of the institutional logic of the new equipment. We need a new switching system (their argument ran) to provide a modern network of world standard and to furnish customers with modern facilities at least cost. Without the new technology, network costs will rise, demand for service fall, and overall staff requirement decline. We offer altered responsibility and roles, substantial immediate improvement for top staff in metropolitan exchanges and an increase in these positions order technical grades by 1985, a net reduction in middle *Amanagement* positions, but no reduction in the total technical workforce. Training would be provided to develop a pool of technical staff 'continually applying their skills'.

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The ATEAs case, alternatively, rested on the fundamental human aspirations of job satisfaction for the full complement of its members, continuing apprenticeships and training, career opportunities, the retention of hard-won expertise, and the performance of functions that would meet the 'best interests of the Australian community'.

At the core of the difference was an important matter of degree. ATEAs proposal for managements consideration sought a wider spread of technical work groups (and hence technician responsibility) in all metropolitan exchanges where ARE 11 was introduced in place of the tighter specialist concentration of superviseous groups of technicians central to the new EMAs (exchange maintenance centres). But this, Telecom countered, would add costs 'reaching at least \$93 million by 1990'. It was, said Commission Chairman Somervaille, 'a heavy price to be paid by our customers when the ATEA proposals offer no new service benefits'. As events unfolded, it was *the introduction of change associated with the China proposition* a stance on technological As distinct from social costs Athat would ironically, cost Telecom Australia considerably more than \$93 million by 1982.

The disagreement, stalemated in 1977, would erupt nationally in June 1978. Various discontents now fertilised the technicians' case. One was the growing polarisation in Telecom's technical ranks, A new starting classification of 'tradesmen' had been established to replace the hierarchy of assistant technicians and their immediate tier of advancement in 1970-1. By 1978, numbers within the technical workforce had undergone significant change. 'Technicians' had dropped by 1000 men while the establishment of Telecom as a Commission in 1975, while the

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over the same period.

'tradesman' classification had jumped by four times that amount To a mow belligerent ATEA, the reclassification denied the upward mobility of technical tradesmen. They were held back by a written 'academic' exam which transcended experience in the field, and a ceiling had been placed on their promotion prospects. A critical gap, said union officials, had developed between 'academic' and 'non-academic' technical staff.

The real issue, however, remained the broad impact on the technical workforce of accelerating technological change. When, therefore, Telecom management at last communicated its finalised policy on the adoption of *ARE -11* the Ericsson ARE local switching system to staff and unions in *April* 1978, the balloon went up. ATEAs response was to impose work bans on any type of communications service that would assist the implementation of the new equipment. The issue, critical to more than the telecommunications workforce, would become the litmus test on the introduction of major computerised technology in Australia.

For a period of months, go-slow bans on telephone maintenance and installation, and specific bans on computerised equipment (ARE 11 remained the central <u>cause celebre</u>), impinged increasingly on network efficiency. Disruptions, begun in Queensland, spread steadily to Victoria, South Australia and New South Wales. Four appearances of management and union representatives before the Conciliation and Arbitration Commission through June brought no agreement, and ATEA announced an extension of its bans in three States on 30 June. Faced with mounting failures in the network. Telecom stood down one hundred and fifty technical staff one month later on 31 July.

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Chief General Manager, Bill Pollock, former Senior Assistant Director General, Industrial Relations in the APO, put managements hard-line view. 'Telecom' he told Ian Reinecke of the <u>Financial Review</u>, 'is concerned that *proposed* radical changes to the work structure now being demanded by the ATEA will erode the quality and technical capacity of the workforce'. ATEA's new Federal Secretary, Bill Mansfield (who succeeded Turbet that July) was no less frank, Telecom are spoiling for a fight with the unions... They appear determined to bring about industrial warfare in the communications industry'. A week later after further ATEA bans on 'all revenue earning equipment' in four States, and more Telecom standdowns including middle management technical staff who declined to issue standdown summons to staff, Mansfield had hardened his line. 'We are looking for a total answer out of this' he announced. The men were getting angrier and angrier 'We are not in a conciliatory mood now.'

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As the crisis deepened, the press played an influential role. Unhistorical, in their approach, they nevertheless selected from the complex strands of the technicians' case an evolving picture of a beleaguered group. <u>The Australian</u> was featuring a series on 'The Computer Holocaust' when the rumpus broke. From the outset the media and the public were sympathetic to the workers' cause. The tide of computerisation was already lapping at the doors of other institutions, challenging banking, clerical and insurance employees, and the very newspaper industry itself.

Influenced by events, the 35,000 strong Public Service Association (Fourth Divisions Officers) announced their decision to ban word processors on August 10. On the same day, Commissioner Eric Clarkson of the Conciliation and Arbitration Commission conducted crucial Hearings of the Telecom case.

Clarkson, a vigorous and experienced negotiator, clearly sympathetic to the wider social issues of the dispute, was determined to effect a pause. Handing down his judgment on Friday August 10, rather like a teacher holding a squabbling schoolboy each hand, he urged a twenty-one day 'cooling off' period, the lifting of all work bans, the reinstatement of staff and a three-week 'freeze' on the installation of ARE 11 exchanges while further negotiations went on. 'While you have got bans on' he told union representatives, 'you are closing the doors ... and the simplest and most effective way of getting this dispute fixed is to lift the bans'.

But, locked in conflict, both Telecom and ATEA declined to budge. 'Within minutes' of the judgment, press sources reported, Telecom management has intimated its intention to apply to the Conciliation Commission for the insertion of a punishing penal bans clause in the unions award. Weekend discussions within the union similarly weakened any inclination to bring the temperature down. By August 14, Telecom and ATEA had formally rejected the judge's plan. Barry O'Sullivan, Stradwick's successor as General Manager, Industrial Relations, publicly indicated that Telecom had 'been considering the penal clause for some time'. Faced with disruptive bans over eighteen months and losing revenue of some #200,000 a day, Telecom considered it could neither concede the unions

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right to interfere in the new exchange establishments, or accept the proposed three week moratorium on ARE 11 installation and maintenance. Telecom accordingly applied to the Conciliation and Arbitration Commission on August 15 for a Hearing on the penal bans clause.

The gathering storm now lowered across the nation. The business community, prime target of union work bans, suffered severe dislocation in its vital Telex operations. Telephone trunk delays and interruptions also lengthened across the land. For some there were sunny moments. The collapse of STD metering systems meant that many subscribers could enjoy a bonanza of free-trunk line calls. One gratified customer who rashly rang Telecom to brag of her cheap long-distance calls from Adelaide to Perth, was promptly traced and sent a bill for \$200: But business and, community services felt the disputes sharp bite. Most ominously, the deepening conflict threatened to explode into confrontation that would involve not only Australia's largest employer and key union; but the Federal Government and the whole trade union movement itself.

In this protracted imbroglio, where did the Government stand? Initially it was Tony Street as Minister for Industrial Relations and Employment who spearheaded the Governments part. The Interdepartmental Industrial Relations Co-ordinating Committee (first called into being by Chifley as Prime Minister in 1947) met throughout the dispute. Made up of representatives of the Public Service Board, the Minister for Industrial Relations, and Minister for Communications, Tony Staley, it advised Telecom management and played an observing role. Publicly, Street

defended Telecom. 'Telecom' he stated in a letter to <u>The Australian</u> at the height of the debate, 'has at all times acted responsibly and sought to have the dispute settled by negotiation ..... The Government he said 'supports Telecom in the action it has taken'.

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But Telecom's own Minister maintained trappist silen#. The fifth of Telecoms Ministers in succession to Senator Bishop, the Country Party's caretaker Minister, Peter Nixon (1975), the Liberals Victor Garland (1975-6) and Eric Robertson (1976-7), Staley was a Prime Minister's man, a youthful kingmaker who helped engineer Frasers rise to the leadership of the Liberal Party over Billy Sneddon in 1974. Trained in political science and a one time academic who lectured in democracy, Staley would loom large on the political horizon when the satellite question broke. But on the burning issue of industrial pressure and technological change, he kept a low profile. 'Mr Staley went into his umpteenth day of total silence', observed the <u>Australian's</u> industrial reporters tartly during the dispute's third week. It was a singularly different position from that adopted by Ian Sinclair as a strike-ridden Minister for Communications in 1980-81.

A vociterous Commissioner Clarkson, however, entered the verbal fray remonstrating in private with both parties for their 'stiff-necked' attitudes, and publicly criticising the Government's co-ordinating committee for throwing oil on the flames instead of 'cooling it'.

It fell, however, not to Clarkson but to the Deputy President of the Conciliation and Arbitration Commission, Justice Mary Gaudron, to preside at the Hearing of Telecom's appeal for penal bans. A Whitlam Government appointee to the Arbitration Commission, Mary Gaudron was both the only

woman commissioner and, in her early thirties one of the youngest arbitration judges in the country. A clever negotiator, sensitive to the larger issues of the case, Gaudron's advice from the bench on August 15. was that action on penal bans could only widen the dispute and divert attention from real and immediate problems. Her tactic to suspend action pending further discussions, gained a momentary breathing space.

Prime Minister Fraser entered the arena on August 21. His message was categoric. The Australian people were not to be denied the benefits of improved technology: both Telecom and the unions were there to provide service. Like Street, he applauded Telecom's 'extraordinary patience' and announced that the Government fully supported Telecom's policy of no work, no pay.

Commissioner Clarkson had the disputants back before him at the Arbitration Commission on August 22. This time his offer was a six-point 'peace plan' to be determined before him at a compulsory Hearing of the Commission on August 24. The plan took comprehensive account of union goals. In essence, it proposed a restructuring of the classification of tradesmen and technicians; consideration of technical assistanta;

tradesmon and technician arbitration of salaries; the question of promotion and standards for X promotion; trials to be held and investigations made of exchange TRANSCRIPT maintenance centres by two independent experts from Telecom and ATEA; the of Technicians in of Technicians in Operations to assist in diagnostic X participation (by 'exchange maintenance centre' mechanics in working out a

functions and as liaison between centres and exchanges, and an ongoing plan for consultation on technological change.

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But in the rolling power struggle, ATEAs position was entrenched. Even before the union's refusal was made final at the Conciliation Commission meeting of August 24, public and press support for the unionists had ebbed. 'While Telecom and ATEA are huffing and puffing about the showdown' wrote a now critical <u>Australian</u>, 'Australia is heading for a close down.''. National communications teetered towards the brink. The huge edifice of telecommunications connections built up painstakingly over almost a hundred years, exposed an extraordinary vulnerability. For despite its increasing sophistication and automation, it depended on human co-operation. Those connected by the oldest telephone equipment fared the best and - to the unconcealed pleasure of Australia Fost - telex-dependent business houses were forced back from their advanced machinery to priority mails. In a Telecom dispute, observed one newspaper sagely, it paid to be 'primitive'.

ATEAs rejection of the 'peace-plan' now evoked wide criticism. 'By declining to budge an inch', the <u>Sydney Morning Herald</u> summed up an disenchanted publics view, 'the ATEA has aroused serious doubts about its bona fide and a strong suspicion that it cares nothing about hardship to the public'. The unions attitudes, indeed, had brought events to crisis point. As the city of Adelaide fell back on telegram-only communication have deregistered, across the land, Telecom made plans to deregister the ATEAM while a Federal Government team planned army assisted emergency telecommunications.

On the political front there was also movement. On Friday August 25, Bob Hawke, President of the Australian Council of Trade Unions (ACTU), was on a plane from Darwin to attend a meeting of the National Labor Consultative Council convened by Tony Street for Saturday 26th. Hawke, the conciliator and negotiator, was in fine fettle that day: he had decided to enter Farliament. A tough debater, yet a soother and smoother, he rightly believed he had a national crisis to resolve. From his own sources and newspaper comment he was aware that the <u>Telecom Board</u>, in their Chairman's absence overseas, had delegated full responsibility for the negotiations to Telecoms Industrial General Manager, Barry O'Sullivan, and that in the previous week, Telecom had newspaper comment's <u>meeting</u>. He also knew of the deep divisions of opinion growing within ATEAs State and Federal ranks.

Commenting on the dispute, Hawke recalled: 'The Government had got itself into a fine mess. It had not allowed Telecom management to negotiate with the unions, which is the first ingredient for disaster'. At the Saturday meeting, Hawke accordingly charged Street, that "You say we must 'talk', but the guts of it is that Telecom management is not being allowed to talk to the unions". With Street's somewhat startled consent, labs flat affecting at Telecom headquarters. It was attended by Managing Director Curtis, Chief General Manager Pollock, Barry O'Sullivan, Peter Nolan (Turbet's successor as the union Telecom Commissioner and Secretary of the ACTU), Hawke, ATEA's Federal Secretary and leading negotiator Mansfield, the Union's Federal President Colin Cooper, John Ducker of the New South Wales Trades and Labor Council (CHECK) and other unionists.

of Mo N.L.C.C. at which ATEN officers allended but Telecom was excluded.

Hawkes report of this meeting is swashbuckling and vivid. It also bears his 'alone I did it' stamp. 'The atmosphere was very taut' he recalled 'because Telecom believed that the introduction of new technology was a management prerogative, and rejected the idea that the workers should have any say in how it was to be introduced. Telecom's management had welcomed the Government's support; they were feeling undermined by the change of Government position which I'd forced from Street. We had some pretty tough talking: I had to put it hard and clear to Telecom that it was facing a Luddite position, that if it went ahead and introduced the new equipment in disregard of the wishes of its employees the danger of sabotage was real'. As a second argument, Hawke suggested (as the media had been doing for weeks) that this was a fundamental social issue and (his own contribution) that 'the trade union movement was <u>not going to</u> budge'.

Not surprisingly, Telecom participants saw the meeting in somewhat different terms. They oaw it as an albach an managements while to make changen to the network designed to improve the shandard of service to the customers while at the same time reducing the cosh of that service. They also saw (Their impressions to be conveyed here) that there now was some "rice to move" on in the sense that there now was some "rice to move" on in the sense that the ATEA's position was now more conclusion.



The outcome of developing events was a quickly summonsed Hearing of the Conciliation and Arbitration before Commissioner Gaudron on Sunday August 26. Ostensibly to hear the penal bans clause formerly brought by Telecom, the Hearing, in reality, met to consider the issues of the case. 'Bloody Sunday' would go down in the annals of both slides. Gaudrons handling was regarded as a tour de force. Across the long combative day, she sought to find an outcome of the long dispute. By 5 pm, both parties sought a break. A stylish feminine figure at the centre of a fatigued, frayed group of men, Mary Gaudron broke temporarily, lit up her long cigar, and refused to allow either the disputants to go out or food to be brought in. It was the College of Cardinals refusing to release the brethren until an agreement had been reached. Towards 10 pm, after thirteen hours of argument, agreement was sealed. While Hawke, (as his biographer notes), 'was awarded the kudos for ending the strike', much of the acclaim belongs to Gaudron. 'Mary Gaudron', Barry O'Sullivan paid tribute, 'is someone who profoundly understands the negotiating position and facilitates consideration of the logic of both arguments'.

The Gaudron agreement was open a ended. There were to be dual trials of ARE 11 exchange management. Nine 'exchange maintenance centres' (EMCs) worked according to Telecom's operational plan were to be installed throughout the country (three in New South Wales, two in Victoria and one each in Queensland, South Australia, Tasmania and Western Australia) while maintenance five 'exchange support centres' (ESCs), the system of exchange/favoured by ATEA were established in all States but Tasmania. Trials were to be investigated and assessed by two arbitrators appointed by each side, who  $\times$ 

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would consider the efficiency of operation, the standards of service and technical efficiency, job satisfaction, career opportunities, and questions of retention of expertise and the 'public interest' aspects of the two systems. The assessors reports would be presented to the Arbitration and Conciliation Commission two years later, by June 1980, for debate in open hearings. However the trials could be suspended if network reliability were endangered and both parties would be able to debate and reject the 'relevance of the results'. In addition, the union secured its demand for staff restructuring and classification, promotion opportunities through all technical ranks, and consideration of 'work value' and training.

Not surprisingly, the unionists acclaimed the outcome as a victory of the ATEA. But Telecom had secured one vital guarantee: there would be no industrial action on these matters while the two years trials went on. Nearly three millions Australians had been directly affected by the dispute. Significantly, despite considerable initial sympathy for workers facing change, a Morgan Gallup Poll taken two months after the tumult reported that community was decidedly more sympathetic to Telecom than to the strikers. A large 96% from the sample of the 2244 polled by telephone had heard or read about the issue and understood its association with either automation, working conditions or new equipment. To the question 'how important do you feel Telecom is to Australia?', 77% replied 'very important' 18% registered 'fairly important', and 2% 'not very important'. An unusually small 3% was vague.



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What had the protracted conflict proved? With hindsight, Telecom management acknowledged that there was an inadequate grasp of the implications of this new phase of technological change in 1978. Management insistence at the time that 'changes are introduced with a full understanding of the human implications and in a way that causes the least possible concern to our existing staff' had a curiously false ring in 1981. Yet such lack of understanding in management circles was Australia-wide in 1978. The Government was seriously at fault. Structural change and growing unemployment was widely evident in the tertiary service sector of the economy in 1978. The Telecom dispute highlighted a problem that ran deep. The wide debate given the dispute, wrote the <u>Financial</u> <u>Review</u>, indicated that 'Government has given no attention to the repercussion of technological change in the services sector, even when it occurs in its own back yard'.

One casualty of the industrial upheavel was Commissioner, Ken Turbet. As Federal Secretary of ATEA and a Telecom Commissioner, Turbet wore two hats. An active Commissioner directly involved with the choice of AXE and associated with the many Commission decisions guiding Telecoms forward thrust, Turbet saw himself as 'representing both the technicians and Telecom'. But his pioneering role, begun with hope, soon became uncomfortable, and ultimately untenable. As industrial discontent grew, Turbet's union saw him as increasingly 'tainted by management' and unwilling to serve as a conduit of 'management information' back to them. Equally, Telecom's Chief General Manager acknowledged that he felt some reserve in reporting to the Commission on industrial strategy 'when there was a representative of the powerful opposition on the other side'. Hence in October 1977, with an increasing polarisation of Telecom and union views, the Federal Council of ATEA voted that Turbet should no longer hold the Commissioners post. His resignation followed in a matter of days. 'If the day arises when people question my integrity' Turbet had told Bishop when appointed to the Interim Commission in 1974, 'I will resign and prove where my allegiance lies'.

The act was counter-productive, at one stroke ATEA lost a centrally-placed moderator of their views. The action also displeased the ACTU who had pressed for union representation on Australian statutory bodies. In the event, however, ACTUs own Federal Secretary, Peter Nolan would fill the vacancy. A printer by training, well-educated and articulate, was a moderate Nolan who saw the struggle as 'neither a win or lose dispute'. Increasingly involved on the negotiations front, he believed that technically 'we can't wait and hold our breath': but he also saw the wider problem of the social costs and the divergent attitudes that divided unionist outlooks in the different States.

Ultimately, the long dispute of 1978 was a harbinger of the great industrial and social struggle of the late twentieth century - as one MP put it, 'the first cab off the rank'. There would be tensions and uncertainty before the reviews of the arbitrators, Professor A.E. Karbowiak of the University of New South Wales, for Telecom, and Peter Robson of the Australian Trade Union Training Authority, selected by the unions, found resolution on the crucial issue of the new exchanges. In the meantime, everyone heaved a sigh of relief. It was a short reprieve. If 1978 proved memorable for the embattled debate over new technology; 1979 would become the calendar year when Telecoms fragile relations with its key union cracked like eggshells over wages claim dispute.

Clearly the APTU (which encompassed Telecom linemen) and ATEAs immediate ancestor PTTA had pressed for statutory corporation governance of telecommunications free from Public Service Board control for a solid reason, to obtain greater leverage in wage negotiations with management and to secure a larger share in the returns on telecommunications productivity. Telecoms early years of profit spurred them on and the issue rose in March 1979 when ATEA lodged an 'ambit' claim for a 20% pay rise across the board for its 26,000 members.

Their application stood on four grounds: the loss of wage purchasing power; the fact that technicians in State instrumentalities and private industry earned higher wages than those paid by Telecom; Telecoms demonstrated 'profitability', in its first years, and perhaps more curiously in the light of the acrimonious arguments over loss of responsibility and job initiatives of the previous year, the need for payment for 'increased job responsibility'. The claim hinged on comparative wage justice. A technicians wage, as union secretary Mansfield summed up, had declined from a rate of 14.8% above the average weekly wage in 1975 to a modest 1.8% above that wage by September 1978.

To Telecom, however, such a claim across the board lay, significantly outside the wage-indexation guidelines set down by Government. Hence two

months after ATEA's application came before them, management in May 1979 formally rejected the application, refused to negotiate with the union, and advised that the claim be referred to the Arbitration and Conciliation Commission as a distinct 'work value' case. ATEAs response was to initiate a 'work to rule' campaign in support of the claim on 7 June and, four days later a second Telecom dispute erupted in the Melbourne courtrooms of the Australian Arbitration and Conciliation Commission.

To the public recovering from recent communications shock, the matter appeared menacing. That much misunderstood system, the Arbitration system (which d'Alpulget likens to 'a social system, like marriage and ... just as wayward in rational terms') was again pressed to find solutions and again offered up its colourful cast of characters. Its Deputy President, Justice Staples would become a controversial player in the dispute. A jurist who firmly believed that the Arbitration Commission was a forum of final resolution and not of 'first resort', Staples called on both sides to enter direct negotiations on 11 June. Telecoms refusal to deny the unions right of direct negotiation over wages was, he said, not only a contravention of Telecoms own Act but, in the light of recent high salary rises granted to Telecoms Chief General Manager and to the Commission Chairman himself, it threatened to create one rule for the rich and one for the poor. It also counselled the union to withdraw its limitations. On 2 July, having failed to make an impress on either side and with X telecommunications breakdowns from work bans developing in every State, Staples recommended that the dispute be referred to a full bench of the Arbitration Commission on the grounds of Telecoms refusal to negotiate.

Legally the recommendation was unprecedented, and it was not upheld. Like marriage, the President and Deputy President disagreed. President Sir John Moore, subsequently ruled that the dispute did not exist over Telecoms position on direct negotiations, but on the 20% salary claim.

Where did the press and public stand. On this occasion, union members won less support. The dispute, complained the <u>Sydney Morning Hearld</u>, 'is yet another instance of a union in control of a vital service trying to stand over its employer by making the public suffer'. <u>The Australian</u> took a softer line, while it reminded readers that Telecom had made considerable profits in the early years which laid it open to demands for more money from employees, at the very least, its management, it said, must meet the union more co-operatively 'and be more open about its plan'. But Telecom was also a public service, ploughing back its profits in lower charges to the public. It was the point the ATEA tended to overlook. But, said the newspaper, 'Telecom belongs to the people who pay both for Telecom and the wages of the employer'. The people are entitled to some of the gravy too'. It was the rub, the conundrum at the heart of the matter that would continue to confront unionists as successive disputes with management flared.

Telecoms industrial problems inevitably became the nations and the Commonwealth Governments problem too. Despite Justice Moores further efforts by 10 July, the countrys most sophisticated telecommunications systems were 'switchbound' by union bans. The Prime Ministers intervention

that day to announce that unless bans and limitations were discontinued within three days, he would proclaim and use the Governments antistrike legislation, the Commonwealth Employees Employment Provision Act - CEEP which would enable the Government to stand down or dismiss Government employees engaged in industrial action without recourse to the Arbitration Commission increased the mounting gravity of the dispute. There was no more formidable weapon in the Governments armoury, nor more dangerous. It could backfire. The legislation, drawn up during a major postal strike in 1977, had already been condemned by the International Labor Organisation, and by all Australian union councils. In these circumstances, Frasers warning drew an immediate threat from the Federal Secretary of the Council of Australian Government Employees Organisation of a strike of all CAGEO affiliates if the legislation went ahead.

Telecoms position stoed firm. As private discussions with the union stalled, the Governor General, Sir Zelman Cowen proclaimed the CEEP legislation on Friday 13 July, and under the new legislation Telecom stood down several members of its technical staff at Kalgoorlie for failure to fix faults on its arterial microwave route. 'As far as the Government is concerned 'the Prime Minister defended the Cabinets stand, 'if we have to put ourselves way back behind scratch to get back to sanity in Australia, then so be it'.

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For Telecom, the dispute begun legalistically, had gathered ominous implications. With two major, if differently ignited, strikes shadowing her public performance since 1978, her sunny future now seemed in doubt. One journalist framed the question. Given the particular vulnerability -

and the serious consequences to the private sector - of industrial disputes of public sector monopolies such as Telecom - was it not about time, he asked the Prime Minister that 'a Liberal-CP Government started to think about divesting itself of Telecom and other public utilities'. Fraser's reply was hedged. It was an 'interesting proposition' he said 'which had been promoted in some quarters'. But it ought also be understood said the Prime Minister that Telecom provided services in parts of Australia which were highly subsidised, 'because if they weren't you just wouldn't have the service in many remote areas, in many rural areas that could be afforded by the people'. It was, hence not just a question of the overall profitability of Telecom. 'You need arrangements that will provide a service throughout Australia'. In the Prime Minister's view on 12 July 1979, Telecom would be just as vulnerable to industrial action, in the Australian environment, 'if it were privately owned'.

Throughout the crisis, Managing Director Curtis, and Industrial manager, O'Sullivan kept in close touch with their Minister Tony Staley, 'the smiling Minister' had little to smile about that July. He listened to all the advice he got despite keen support for the Prime Minister, said one Telecom Participant 'and agreed' as a junior Minister Staley was not regarded as a 'strong' Cabinet member: His position on the Ministerial hierarchy was low. In times of industrial crisis, moreover, he sought to distance himself publicly from his statutory commission. The political strategy that evolved flowed from the Prime Minister and the Coalition leaders, and the Liberal Minister for Employment, Tony Street.

Its flow gathered strong momentum on 13 July. On that day, Commonwealth Signal Corps Defence Forces were placed on emergency stand-by while unions threatened retaliatory action against CEEP. By afternoon, however, the Arbitration Commission had intervened. Following talks with Hawke and the Federal Secretary of CAGEO, a full bench of the Commission proposed a peace plan that would, if accepted, untie the now extensive and

crippling telecommunications knot.

Authors reterence to M.I. AWARD Bench Decision FILE IR 1979/6

Williams Robinson Clarkson Justices Staples and Gaudron and Commissioner Sweeney handed down the workvalue' November 4.5% - 5.7% wage claim settlement on 15 July, granting a 45-5.6% pay rise across the fechnical staff range of unskilled and skilled tradesment and higher percentage for higher levels of skill. 'A messy, confused dispute, born in bickering and continued in acrimony' concluded The Australian,' ... with angry overtones, threats and gaffes'.

To a critical and inconvenienced public, neither Telecom nor the union emerged unscathed. Deputy President Staples delivered a blunt broadside. In a minority addendum to the Arbitration Commissions decision, Staples pungently criticised Telecom. It was overcapitalied. Its assets, he suggested were overvalued, its profits understated, its charges for depreciation prodigious. The Arbitration decision, he insisted, should not be used as a lever to raise charges to meet the new wage costs.

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Whatever the truth of these charges, which Curtis sternly denied and despite union intransigence aside, Telecom clearly needed to get its industrial house in order. Some important moves were, in fact, under way. Early in 1979, as a direct result of the dispute on technological change of 1978, the Telecommunications Consultative Council had prepared a document for joint management and staff associations acceptance on 'Consideration of the Introduction of Technological Change'. Born of conflict and transcending the unions previous rejection of the issue in 1975, the document signalled a significant shift in management and union thinking from the adversary role of the previous year.

The document frankly recognised the altered nature of technological change (both from new systems and equipment and the upgrading of the old) and conceded that computerisation led to new work methods, possible elimination of some jobs, and occupations and to 'substantial changes for individuals involved'. It enunciated a 'principle', hammered out by a Council Sub-Committee over several months, that Telecom and the unions recognise that technological change should only be accepted where there is demonstrable 'net benefit' to the community. Proposed changes in technology with important impact on staff would be jointly considered before any decisions were made either to adopt change or purchase machinery. Information to unions could begin 'at the contemplative stage' (when questions of the Introduction of new technology were thought to be required), and union participation would continue up to but not including the tendering process. Finally the timetable for the introduction of new systems or equipment would be jointly considered.

Although no formal agreement was reached in 1979 (or in subsequent years) for inclusion in the document on the redeployment and retrenchment of staff deriving from technological change, it found consensus in joint approaches to new technology that would cover the costs and financing; the assessment of customer attitudes and requirements; retraining; the security and privacy of new systems, and job creation programs and was endorsed by Telecom staff associations by mid 1979. Few saw it as a panacea for all problems for it placed no obligation on staff organisations to accept a particular technology after completion of the consultative process. But the agreement was a national first. It led to the establishment of a Technology and Change Division in Telecom the following year and won praise from the national Committee of Inquiry into Technological Change (CITCA) set up by Government in the first months of 1979.

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In the event, Telecoms arrangement proved more immediately effective than Governments. While the CITCA Committee made up of Chairman, Professor Rupert Myer, Vice-Chancellor of the University of New South Wales, Alan Coogan of Nabalco, and Bill Mansfield of ATEA, as the representative of the unions, was triggered by the Telecom dispute of 1978 and signalled Government recognition of the crucial issue of technological change, the Committee's attempt to make recommendations to 'maximise economic, social and other benefits' and 'minimise the adverse consequences of change' proved challenging. There were no technological change experts in

Australia and the voluminous Report issued in July 1980, was in the words of one critic, 'a ragbag of reiterated rhetoric from the technological exchange debate, of stories from distant lands, of the musings and meditations of public services', and was distinguished by its almost total failure to come to terms with technological change. The comment was harsh but true. While the Report fundamentally represented the advantages of technological change, there was little consensus from the participating members as to the social justice, the equitable distribution of the costs and benefits of technological change, and the lack of public involvement in the decision-making process on the pace of technological change.

to free enterprise and the market place, such propositions rang hollowly in Telecoms ears. The bogey of computerisation was here to stay.

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## CHAPTER 15 - THE NEW LUDDITES

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